

In the opinion of Special Counsel, assuming continuing compliance by the School Board with various covenants in the herein described Trust Agreement and the Series 2005 Lease, under existing statutes, regulations, rulings and court decisions, the Interest Component of Basic Rent Payments received by the Owners of the Series 2024 Certificates is (a) excludable from gross income for federal income tax purposes, except to the extent described under the caption "TAX MATTERS" herein and (b) is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, with respect to certain corporations, the Interest Component of the Basic Rent Payments is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations. Such interest portion also may be subject to other federal tax consequences of ownership of the Series 2024 Certificates. No opinion is expressed with respect to federal income tax consequences of any payments received with respect to the Series 2024 Certificates following termination of the Series 2005 Lease as a result of an Event of Non-Appropriation or Event of Default thereunder. See "TAX MATTERS" herein for a general discussion of Special Counsel's opinion and other tax considerations.

\$12,365,000*

REFUNDING CERTIFICATES OF PARTICIPATION
(School Board of Martin County, Florida Master Lease Program), Series 2024
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 Martin County, Florida

**Dated: Date of Delivery****Due: July 1, as shown on the inside cover**

The Refunding Certificates of Participation (School Board of Martin County, Florida Master Lease Program), Series 2024 (the "Series 2024 Certificates") evidence an undivided proportionate interest in the Basic Rent Payments (as defined herein) to be made by The School Board of Martin County, Florida (the "School Board") under a Master Lease-Purchase Agreement, dated as of December 1, 2005 (the "Master Lease"), by and between the School Board and the Martin School Board Leasing Corporation (the "Corporation"), as amended and supplemented by Second Amended and Restated Lease Schedule No. 2005, dated as of May 1, 2024 (together with the Master Lease, the "Series 2005 Lease") providing for the lease purchase refinancing of certain educational facilities and equipment. Pursuant to an Assignment of Lease Agreement dated as of December 1, 2005, as amended and supplemented by a Third Amendment to Assignment of Lease Agreement, dated as of May 1, 2024 (collectively, the "Assignment of Lease"), the Corporation has assigned by outright assignment to Computershare Trust Company, N.A. (as successor in interest to Wells Fargo Bank, National Association), as trustee (the "Trustee"), for the benefit of the Owners of the Series 2024 Certificates, all of the Corporation's right, title and interest in, to and under the Series 2005 Lease, excluding any rights of the Corporation to indemnification thereunder, the right to enter into additional Lease Schedules and its obligation not to impair the tax status of the Interest Component of Basic Rent Payments represented by the Series 2024 Certificates, but including the right of the Corporation to receive Lease Payments (as defined herein).

The Series 2024 Certificates are being delivered by 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 December 1, 2005 (the "Master Trust Agreement"), as supplemented by the Series 2024 Supplemental Trust Agreement, dated as of May 1, 2024 (the "Series 2024 Supplemental Trust Agreement" and together with the Master Trust Agreement, the "Trust Agreement"), each by and among the School Board, the Trustee and the Corporation. The Interest Component of Basic Rent Payments represented by the Series 2024 Certificates is payable on January 1 and July 1 of each year, commencing January 1, 2025 (each a "Payment Date"). When issued, the Series 2024 Certificates will initially be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of Series 2024 Certificates (the "Beneficial Owners") will not receive physical delivery of Series 2024 Certificates. Ownership by Beneficial Owners of Series 2024 Certificates will be evidenced by book-entry only (without certificates).

The Series 2024 Certificates are not subject to prepayment prior to their stated maturities.

THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS TO MAKE LEASE PAYMENTS, WHICH CONSIST OF BASIC RENT AND SUPPLEMENTAL RENT. THE LEASE PAYMENTS REPRESENTED BY THE SERIES 2024 CERTIFICATES ARE PAYABLE SOLELY FROM FUNDS APPROPRIATED ANNUALLY BY THE SCHOOL BOARD FOR SUCH PURPOSE FROM THE SCHOOL BOARD'S AVAILABLE REVENUES, AND NONE OF THE SCHOOL BOARD, THE SCHOOL DISTRICT OF MARTIN COUNTY, FLORIDA (THE "DISTRICT"), MARTIN COUNTY, FLORIDA (THE "COUNTY"), THE STATE OF FLORIDA (THE "STATE"), OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE UNDER THE SERIES 2005 LEASE EXCEPT FROM AVAILABLE REVENUES APPROPRIATED FOR SUCH PURPOSE. THE CERTIFICATE PAYMENTS DUE FROM THE SCHOOL BOARD UNDER THE SERIES 2005 LEASE DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE SCHOOL BOARD, THE DISTRICT, THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. THE ISSUANCE OF THE SERIES 2024 CERTIFICATES WILL NOT DIRECTLY OR INDIRECTLY OBLIGATE THE SCHOOL BOARD, THE DISTRICT, THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF TO LEVY OR TO PLEDGE ANY FORM OF AD VALOREM TAXATION WHATSOEVER THEREFOR AND THE OWNERS OF THE SERIES 2024 CERTIFICATES WILL HAVE NO RECOURSE TO THE POWER OF AD VALOREM TAXATION OF THE SCHOOL BOARD OR ANY OTHER GOVERNMENT ENTITY. SEE "RISK FACTORS" HEREIN.

SEE INSIDE COVER PAGE FOR MATURITY SCHEDULE

Based on market conditions in existence at the time of pricing, the District will determine whether or not to purchase insurance on all of the Series 2024 Certificates, some of the Series 2024 Certificates or none of the Series 2024 Certificates. In the event the District deems it in its best interest to insure all or a portion of the Series 2024 Certificates, concurrently with the issuance of the Series 2024 Certificates, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the insured Series 2024 Certificates. See "CERTIFICATE INSURANCE OPTION" herein.



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

The Series 2024 Certificates are offered when, as and if delivered and received by the Underwriter, subject to approval by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the School Board and the Corporation by their Counsel, Anthony D. George, Jr., P.A., Stuart, Florida. Certain other legal matters relating to disclosure will be passed upon for the School Board by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its Counsel, George A. Smith PLLC, Tallahassee, Florida. PFM Financial Advisors LLC, Orlando, Florida, is acting as Financial Advisor to the School Board. The Series 2024 Certificates are expected to be delivered in book-entry form through the facilities of The Depository Trust Company, New York, New York on or about May 9, 2024.

RAYMOND JAMES®

Dated: April __, 2024

* Preliminary, subject to change.

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 the solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Certificates in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction. This Preliminary Offering Statement shall be deemed "final" by the School Board as of its date for purposes of Rule 15c2-12(b)(1) promulgated by the Securities and Exchange Commission, except for certain permitted omissions.

ADDITIONAL INFORMATION

The Series 2024 Certificates are being issued to provide funds for the purposes of (i) refunding, on a current basis, a portion of the outstanding Refunding Certificates of Participation (School Board of Martin County, Florida Master Lease Program), Series 2014A (the "Series 2014A Certificates") maturing on and after July 1, 2025 (the "Refunded Certificates") and thereby refinancing the lease purchase of the Series 2005 Project (as defined herein) (ii) paying the costs of issuance of the Series 2024 Certificates. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF CERTIFICATE PROCEEDS" herein.

The initial term of the Series 2005 Lease commenced on December 15, 2005 and continued through and including June 30, 2006, has been automatically annually renewed to date and is automatically renewable annually through June 30, 2031, unless sooner terminated as described herein. In addition to the Series 2005 Lease, the School Board has previously entered into the Series 2021 Lease (as described herein) and may enter into other Leases under the Master Lease in the future. **For Fiscal Year 2023-24, of the District's 22 total operational schools, there are three schools leased under the Master Lease. Based on the District's Pre-K through 12 pupil enrollment of approximately 19,006 students (inclusive of charter school and Family Empowerment Scholarship students) for Fiscal Year 2023-24, approximately 8.1% of the District's students are attending classes in, or otherwise utilizing, Projects (excluding Designated Facilities) leased under the Master Lease during Fiscal Year 2023-24 (see "THE MASTER LEASE PROJECTS" and "THE SERIES 2005 PROJECT" herein).** *To determine the above percentages, for schools that are built and operating, the number of students for the Fiscal Year 2023-24 was used.* When the School Board appropriates Lease Payments for any of its Projects leased under the Master Lease, it must appropriate Lease Payments for all other Projects leased under the Master Lease. Failure to appropriate funds to pay Lease Payments under any such Lease, or an Event of Default under any such Lease, would result in the termination of all Leases, including the Series 2005 Lease. Upon any such termination, any proceeds of the disposition of leased facilities will be applied to payment of the related Series of Certificates, all as further described herein. In no event will owners of Series 2024 Certificates have any interest in or right to any proceeds of the disposition of facilities leased under any Lease other than the Series 2005 Lease. The proceeds of any disposition of the facilities leased under the Series 2005 Lease (other than Designated Facilities, as described herein) shall be applied to the payment of the Series 2024 Certificates, on a pro rata basis with the Outstanding Series 2014A Certificates (as defined herein), after payment of the Trustee's expenses. Special Counsel will express no opinion as to tax exemption or the effect of securities laws with respect to the Series 2024 Certificates following an Event of Non-Appropriation or an Event of Default under the Master Lease which results in the termination of the Lease Term of the Series 2005 Lease. Transfers of the Series 2024 Certificates may be subject to compliance with the registration provisions of state and federal securities laws following an Event of Non-Appropriation or an Event of Default under the Master Lease which results in termination of the Lease Term of the Series 2005 Lease (see "TAX MATTERS" and "RISK FACTORS" herein). An Event of Non-Appropriation or an Event of Default under the Master Lease which results in termination of the Series 2005 Lease will not result in termination of the municipal bond insurance policy, if any, with respect to the Series 2024 Certificates.

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

\$12,365,000⁽¹⁾ Serial Series 2024 Certificates

Maturity Date ⁽¹⁾ (July 1)	Principal Amount ⁽¹⁾	Interest Rate	Yield	Price	Initial CUSIP Number ⁽²⁾
2025	\$1,690,000				
2027	1,930,000				
2028	2,030,000				
2029	2,130,000				
2030	2,240,000				
2031	2,345,000				

⁽¹⁾ Preliminary, subject to change.

⁽²⁾ CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by S&P Global Market Intelligence, a division of S&P Global Inc. CUSIP data herein is provided for convenience of reference only. The School Board, the Financial Advisor and the Underwriter and its agents take no responsibility for the accuracy of such data.

**SCHOOL DISTRICT OF MARTIN COUNTY, FLORIDA
STUART, FLORIDA**

LESSOR

Martin School Board Leasing Corporation
Stuart, Florida

LESSEE

The School Board of Martin County, Florida
Stuart, Florida

SCHOOL BOARD MEMBERS

Jennifer Russell, Chair
Amy B. Pritchett, Vice-Chair
Michael DiTerlizzi
Christia Li Roberts
Marsha B. Powers

DISTRICT OFFICIALS

Michael Maine, Superintendent of Schools
Dr. Tracey Miller, Deputy Superintendent
Carter Morrison, Assistant Superintendent of Finance
Troy Labarbara, Assistant Superintendent of Academics

COUNSEL TO THE SCHOOL BOARD

Anthony D. George, Jr., P.A.
Stuart, Florida

SPECIAL COUNSEL/DISCLOSURE COUNSEL

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

FINANCIAL ADVISOR

PFM Financial Advisors LLC
Orlando, Florida

TRUSTEE

Computershare Trust Company, N.A.
St. Paul, Minnesota

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This Offering Statement does not constitute an offer to sell the Series 2024 Certificates in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, broker, sales representative or other person has been authorized by the School Board or the Underwriter to give any information or make any representations, other than as contained in this Offering Statement, in connection with the offering contained herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Offering Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of the Series 2024 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 District, the School Board, the Corporation, 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 School Board, the Corporation, the Trustee, the Financial Advisor or the Underwriter and the information related to the School Board and the Corporation is not to be construed as a representation of 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 School Board, the Corporation, the Trustee and the Financial Advisor expressly make no representations that such estimates, assumptions and opinions will be realized or fulfilled.

The Underwriter has provided the following sentence for inclusion in this Offering Statement. 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 School Board since the date hereof or the earliest date as of which such information was given.

THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2024 CERTIFICATES TO CERTAIN DEALERS AND OTHERS AT YIELDS HIGHER THAN THE YIELDS STATED ON THE INSIDE COVER PAGE OF THIS OFFERING STATEMENT, AND SUCH PUBLIC OFFERING YIELDS MAY BE CHANGED FROM TIME TO TIME, AFTER THE INITIAL OFFERING TO THE PUBLIC, BY THE UNDERWRITER.

UPON ISSUANCE, THE SERIES 2024 CERTIFICATES WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY

STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER INDEPENDENT FEDERAL, STATE OR GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING STATEMENT OR APPROVED THE SERIES 2024 CERTIFICATES FOR SALE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFERING STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE SCHOOL BOARD, THE CORPORATION OR THE UNDERWRITER AND ANY ONE OR MORE HOLDERS OF THE SERIES 2024 CERTIFICATES.

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

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 2024 Certificates are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Offering Statement.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Series 2024 Certificates or the advisability of investing in the Series 2024 Certificates. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "CERTIFICATE INSURANCE OPTION" and "APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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APPENDIX B	DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023
APPENDIX C	CERTAIN BASIC DOCUMENTS: Master Lease-Purchase Agreement

Form of Second Amended and Restated Lease Schedule No. 2005
Assignment of Lease Agreement

Form of Third Amendment to Assignment of Lease Agreement

Master Trust Agreement

Form of Series 2024 Supplemental Trust Agreement

Ground Lease Agreement

Form of First Amendment to Ground Lease Agreement

Assignment of Ground Lease

APPENDIX D

FORM OF OPINION OF SPECIAL COUNSEL

APPENDIX E

FORM OF DISCLOSURE DISSEMINATION AGENT
AGREEMENT

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

OFFERING STATEMENT

\$12,365,000*

**REFUNDING CERTIFICATES OF PARTICIPATION
(School Board of Martin County, Florida Master Lease Program), Series 2024
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 Martin County, Florida**

INTRODUCTION

This Offering Statement, including the cover page, inside cover page and appendices hereto, is provided to furnish information in connection with the sale and delivery of the Refunding Certificates of Participation (School Board of Martin County, Florida Master Lease Program), Series 2024 (the "Series 2024 Certificates"), which are being issued in the aggregate principal amount of \$12,365,000*. The Series 2024 Certificates evidence undivided proportionate interests of the Owners thereof in the right to receive the Basic Rent Payments to be made by The School Board of Martin County, Florida (the "School Board"), under the Series 2005 Lease (defined below). The Series 2024 Certificates are being executed and delivered pursuant to the Master Trust Agreement, dated as of December 1, 2005 (the "Master Trust Agreement"), as supplemented by the Series 2024 Supplemental Trust Agreement, dated as of May 1, 2024 (the "Series 2024 Supplemental Trust Agreement" and together with the Master Trust Agreement, the "Trust Agreement"), each by and among the School Board, the Martin School Board Leasing Corporation (the "Corporation"), a Florida not-for-profit corporation, and Computershare Trust Company, N.A. (as successor in interest to Wells Fargo Bank, National Association), as trustee (the "Trustee"), who is also serving as Paying Agent and Registrar.

The School Board, as the governing body of the School District of Martin County, Florida (the "District"), entered into a Master Lease-Purchase Agreement, dated as of December 1, 2005 (the "Master Lease"), by and between the Corporation, as lessor, and the School Board, as lessee, for the purpose of providing for the lease-purchase financing and refinancing from time to time of certain educational facilities, sites and equipment (the "Projects") from the Corporation. Projects to be leased from time to time are identified on separate schedules (each a "Lease Schedule") to the Master Lease. Upon execution and delivery thereof, each Lease Schedule, together with the provisions of the Master Lease, will constitute a separate lease agreement (individually a "Lease" and collectively the "Leases"). The Projects subject to each such Lease are financed or refinanced with separate

* Preliminary, subject to change.

Series of Certificates issued under the Master Trust Agreement as supplemented by a Supplemental Trust Agreement related to each such Series of Certificates.

Lease Payments relating to Projects to be financed under the School Board's master lease purchase program (the "Master Lease Program") with the Corporation are subject to annual appropriation on an all or none basis; failure by the School Board to appropriate funds to pay Lease Payments under the Series 2005 Lease or any other Lease will result in the termination of the Lease Term of all Leases, including the Series 2005 Lease. For a description of the Projects under the Master Lease Program, see "THE MASTER LEASE PROJECTS," "THE SERIES 2005 PROJECT" and "THE PRIOR PROJECT" herein.

The Prior Series 2005 Lease

In December 2005, the School Board entered into Lease Schedule No. 2005 to the Master Lease (together with the Master Lease, the "Original Series 2005 Lease"). Pursuant to the Original Series 2005 Lease, the School Board financed the lease-purchase of a new middle school (the "Series 2005 Project"). In connection with the execution and delivery of the Original Series 2005 Lease, the Trustee executed and delivered \$40,790,000 aggregate principal amount of Certificates of Participation, Series 2005 (the "Series 2005 Certificates"), none of which remain outstanding. In October 2014, the Trustee executed and delivered \$29,020,000 aggregate principal amount of Refunding Certificates of Participation, Series 2014A (the "Series 2014A Certificates"), a portion of the proceeds of which were applied to prepay the Series 2005 Certificates maturing on and after July 1, 2016. In connection therewith, Lease Schedule No. 2005 was amended and restated pursuant to an Amended and Restated Lease Schedule No. 2005, dated as of October 1, 2014 (the "Prior Lease Schedule No. 2005," and together with the Master Lease, the "Prior Series 2005 Lease") pursuant to which the School Board is financing and refinancing the lease-purchase of the Series 2005 Project. The Prior Series 2005 Lease is automatically renewable (subject to the School Board's right of non-appropriation) annually through June 30, 2031. \$17,125,000 of the Series 2014A Certificates currently remain outstanding. However, as described herein, a portion of the proceeds of the Series 2024 Certificates will be used to refund, on a current basis, a portion of the outstanding Series 2014A Certificates maturing on and after July 1, 2025 (the "Refunded Certificates"). The Series 2014A Certificates maturing on July 1, 2024 will not be refunded with proceeds of the Series 2024 Certificates and, together with the Series 2014A Certificates maturing on July 1, 2026 which are not expected to be refunded with proceeds of the Series 2024 Certificates, are collectively referred to herein as the "Outstanding Series 2014A Certificates." See "AUTHORIZATION AND PURPOSE" and PLAN OF REFUNDING" herein.

The Series 2021 Lease

In addition to the Series 2005 Lease, the School Board has previously entered into Lease Schedule No. 2021, dated as of July 1, 2021 ("Lease Schedule No. 2021," and together with the Master Lease, the "Series 2021 Lease"), pursuant to which the School

Board is financing the lease-purchase of certain educational and related facilities described therein (the "Series 2021 Project"). See "THE PRIOR PROJECT" herein.

Leases in Effect Under the Master Lease

The following table provides a summary of the Leases expected to be in effect following delivery of the Series 2024 Certificates, the designation of the Projects being lease-purchased by the School Board under each Lease, the related Series of Certificates, the final lease term ending date of each Lease and the outstanding principal amount of each such related Series of Certificates.

Lease	Related Project	Related Series of Certificates	Final Lease Term Ending Date	Principal Amount Outstanding Immediately Following Issuance of the Series 2024 Certificates
Series 2005	Series 2005	Series 2024 Certificates	June 30, 2031	\$12,365,000 ⁽¹⁾
		Outstanding Series 2014A Certificates		3,860,000 ⁽¹⁾
Series 2021	Series 2021	Series 2021 Certificates	September 30, 2025	20,005,000
			Total	<u>\$36,230,000</u>

⁽¹⁾ Preliminary, subject to change. Assumes the Series 2014A Certificates maturing on July 1 in the years 2024 and 2026 are not refunded with proceeds of the Series 2024 Certificates.

Authority for Issuance

Pursuant to the applicable provisions of Florida law, including particularly Chapters 1000-1013, Florida Statutes, the School Board has, by a resolution adopted on April 16, 2024 (the "Resolution"), authorized the execution and delivery of Second Amended and Restated Lease Schedule No. 2005, dated as of May 1, 2024, which amends and restates Prior Lease Schedule No. 2005 in its entirety ("Second Amended and Restated Lease Schedule No. 2005" and together with the Master Lease, the "Series 2005 Lease"), pursuant to which the School Board is refinancing the lease-purchase of the Series 2005 Project. The initial term of the Series 2005 Lease commenced on December 15, 2005 and continued through and including June 30, 2006, when it was automatically renewed and has been automatically annually renewed to date and is automatically renewable annually through June 30, 2031, unless sooner terminated as described herein. The Series 2005

Project consists of Anderson Middle School, as more particularly described herein. See "THE MASTER LEASE PROGRAM" and "THE SERIES 2005 PROJECT" herein and "APPENDIX C –CERTAIN BASIC DOCUMENTS – Form of Second Amended and Restated Lease Schedule No. 2005" hereto.

The School Board currently holds title to the site on which the Series 2005 Project is located. Pursuant to the Ground Lease Agreement, dated as of December 1, 2005, as amended by a First Amendment to Ground Lease Agreement, dated as of May 1, 2024 (the "Ground Lease"), the School Board is leasing the site pertaining to the Series 2005 Project to the Corporation for an initial term which commenced on December 15, 2005 and ends July 1, 2036, subject to Permitted Encumbrances (as defined in the Ground Lease) and subject to earlier termination or extension as set forth therein. See "APPENDIX C – CERTAIN BASIC DOCUMENTS – Ground Lease Agreement and "APPENDIX C – CERTAIN BASIC DOCUMENTS – Form of First Amendment to Ground Lease" hereto. The right, title and interest of the Corporation in the Ground Lease has been irrevocably assigned by outright assignment to the Trustee for the benefit of the Owners of the Series 2024 Certificates and the Outstanding Series 2014A Certificates pursuant to an Assignment of Ground Lease, dated as of December 1, 2005 (the "Assignment of Ground Lease"). See "APPENDIX C – CERTAIN BASIC DOCUMENTS – Assignment of Ground Lease" hereto.

The right, title and interest of the Corporation in the Series 2005 Lease, including the right of the Corporation to receive Basic Rent Payments (as defined herein), to use, sell and relet Projects and to exercise remedies thereunder, 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 Interest Component of the Basic Rent Payments represented by the Series 2024 Certificates and the Outstanding Series 2014A Certificates, have been irrevocably assigned by outright assignment to the Trustee pursuant to an Assignment of Lease Agreement, dated as of December 1, 2005, as amended and supplemented by a Third Amendment to Assignment of Lease Agreement, dated as of May 1, 2024 (collectively, the "Assignment of Lease"). See "APPENDIX C – CERTAIN BASIC DOCUMENTS – Assignment of Lease Agreement" and "APPENDIX C – CERTAIN BASIC DOCUMENTS – Form of Third Amendment to Assignment of Lease Agreement" hereto.

Certificate Insurance Option

Based on market conditions in existence at the time of pricing, the District will determine whether or not to purchase insurance on all of the Series 2024 Certificates, some of the Series 2024 Certificates or none of the Series 2024 Certificates. In the event the District deems it in its best interest to insure all or a portion of the Series 2024 Certificates, concurrently with the issuance of the Series 2024 Certificates, Build America Mutual Assurance Company ("BAM" or the "Insurer") will issue its Municipal Bond Insurance Policy for the insured Series 2024 Certificates (the "Policy"). See "CERTIFICATE INSURANCE OPTION" and "CERTIFICATE INSURANCE RISK FACTORS" herein.

Continuing Disclosure

Pursuant to a Disclosure Dissemination Agent Agreement, the School Board has agreed and will undertake, for the benefit of Series 2024 Certificate Owners, to provide certain annual financial information and operating data and notices of certain events when and if they occur relating to the District and the Series 2024 Certificates pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). See "CONTINUING DISCLOSURE" herein.

Other Information

Brief descriptions of the Series 2024 Certificates, the School Board, the District, the Corporation, The Depository Trust Company ("DTC"), the Series 2005 Lease, the Trust Agreement, the Ground Lease, the Assignment of Ground Lease and the Assignment of Lease are included in this Offering Statement. All references herein to the Series 2024 Certificates, the Series 2005 Lease, the Trust Agreement, the Ground Lease, the Assignment of Ground Lease and the Assignment of Lease are qualified in their entirety by reference to the respective complete documents. Copies or forms, as applicable, of the Trust Agreement, the Series 2005 Lease, the Ground Lease, the Assignment of Ground Lease and the Assignment of Lease are included herein as "APPENDIX C – CERTAIN BASIC DOCUMENTS." This Offering Statement speaks only as of its date and the information contained herein is subject to change.

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

AUTHORIZATION AND PURPOSE

Pursuant to the applicable provisions of Florida law, including particularly Chapters 1000 - 1013, Florida Statutes, the School Board has the power and authority to enter into transactions such as those contemplated by the Series 2005 Lease, the Ground Lease and the Trust Agreement. The School Board authorized doing so pursuant to the Resolution.

The Series 2024 Certificates are being issued to provide funds for the purposes of (i) refunding, on a current basis, the Refunded Certificates and (ii) paying the costs of issuance of the Series 2024 Certificates. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF CERTIFICATE PROCEEDS" herein.

PLAN OF REFUNDING

The Series 2024 Certificates are being issued in order to provide the funds, together with other legally available funds, necessary to refund, on current basis, the Refunded

Certificates and thereby refinance a portion of the cost of the Series 2005 Project. The Refunded Certificates will be called for prepayment prior to maturity on August 7, 2024, at a prepayment price equal to 100% of the principal amount of the Refunded Certificates, plus accrued interest to the prepayment date.

Upon the issuance of the Series 2024 Certificates, a portion of the proceeds of such Series 2024 Certificates, together with other legally available funds, will be deposited in an escrow deposit fund created pursuant to the Escrow Deposit Agreement, to be dated as of the date of delivery of the Series 2024 Certificates, by and between the School Board and Computershare Trust Company, N.A., as Escrow Agent, and such moneys will be applied to the purchase of certain United States Treasury obligations (the "Refunding Securities") which, together with the interest earnings thereon and uninvested cash therein, will be sufficient to pay the Basic Rent Payments represented by the Refunded Certificates to their date of prepayment. Special Counsel will render its opinion to the effect that, assuming the deposit and application of the Refunding Securities, together with the interest earnings thereon, and uninvested cash in accordance with the terms of the Escrow Deposit Agreement provision having been made for the payment of the Basic Rent Payments represented by the Refunded Certificates, the Refunded Certificates will be deemed to be paid and the obligations under the Series 2005 Lease to pay the Basic Rent Payments represented by the Refunded Certificates will cease, terminate and be discharged with respect to the Refunded Certificates. Such opinion will be rendered in reliance upon the verification report of Samuel Klein and Company, LLP, Newark, New Jersey, independent certified public accountants described herein under the heading "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the arithmetic computations showing the adequacy of the maturing principal and interest on the Refunding Securities to be acquired with a portion of the proceeds of the Series 2024 Certificates, together with other funds available for that purpose, to pay the principal portion and interest portion of the Basic Rent Payments on the Refunded Certificates, as described under "THE PLAN OF REFUNDING," will be verified by Samuel Klein and Company, LLP, Newark, New Jersey, independent certified public accountants.

THE SERIES 2024 CERTIFICATES

Form and Denomination

The Series 2024 Certificates are issuable as fully registered certificates without coupons in denominations of \$5,000 or any integral multiple thereof. The Series 2024

Certificates shall initially be issued exclusively in "book-entry" form and ownership of one fully registered Series 2024 Certificate for each maturity as set forth on the inside cover page, each in the aggregate principal amount of such maturity, will be initially registered in the name of "Cede & Co." as registered owner and nominee for DTC. Individual purchases will be made in increments of \$5,000 or integral multiples thereof. See "Book-Entry Only System" below.

The Series 2024 Certificates shall be dated the date of delivery thereof and shall mature in the years and principal amounts set forth on the inside cover page of this Offering Statement. The Interest Component of Basic Rent Payments represented by the Series 2024 Certificates is payable on January 1 and July 1 of each year, commencing January 1, 2025 (each a "Payment Date"). The Interest Component of the Series 2024 Certificates represent an undivided proportionate interest in the Interest Component of Basic Rent Payments due on June 15 and December 15 of each year as set forth in the Series 2005 Lease, on a pro rata basis with the Outstanding Series 2014A Certificates, to and including the maturity date of each Series 2024 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 2024 Certificates listed in the registration books maintained by the Trustee on the 15th day of the month (whether or not a Business Day) next preceding each Payment Date (the "Record Date"); provided, however, that at the request and expense of the registered owner of \$1,000,000 or more in aggregate principal amount of Series 2024 Certificates, interest will be paid by wire transfer on the Payment date to a domestic bank account designated in writing to the Trustee by the registered owner at least five days prior to the Record Date for said Payment Date.

The principal amount of the Series 2024 Certificates payable at maturity represents an undivided proportionate interest in the Principal Component of Basic Rent Payments payable on each of the dates set forth in the Series 2005 Lease, on a pro rata basis with the Outstanding Series 2014A Certificates. The principal portion of Basic Rent Payments represented by the Series 2024 Certificates is payable to the Owner thereof upon presentation, when due, at maturity, at the designated corporate trust office of the Trustee. Notwithstanding the above, reference is made to the book-entry system of registration described under "THE SERIES 2024 CERTIFICATES - Book-Entry Only System" below.

Book-Entry Only System

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

The Depository Trust Company ("DTC") will act as securities depository for the Series 2024 Certificates. The Series 2024 Certificates will be issued as fully-registered

securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2024 Certificates, each in the aggregate principal amount of such maturity and will be deposited with DTC.

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

Purchases of the Series 2024 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2024 Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2024 Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Certificates, except in the event that use of the book-entry system for the Series 2024 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2024 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 2024 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 2024 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements made among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2024 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Certificates, such as defaults, and proposed amendments to the Series 2024 financing documents. For example, Beneficial Owners of Series 2024 Certificates may wish to ascertain that the nominee holding the Series 2024 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2024 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Series 2024 Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the School Board or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the School Board, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of distributions, and dividend payments to Cede & Co. (or such other

nominee as may be requested by an authorized representative of DTC), is the responsibility of the School Board and/or the Trustee for the Series 2024 Certificates. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

None of the Corporation, the School Board or the Trustee can give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2024 Certificates paid to DTC or its nominee, or any notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve or act in a manner described in this Offering Statement.

For every transfer and exchange of beneficial interests in the Series 2024 Certificates, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

DTC may discontinue providing its services as securities depository with respect to the Series 2024 Certificates at any time by giving reasonable notice to the School Board. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2024 Certificates are required to be printed and delivered.

The School Board may decide to discontinue use of the book-entry transfers through DTC (or a successor securities depository). In that event, Series 2024 Certificates will be printed and delivered to DTC.

Additional Certificates

Additional Certificates may be issued under the Trust Agreement to finance, refinance or complete additional Projects under the Master Lease. See "SECURITY FOR THE SERIES 2024 CERTIFICATES - Additional Series of Certificates and Other Indebtedness."

Registration, Transfer and Exchange

Except when the Series 2024 Certificates are registered under a book-entry only system of registration, the following procedures will apply to the registration, transfer and exchange of the Series 2024 Certificates.

The Trustee shall keep or cause to be kept a Certificate Register, which shall at all times be open to inspection by the School 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 of Series 2024 Certificates on the Certificate Register. The transfer of any Series 2024 Certificate may be registered only upon the Certificate Register upon surrender thereof to the Trustee together with an assignment duly executed by the Owner or such Owner's attorney or legal

representative in such form as shall be satisfactory to the Trustee. Upon any such registration of transfer, the Trustee shall authenticate and deliver in exchange for such Series 2024 Certificate a new registered Series 2024 Certificate, 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 Series 2024 Certificate surrendered or exchanged, of the same maturity and bearing interest at the same rate.

Series 2024 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 Series 2024 Certificates of the same maturity, of any authorized denomination or denominations, bearing interest at the same rate, and in the same form as the Series 2024 Certificates surrendered for exchange.

In all cases in which Series 2024 Certificates shall be exchanged or the transfer of Series 2024 Certificates shall be registered, the Trustee shall authenticate and deliver, at the earliest practicable time, Series 2024 Certificates in accordance with the provisions of the Trust Agreement. All Series 2024 Certificates surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Trustee. No service charge shall be made for any registration, transfer, or exchange of Series 2024 Certificates, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 2024 Certificates as a condition precedent to such registration, transfer or exchange. The Trustee shall not be required to transfer or exchange Series 2024 Certificates during a period beginning at the opening of business on the Record Date next preceding a date set for payment of interest and ending on such interest Payment Date.

No Optional Prepayment

The Series 2024 Certificates are not subject to prepayment at the option of the School Board.

No Extraordinary Mandatory Prepayment

The Series 2024 Certificates are not subject to extraordinary mandatory prepayment from Net Proceeds of insurance or condemnation award.

The School Board may elect not to repair, restore or replace the Series 2005 Project or any portion thereof which has been destroyed, damaged, lost or condemned, with Net Proceeds of any insurance or condemnation award, by filing a certificate with the Trustee stating that (i) the School Board has made such an election and (ii) it is not in the best interest of the School Board to repair, restore or replace such Series 2005 Project or portion thereof. Upon such election, if the Net Proceeds are not greater than the amount of the

Basic Rent Payments coming due in the current and immediately following fiscal year under the Series 2005 Lease, then such amounts shall be used first, to pay the Interest Component of the Series 2024 Certificates and the Outstanding Series 2014A Certificates, on a pro rata basis for the next two interest Payment Dates and then to pay the Principal Components next coming due on the Series 2024 Certificates and the Outstanding Series 2014A Certificates, on a pro rata basis. In the event such Net Proceeds are greater than the amount of the Basic Rent Payments due under the Series 2005 Lease in the current and immediately following fiscal year, at the option of the School Board, the School Board shall apply the Net Proceeds of such insurance or condemnation award to (i) the acquisition, construction and installation of other Land and/or Buildings to be used for educational purposes that will be subject to the Series 2005 Lease or (ii) upon receipt of an approving opinion of Special Counsel, on a pro rata basis with the Outstanding Series 2014A Certificates to the Series 2024 Subaccount of the Interest Account, or Series 2024 Subaccount of the Principal Account to be credited against the payments next due to such accounts or subaccounts.

SECURITY FOR THE SERIES 2024 CERTIFICATES

General

The Series 2024 Certificates evidence undivided proportionate interests in the Principal Component and Interest Component of the Basic Rent Payments made by the School Board under the Series 2005 Lease, on a pro rata basis with the Outstanding Series 2014A Certificates. The Series 2024 Certificates are secured by and payable solely from the Trust Estate established for the Series 2024 Certificates (the "Trust Estate") pursuant to the Trust Agreement. The Trust Estate consists of all right, title and interest (i) of the Corporation in, to and under the Ground Lease and the Series 2005 Lease and the right to receive Lease Payments (including Basic Rent Payments) under the Series 2005 Lease, but excluding any rights of the Corporation to indemnification thereunder, the right to enter into additional Lease Schedules from time to time and its obligation not to impair the tax-exempt status of the Interest Component of Basic Rent Payments represented by the Series 2024 Certificates; (ii) in the funds, accounts and subaccounts established under the Trust Agreement (other than the Rebate Fund) and the cash, securities and investments of which they are comprised in accordance with the provisions of the Series 2005 Lease and the Trust Agreement; (iii) of the Trustee under the Assignment of Lease and Assignment of Ground Lease; (iv) any moneys received by the Trustee which are derived from the exercise by the Trustee, as assignee of the Corporation, of any remedies under the Trust Agreement, the Series 2005 Lease, the Ground Lease or any mortgage document entered into pursuant to the Trust Agreement; and (v) all property which by the express provisions of the Trust Agreement, the Series 2005 Lease or the Ground Lease is required to be subject to the lien of the Trust Agreement, including any additional property that may from time to time thereafter be expressly made subject to the lien of the Trust Agreement.

Upon termination of the Series 2005 Lease upon the occurrence of an Event of Non-Appropriation or in the case of certain Events of Default, however, the Series 2005 Lease provides that the School Board must surrender possession of the Series 2005 Project (except for Designated Facilities) to the Trustee as an assignee of the Corporation for disposition by sale or re-letting of its interest in the Series 2005 Project as provided in the Trust Agreement, and any proceeds of any such disposition will be applied to the payment of the Series 2024 Certificates, on a pro rata basis with the Outstanding Series 2014A Certificates, after payment of the expenses of the Trustee. See "THE SERIES 2005 PROJECT" herein for a description of the Series 2005 Project against which the Trustee has rights.

Master Lease

The Master Lease contemplates that the relationship between the School Board and the Corporation will be a continuing one, that Projects in addition to the Series 2005 Project and Series 2021 Project may be added to the Master Lease from time to time, and that Additional Certificates in addition to the Outstanding Series 2014A Certificates, the Series 2021 Certificates and the Series 2024 Certificates will be issued under the Trust Agreement in connection with such Projects.

The Owners of the Series 2024 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 2005 Project (on a pro rata basis with the Outstanding Series 2014A Certificates) or any cash, securities or investments in the Pledged Accounts, other than the Series 2024 Pledged Accounts. See "SECURITY FOR THE SERIES 2024 CERTIFICATES - Lease Payment Fund," "- Additional Series of Certificates and Other Indebtedness" herein

Limited Obligation of the School Board

The obligation of the School Board to make Lease Payments, which includes Basic Rent and Supplemental Rent under the Series 2005 Lease, is a limited and special obligation, payable solely from moneys appropriated by the School Board for such purpose from the School Board's Available Revenues (hereinafter described). There shall be credited against such obligation moneys, if any, on deposit with the Trustee in certain accounts pledged under the Trust Agreement and from amounts, if any, realized from the exercise of remedies with respect to the Series 2005 Project by the Trustee on behalf of the Series 2024 Certificate Owners. Such Basic Rent is subject to annual appropriation by the School Board and the Series 2005 Lease shall be terminated upon the occurrence of an Event of Non-Appropriation. An "Event of Non-Appropriation" will occur if the School Board does not approve a tentative Budget and a final Budget in accordance with State law which appropriates sufficient funds from Available Revenues to continue paying Basic Rent in full for all Projects leased under the Master Lease beyond the end of such Initial Lease Term or Renewal Lease Term for the following Renewal Lease Term. The Lease

Term shall be deemed renewed pending the adoption of the final Budget and the School Board shall be liable for any Basic Rent and other obligations under the Master Lease coming due during such period but only if the tentative Budget and the final Budget makes available to the School Board moneys which may legally be used to pay the Basic Rent and pay such other obligations coming due during such period. Upon the occurrence of an Event of Non-Appropriation, the School Board will not be obligated to pay Basic Rent for the Series 2005 Lease and any other obligations accruing beyond the then current Fiscal Year. **THE SCHOOL BOARD MAY NOT BUDGET AND APPROPRIATE FOR A PORTION OF LEASE PAYMENTS DUE UNDER THE MASTER LEASE; IT MUST BUDGET AND APPROPRIATE FOR ALL SUCH LEASE PAYMENTS OR NONE OF THEM. THERE CAN BE NO ASSURANCE THAT SUFFICIENT FUNDS WILL BE APPROPRIATED OR OTHERWISE BE MADE AVAILABLE TO MAKE ALL OF THE LEASE PAYMENTS DUE UNDER THE MASTER LEASE.**

While the School Board is not legally obligated to do so, it has represented in the Master Lease that it is its present intent to continue the Series 2005 Lease with respect to the Series 2005 Project for the Maximum Lease Term of the Series 2005 Project (ending June 30, 2031). Subject to its right of non-appropriation, the School Board has agreed in the Master Lease to take such action as may be necessary to include all Basic Rent due under the Master Lease as a separately stated line item in its Budget and to appropriate in each Fiscal Year from Available Revenues an amount necessary to pay the Basic Rent due in such Fiscal Year.

"Available Revenues" means the moneys and revenues of the School Board legally available under the Act to make the Lease Payments. Available Revenues may include, but are not limited to, the Local Option Millage (defined herein) revenues, as further described below. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS - Local Sources - Local Option Millage" herein.

The School Board may issue additional indebtedness other than in connection with the Master Lease secured by its Available Revenues without the consent of the Owners of the Series 2024 Certificates. The incurrence of such additional indebtedness by the School Board may adversely affect the School Board's ability to make Basic Rent Payments under the Master Lease.

THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS TO MAKE LEASE PAYMENTS. BASIC RENT IS PAYABLE SOLELY FROM AVAILABLE REVENUES SPECIFICALLY APPROPRIATED BY THE SCHOOL BOARD FOR SUCH PURPOSE AND NEITHER THE SCHOOL BOARD, THE DISTRICT, MARTIN COUNTY (THE "COUNTY"), THE STATE OF FLORIDA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE UNDER THE SERIES 2005 LEASE FROM SOURCES OTHER THAN SCHOOL BOARD APPROPRIATED FUNDS. THE FULL FAITH

AND CREDIT OF THE SCHOOL BOARD, THE DISTRICT, THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, IS NOT PLEDGED FOR PAYMENT OF SUMS DUE UNDER THE TRUST AGREEMENT AND THE OBLIGATIONS ARISING UNDER THE TRUST AGREEMENT DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL BOARD, THE DISTRICT, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION OR LIMITATION. NEITHER THE CORPORATION, THE TRUSTEE NOR ANY SERIES 2024 CERTIFICATE HOLDER MAY COMPEL THE LEVY OF ANY AD VALOREM TAXES BY THE SCHOOL BOARD OR THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF TO PAY ANY SUMS DUE UNDER THE SERIES 2005 LEASE. SEE "RISK FACTORS" HEREIN.

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

Lease Payment Fund

The Trust Agreement provides for the establishment and maintenance of a single Lease Payment Fund, with a Principal Account and an Interest Account for deposit of Basic Rent Payments appropriated and paid under the Master Lease. With certain limited exceptions, separate subaccounts within the Principal Account and the Interest Account will be established upon the issuance of each additional Series of Certificates under the Trust Agreement. Separate subaccounts within the Principal Account and Interest Account will be created for deposit of Lease Payments appropriated and paid under the Series 2005 Lease with respect to the Series 2024 Certificates. Basic Rent due under all Lease

Schedules to the Master Lease are subject to annual appropriation by the School Board on an all-or-none basis and are payable on a parity basis solely from Available Revenues; provided that (i) Basic Rent with respect to a particular Lease Schedule and Series of Certificates may be additionally and separately secured by a Credit Facility or insurance policy, and (ii) Owners of various Series of Certificates are not on a parity as to the amounts in the separate subaccounts established in the Lease Payment Fund with respect to a particular series. The School Board may enter into additional Lease Schedules from time to time, without limitation, for the lease purchase financing of additional Projects. Such additional Projects may be financed through the sale of additional Series of Certificates under the Trust Agreement. **THE SCHOOL BOARD MAY NOT BUDGET AND APPROPRIATE BASIC RENT FOR A PORTION OF THE PROJECTS LEASED UNDER THE MASTER LEASE; IT MUST BUDGET AND APPROPRIATE ALL BASIC RENT 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.**

Optional Prepayment Price

The School Board has the right to prepay all or a portion of the Basic Rent represented by the Series 2024 Certificates, and in connection therewith to remove all or a portion of the Series 2005 Project from the Series 2005 Lease and from the lien of the Ground Lease by paying the Lease Payments relating to the Series 2005 Project or Group within the Series 2005 Project. For purposes of the School Board's option to purchase all or a portion of the Series 2005 Project, the Basic Rent representing the purchase option price is the Lease Payments then due under the Series 2005 Lease, less any credits pursuant to the provisions of the Series 2005 Lease, plus an amount equal to the interest to accrue on the Series 2024 Certificates to be paid from such Lease Payment Date to the next available date for paying the Series 2024 Certificates, plus an amount equal to any other amount then due and owing under the Series 2005 Lease on the Series 2024 Certificates paid.

Flow of Funds

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

(1) the "School Board of Martin County, Florida Master Lease Project Fund" (the "Project Fund"), which shall consist of the Project Account, the Costs of Issuance Account and the Capitalized Interest Account;

(2) the "School Board of Martin County, Florida Master Lease Payment Fund" (the "Lease Payment Fund"), which shall consist of the Principal Account, the Interest Account and the Reserve Account;

(3) the "School Board of Martin County, Florida Master Lease Prepayment Fund" (the "Prepayment Fund"); and

(4) the "School Board of Martin County, Florida Master Lease Rebate Fund" (the "Rebate Fund").

Pursuant to the Series 2024 Supplemental Trust Agreement, Series 2024 subaccounts will be established within the Principal Account, Interest Account and Costs of Issuance Account.

Basic Rent Payments paid to the Trustee, as assignee of the Corporation pursuant to the Series 2005 Lease and the Assignment of Lease, shall be deposited as received by the Trustee in the Lease Payment Fund and applied by the Trustee in the following manner and in the following order of priority:

(i) There shall be deposited to the applicable subaccount of the Interest Account established for the payment of the Series 2024 Certificates from the Interest Component of Basic Rent made in relation to the Series 2024 Certificates, an amount which shall be sufficient to pay the interest coming due on the Series 2024 Certificates on the next succeeding Payment Date. Moneys in the applicable subaccount of the Interest Account shall be used to pay the interest on the Series of Certificates for which it was established as and when the same become due, whether by prepayment or otherwise, and for no other purpose. No further deposit need be made to the Interest Account when the moneys therein are equal to the interest coming due on all Outstanding Certificates on the next succeeding Payment Date.

(ii) There shall be deposited to the applicable subaccount of the Principal Account established for the payment of the Series 2024 Certificates from the Principal Component of Basic Rent made with respect to such Series 2024 Certificates, an amount which shall be sufficient to pay the principal and any Amortization Installment coming due on such Series 2024 Certificates on the next succeeding principal Payment Date. Moneys in each subaccount of the Principal Account shall be used to pay the principal of and Amortization Installments on the Series of Certificates for which it was established as and when the same become due, whether by prepayment or otherwise, and for no other purpose. 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.

No Reserve Account for Series 2024 Certificates

There is no Reserve Account for the Series 2024 Certificates. However, pursuant to a Supplemental Trust Agreement authorizing the issuance of any additional Series of Certificates, there may be established and maintained a separate Reserve Account to secure

the payment of the Principal Component and/or Interest Component of the Basic Rent Payments related to such Series of Certificates. Each such Reserve Account shall secure only the Series of Certificates for which it has been established. See "APPENDIX C - CERTAIN BASIC DOCUMENTS - Master Trust Agreement" hereto.

Defaults and Remedies

Upon the occurrence of an Event of Default under the Trust Agreement (which includes the occurrence of an "Event of Default" or "Event of Non-Appropriation" under the Master Lease unless the Master Lease "Event of Default" has been remedied or waived), and only subsequent to the termination of the Master Lease, the Trustee, may, or upon written request of the Insurer or the Owners of a majority in aggregate principal amount of the Series 2024 Certificates shall, exercise a variety of remedies including, without limitation, any one or more of the following: (1) declare the Principal Component and the Interest Component of the Basic Rent represented by the Series 2024 Certificates due and payable; (2) protect and enforce its rights and the rights of the Owners of the Series 2024 Certificates under the Trust Agreement, the Series 2005 Lease or the Ground Lease; and (3) take possession of the Series 2005 Project (other than Designated Facilities) and sell, relet or otherwise dispose of the leasehold estate of the Trustee, as assignee of the Corporation in the Series 2005 Project (other than Designated Facilities), or any portion thereof. The proceeds of any disposition of the Series 2005 Project will be applied to the payment of the Series 2024 Certificates, on a pro rata basis with the Outstanding Series 2014A Certificates, after payment of the Trustee's expenses. IN NO EVENT WILL THE OWNERS OF THE SERIES 2024 CERTIFICATES AND THE OUTSTANDING SERIES 2024 CERTIFICATES HAVE ANY INTEREST IN OR RIGHT TO ANY PROCEEDS OF THE DISPOSITION OF ANY PROJECT OTHER THAN THE SERIES 2005 PROJECT (OTHER THAN DESIGNATED FACILITIES).

For a discussion of the remedies available to the Trustee if the School Board refuses or fails to voluntarily deliver possession of the Series 2005 Project to the Trustee, see "APPENDIX C - CERTAIN BASIC DOCUMENTS - Master Lease-Purchase Agreement" hereto.

There can be no assurance that the remedies available to the Trustee upon any termination of the Lease Term of all Leases upon an Event of Non-Appropriation or Event of Default and the disposition of the Series 2005 Project (other than Designated Facilities) will produce sufficient amounts to pay the Series 2024 Certificates. Federal income tax status of payments made to the Series 2024 Certificate holders after such termination may also be adversely affected. See "TAX MATTERS" herein. Further, after such termination of the Lease Term of all Leases, transfer of Series 2024 Certificates may be subject to the registration provisions of applicable federal and state securities laws. Accordingly, there is no assurance that liquidity of the Series 2024 Certificates will not be impaired following termination of the Lease Term of the Leases. See "RISK FACTORS" herein.

Additional Series of Certificates and Other Indebtedness

Additional Series of Certificates, in addition to the Outstanding Series 2014A Certificates, the Series 2021 Certificates and Series 2024 Certificates, may be issued under the Trust Agreement for the purpose of funding the costs of new or additional Projects, completing Projects or refunding Outstanding Certificates. Proceeds of additional Series of Certificates may also be used for the purpose of capitalizing the Interest Component represented by such Series of Certificates, funding reserves therefor, and paying the costs of issuance applicable thereto. The number of Series of Certificates that may be created under the Trust Agreement is not limited. The aggregate principal amount of each Series of Certificates which may be issued, authenticated and delivered under the Trust Agreement is not limited except as set forth in the related Lease Schedule specifying the details of such Series.

In addition to the foregoing, the School Board may also issue indebtedness or other obligations which are not in connection with the Master Lease secured by any of its Available Revenues without the consent of the Owners of the Series 2024 Certificates. The incurrence of such indebtedness or other obligations may affect the School Board's obligations to make Lease Payments under the Master Lease. Failure of the School Board to appropriate Available Revenues for all Lease Payments under the Master Lease would not necessarily impair the School Board's right to appropriate revenues to make payments for obligations which are not connected to the Master Lease.

CERTIFICATE INSURANCE OPTION

THE INFORMATION IN THIS SECTION CONCERNING THE POLICY AND BAM HAS BEEN OBTAINED FROM BAM. NONE OF THE SCHOOL BOARD, THE CORPORATION OR THE UNDERWRITER TAKE RESPONSIBILITY FOR THE ACCURACY THEREOF.

All or a portion of the scheduled payment of the principal portion and interest portion of Basic Rent Payments represented by the Series 2024 Certificates when due may be guaranteed under the Policy to be issued concurrently with the delivery of the Series 2024 Certificates by BAM. The District will make the determination whether to purchase a Policy to insure all or a portion of the Series 2024 Certificates, if any, at the time the Series 2024 Certificates are priced. See "CERTIFICATE INSURANCE RISK FACTORS" herein.

Bond Insurance Policy

Concurrently with the issuance of the Series 2024 Certificates, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the insured Series 2024 Certificates (the "Policy"). The Policy guarantees the scheduled

payment of principal of and interest on the insured Series 2024 Certificates when due as set forth in the form of the Policy included as APPENDIX F 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.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2024 Certificates, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the insured Series 2024 Certificates. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the insured Series 2024 Certificates 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 Policy), and BAM does not guarantee the market price or liquidity of the insured Series 2024 Certificates, nor does it guarantee that the rating on the insured Series 2024 Certificates will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$500.0 million, \$230.7 million and \$269.3 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Series 2024 Certificates or the advisability of investing in the Series 2024 Certificates. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "CERTIFICATE INSURANCE OPTION."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g., general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will

produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Series 2024 Certificates, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the insured Series 2024 Certificates. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2024 Certificates, whether at the initial offering or otherwise.

CERTIFICATE INSURANCE RISK FACTORS

At pricing, the District will determine whether to provide for the Policy for all, a portion or none of the Series 2024 Certificates. If the Policy is purchased, the following are risk factors related to municipal bond insurance.

General

In the event of default of the payment of principal or interest with respect to the insured Series 2024 Certificates, if any, when all or some becomes due, any owner of the insured Series 2024 Certificates shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of optional or mandatory prepayment or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against prepayment premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the insured Series 2024 Certificates, if any, by the School Board, which is recovered by the School Board from the certificate owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the School Board unless the Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Insurer without appropriate consent. The Insurer may direct and must consent to any remedies and the Insurer's consent may be required in connection with amendments to the Series 2024 Trust Agreement and the Series 2024 Lease Agreement.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the insured Series 2024 Certificates are payable solely from the moneys received pursuant to the Trust Agreement and the Series 2005 Lease. In the event the Insurer becomes obligated to make payments with respect to the insured Series 2024 Certificates no assurance is given that such event will not adversely affect the market price of the insured Series 2024 Certificates or the marketability (liquidity) for the insured Series 2024 Certificates.

The long-term ratings on the insured Series 2024 Certificates are dependent in part on the financial strength of the Insurer and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the insured Series 2024 Certificates will not be subject to downgrade and such event could adversely affect the market price of the insured Series 2024 Certificates or the marketability (liquidity) for the insured Series 2024 Certificates. See "RATINGS" herein.

The obligations of the Insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the School Board nor the Underwriter have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the School Board to pay principal and interest on the insured Series 2024 Certificates and the claims paying ability of the Insurer, particularly over the life of the investment. See "CERTIFICATE INSURANCE OPTION" herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

No Right of Insured Series 2024 Certificate Owners to Direct Remedies

Termination of the Master Lease, in and of itself, will not result in termination of the Insurer's Policy. Unless the Insurer is in default in its payment obligations under the Policy, the Insurer is entitled to control and direct any of the rights or remedies of the Trustee with respect to the Series 2024 Certificates it insures, including the right to direct the Trustee as to whether or not to re-let or sell the Series 2005 Project (other than Designated Facilities). Upon the occurrence of an Event of Default under the Trust

Agreement and termination of the Series 2005 Lease, the Insurer may elect to prepay the maturities of all of the insured Series 2024 Certificates outstanding, in which case the principal and interest represented by such insured Series 2024 Certificates shall become due and payable immediately. If the Insurer does not elect to prepay the maturities of the insured Series 2024 Certificates, the Insurer is obligated to continue to make payments to Series 2024 Certificate Holders in accordance with the original schedule of Basic Rent Payments represented by such insured Series 2024 Certificates. However, the Insurer has no fiduciary responsibility to the Series 2024 Certificate Holders with respect to the direction of such remedies and has no obligation to preserve the exclusion from gross income for federal income tax purpose of amounts paid to Series 2024 Certificate Holders by the Insurer and designated as interest.

THE MASTER LEASED PROJECTS

The Series 2005 Project is being refinanced under the School Board's existing Master Lease as part of the School Board's master lease purchase program (the "Master Lease Program") with the Corporation. The Projects financed or refinanced by the School Board under the Master Lease Program are subject to annual appropriation on an all or none basis. **For Fiscal Year 2023-24, of the District's 22 total operational schools, there are three schools leased under the Master Lease. Based on the District's Pre-K through 12 pupil enrollment of approximately 19,006 students (inclusive of charter school and Family Empowerment Scholarship students) for Fiscal Year 2023-24, approximately 8.1% of the District's students are attending classes in, or otherwise utilizing, Projects (excluding Designated Facilities) leased under the Master Lease during Fiscal Year 2023-24. To determine the above percentages, for schools that are built and operating, the number of students for the Fiscal Year 2023-24 was used.**

Pursuant to the Master Lease, the School Board does not have the ability to appropriate funds to make Lease Payments on one Project or some combination of Projects only. The School Board's annual appropriation for Basic Rent Payments must be for all Projects under the Master Lease Program or it must terminate all Projects under the Master Lease Program. In the event the School Board does not appropriate funds in its annual budget for all of such financed Projects, the School Board would, at the Trustee's option, be required to surrender such Projects, including the Series 2005 Project (other than Designated Facilities), to the Trustee for the benefit of the Owners of the Certificates which financed or refinanced such Project. Under certain conditions set forth in the Master Lease, the School Board may substitute or add components to the Projects and modify the plans and specifications thereof. For a complete description of the Projects under the Master Lease Program see "THE SERIES 2005 PROJECT" and "THE PRIOR PROJECT" herein.

THE SERIES 2005 PROJECT

The Series 2005 Project consisted of the acquisition, construction, installation and/or equipping of a new middle school. Such facility is located in the District. The following is a general description of the educational facility comprising the Series 2005 Project.

Dr. David L. Anderson Middle School. Dr. David L. Anderson Middle School is located at 7000 SW Atlantic Ridge Drive, in the south-central area of the District. The school consists of three (3) two-story classroom buildings and two (2) single-story buildings with a current student capacity of 968 and a recommended capacity of 1,201 for grades 6–8. The facilities include middle school and Exceptional Student Education ("ESE") part-time and full-time classrooms, science, music and art labs, a media center, food service facilities, administration facilities, and vocational and physical education facilities in approximately 156,000 square feet of space. The school opened in August 2006.

Designated Facilities

Each of the Projects under the Master Lease, including the Series 2005 Project, includes Designated Facilities for which title is in the name of the School Board upon acquisition thereof. Upon the occurrence of an Event of Non-Appropriation or an Event of Default, neither the Trustee nor the Owners of any Series of Certificates (including the Series 2024 Certificates) will have any right to the Designated Facilities.

The portion of the Series 2005 Project constituting Designated Facilities consists of all equipment components not constituting fixtures of the educational facility described above.

THE PRIOR PROJECT

The Series 2021 Project was financed with proceeds of the Series 2021 Certificates. The Series 2021 Project consist of certain replacements and renovations to Jensen Beach Elementary School and Palm City Elementary School.

Jensen Beach Elementary School Replacement/Renovation. Jensen Beach Elementary School is located at 2525 NE Savannah Road in Jensen Beach in the north area of the District, has approximately 101,109 net square feet with 750 student stations and a student capacity of 750-767. The school has 27 primary classrooms, 13 intermediate classrooms, three skills labs, eight resource rooms, art, music, covered play area, library media center, administration, food service/multipurpose, teacher planning, stage, restrooms and custodial space. The school opened in January 2023.

Palm City Elementary School Replacement/Renovation. Palm City Elementary School is located at 1951 SW 34th Street in Palm City in the central area of the District,

has approximately 100,863 net square feet with 750 student stations and a student capacity of 750-767. The school has 27 primary classrooms, 13 intermediate classrooms, three skills labs, eight resource rooms, art, music, covered play area, library media center, administration, food service/multipurpose, teacher planning, stage, restrooms and custodial space. The school opened in March 2023. This portion of the Series 2021 Project constitutes Designated Facilities under the Series 2021 Lease.

THE MASTER LEASE PROGRAM

The Ground Lease

The School Board, as Ground Lessor, granted to the Corporation, as Ground Lessee, a leasehold estate in the Series 2005 Project and the real estate on which the Series 2005 Project is located (the "Land"). The initial term of the Ground Lease commenced on the date of delivery of the Series 2005 Certificates and ends on the earlier of (a) the date on which the Series 2014 Certificates, the Series 2024 Certificates and any Refunding Certificates related thereto have been paid in full or provision for payment of such Certificates has been made pursuant to the Trust Agreement, or (b) July, 2036 (both dates inclusive). So long as no Event of Default or Event of Non-Appropriation under the Series 2005 Lease has occurred, the Land shall be used by the School Board, as agent of the Corporation, to acquire, construct, install, equip and operate the Series 2005 Project. The Corporation has assigned its rights under the Ground Lease to the Trustee pursuant to the Assignment of Ground Lease for the benefit of Owners of the Series 2024 Certificates and the Outstanding Series 2014A Certificates in order to secure such Certificates. Upon termination of the Master Lease, the rental of the Land shall be increased to fair market value in accordance with the terms of the Ground Lease. The payment of such increased rent is subordinate to the obligation to pay amounts equal to the Principal Component and the Interest Component of the Basic Rent represented by the Series 2024 Certificates.

The foregoing does not attempt to completely summarize the provisions of the Ground Lease. See "APPENDIX C - CERTAIN BASIC DOCUMENTS - Ground Lease Agreement" and "APPENDIX C - CERTAIN BASIC DOCUMENTS - Form of First Amendment to Ground Lease Agreement" hereto for more information regarding the Ground Lease.

The Master Lease and the Series 2005 Lease

The Master Lease provides for the lease-purchase financing and refinancing by the School Board from time to time of various real and or personal property projects (each a "Project") that are described in various Lease Schedules to be attached to the Master Lease. The Master Lease provides the terms and conditions governing the lease of Projects, and the framework under which the School Board is obligated to pay rent ("Basic Rent") and other payments ("Supplemental Rent" and together with Basic Rent, "Lease Payments") to

the Corporation for the Projects. 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 Trustee and Corporation fees and expenses, prepayment premiums and other financing expenses or obligations due under the Master Lease. Each Lease Schedule will describe the particular Project to be lease-purchased by the School Board and the details governing the particular Lease transaction, including the obligation to pay Basic Rent for such Project and to pay Supplemental Rent.

Under the Trust Agreement, one or more Series of Certificates may be issued to obtain funds to pay the costs of acquisition, construction, installation and equipping of Projects. The proceeds from the sale of the Certificates of each Series are deposited with the Trustee and are requisitioned by the School Board, acting as agent for the Corporation, to pay the costs of one or more related Projects. The Corporation has assigned its rights under the Master Lease, including its right to receive Basic Rent Payments from the School Board under all Lease Schedules, other than its right to indemnification, its right to enter into additional Lease Schedules from time to time and its obligation not to impair the tax status of the Interest Component of Basic Rent represented by the Certificates, to the Trustee for the benefit of Owners of the Certificates of all Series in order to secure such Certificates; provided, however, that once monies are deposited into a specific subaccount under the Trust Agreement for payment of a Series of Certificates, the Certificates of other Series are not collateralized by such monies. Failure to appropriate any Lease Payment results in an Event of Non-Appropriation with respect to all Basic Rent set forth on all Lease Schedules to the Master Lease, and a default with respect to any obligation under the Master Lease or any Lease Schedule results in an Event of Default with respect to the entire Master Lease and all Lease Schedules thereto. See "SECURITY FOR THE SERIES 2024 CERTIFICATES" herein.

The foregoing does not attempt to completely summarize the provisions of the Master Lease. See "APPENDIX C - CERTAIN BASIC DOCUMENTS – Master Lease and "APPENDIX C - CERTAIN BASIC DOCUMENTS – Form of Second Amended and Restated Lease Schedule No. 2005" attached hereto.

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ESTIMATED SOURCES AND USES OF CERTIFICATE PROCEEDS

It is estimated that the proceeds to be received from the sale of the Series 2024 Certificates, together with other legally available funds, will be used as follows:

ESTIMATED SOURCES OF FUNDS:

Par Amount of Series 2024 Certificates	\$ _____
Plus/Less: Net Bond Premium/Discount	_____
Other Legally Available Funds ⁽¹⁾	_____
TOTAL ESTIMATED SOURCES	_____

ESTIMATED USES OF FUNDS:

Deposit to Escrow Fund ⁽²⁾	_____
Costs of Issuance ⁽³⁾	_____
TOTAL ESTIMATED USES	_____

⁽¹⁾ Represents funds on deposit in certain accounts for the benefit of the Refunded Certificates.
⁽²⁾ To be applied to refund the Refunded Certificates. See "PLAN OF REFUNDING" herein.
⁽³⁾ Includes, without limitation, printing costs, legal, accounting and financial advisory fees, the Underwriter's discount, Policy premium and other costs associated with the issuance of the Series 2024 Certificates.

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CERTIFICATE PAYMENT SCHEDULE

The following schedule reflects the estimated payment requirements for the Series 2024 Certificates, the Outstanding Series 2014A Certificates and the Series 2021 Certificates.

Period Ending (June 30)	Outstanding Series 2014A Certificates⁽¹⁾	Series 2021 Certificates⁽²⁾	Series 2024 Certificates Principal Component	Series 2024 Certificates Interest Component	Total Series 2024 Certificates Annual Basic Rent Payments	Total Combined Annual Basic Rent Payments
2024	\$2,490,593	\$10,527,625				
2025	60,750	10,516,250				
2026	2,085,750	10,501,125				
2027						
2028						
2029						
2030						
2031						
Total⁽³⁾	\$4,637,093	\$31,545,000				

⁽¹⁾ Assumes the Series 2014A Certificates maturing on July 1 in the years 2024 and 2026 are not refunded with proceeds of the Series 2024 Certificates.

⁽²⁾ Payments on the Series 2021 Certificates are paid on April 1 and October 1 of each year, with principal due on October 1.

⁽³⁾ Totals may not add due to rounding.

THE CORPORATION

The Martin School Board Leasing Corporation is a Florida single-purpose, not-for-profit corporation formed for the purpose of acting as lessor in connection with "lease-purchase" capital financings for the School Board. The Corporation may in the future initiate additional Lease Schedules under the Master Lease, enter into other lease-purchase agreements with the School Board and cause certificates of participation to be issued which represent lease payments to be made under one or more lease-purchase agreements with the School Board. Unless a member of the School Board elects not to serve, the members of the Corporation are the members of the School Board who shall be ex-officio members. Similarly, the School Board of Directors of the Corporation are the members of the School Board who shall be ex-officio Directors. The Chairman of the School Board serves as Chairman of the Board of Directors and President of the Corporation; the Vice Chairman of the School Board serves as Vice Chairman of the Board of Directors and Vice-President of the Corporation; and the Superintendent of the School Board serves as ex-officio Secretary/Treasurer of the Corporation. There is no litigation pending against the Corporation.

Simultaneously with the issuance and delivery of the Series 2024 Certificates, the Corporation will assign by outright assignment all of its right, title and interest in and to the Series 2005 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 Income Component of Basic Rent represented by the Series 2024 Certificates), including its right to receive Basic Rent from the School Board, its right, title and interest in and to the Ground Lease, and its right to use, sell and relet Projects, including the Series 2005 Project (other than Designated Facilities), to the Trustee. Thereafter, the Trustee will collect directly from the School Board all of the Basic Rent Payments which are the source of and security for payment of the Series 2024 Certificates. THEREFORE, THE CREDIT OF THE CORPORATION IS NOT PLEDGED OR AVAILABLE TO MAKE LEASE PAYMENTS AND, THEREFORE, 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 School Board or the Corporation.

THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

The School Board is organized under Section 4, Article IX, of the Constitution of Florida and Chapter 1001, Part II, Florida Statutes, and is the governing body of the District. The geographic boundaries of the District are coterminous with those of the County. For Fiscal Year 2023-24, the District includes 22 schools, 19,006 full-time equivalent ("FTE") students (inclusive of charter school students and Family

Empowerment Scholarship students) and 2,425 full-time employees, of which more than 1,368 are teachers. Management of the schools within the District is independent of the County and the other local governments within the County. Property taxes levied by the School Board are assessed by the Martin County Property Appraiser. The Martin County Tax Collector collects taxes for the School Board, but exercises no control over expenditures by the School Board.

The Organization and Powers of the School Board

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

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

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

Name	District	Term Expires
Jennifer Russell, Chair	School Board District No. 3	November 2026
Amy B. Pritchett, Vice-Chair	School Board District No. 4	November 2026
Christia Li Roberts, Member	School Board District No. 1	November 2026
Marsha B. Powers, Member	School Board District No. 2	November 2024
Michael DiTerlizzi, Member	School Board District No. 5	November 2024

Superintendent of Schools

The Superintendent of Schools is appointed by the School Board and serves as ex-officio Secretary of the School Board. The Superintendent's powers include, but are not limited to, keeping the records of the School Board, acting as custodian for District property, preparing long-term and annual school programs, directing the work of District personnel, making policy recommendations to the School Board in the area of child

welfare, public transportation, school plant and District finance, and performing the additional duties assigned to her by the laws and regulations of the State Department of Education.

Administration

Michael Maine, Superintendent. Mr. Maine was sworn into office as the District's Superintendent of Schools in April 2023. A veteran educator, Mr. Maine began his career with the District as the Executive Director of Principals & Professional Standards in 2021 before being promoted to Deputy Superintendent in 2022. Prior to his arrival in the District, Mr. Maine spent many years as an educator and administrator in the Hernando County, Florida School District. He holds an undergraduate degree in Criminology from the University of South Florida, a Master's degree in Education with specialization in Educational Administration from the University of Scranton and is currently pursuing his doctorate degree in Educational Leadership and Administration.

Dr. Tracey Miller, Deputy Superintendent. Dr. Miller, a high school graduate of Martin County High School, has been an employee of the District since 1992 when she began her career as a teacher at Warfield Elementary School. Five years later, she became assistant principal of Port Salerno Elementary School and after four years was promoted to principal; she served in that capacity for ten years. During her time at the school, Port Salerno Elementary moved from a D-rated school to an A-rated school. Dr. Miller was promoted to Director of Elementary Programs and School Improvement in July 2011. In January 2013, she became the Executive Director of Instructional Services and was later named Assistant Superintendent of Academics. In 2023, she was appointed to her current position of Deputy Superintendent. Dr. Miller earned a Bachelor of Arts in Education from the University of Florida, a Master's Degree and Specialist Degree in Educational Leadership from Florida Atlantic University and became a Doctor of Education in 2009 upon the completion of the doctoral program at Florida Atlantic University.

Carter Morrison, Assistant Superintendent of Finance. Carter Morrison is the District's Assistant Superintendent of Finance and has over 20 years of governmental accounting experience. For 12 years, he served the Indian River County (FL) School Board with distinction overseeing many facets of their Finance and Operations Divisions. During his tenure with Indian River schools, he had responsibility for overseeing the areas of Purchasing, Facilities, Maintenance, Code Compliance, Risk Management, Employee Benefits and Transportation Services in addition to his responsibility for the District's finances as its Assistant Superintendent for Finance. In 2018, he entered the private sector with TBC Corporation, one of North America's largest marketers of automotive replacement tires through 3,000 franchised and company-operated service centers under the brands NTB, Tire Kingdom, Big O Tires and Midas as their Finance Planning & Analysis Manager for the Retail Division. Mr. Morrison holds a Masters in Business Administration and a Bachelors of Science degree in Accounting from Fitchburg State University, Fitchburg, Massachusetts.

Troy Labarbara, Assistant Superintendent of Academics. Mr. Labarbara has been the District's Assistant Superintendent of Academics since July 2023. Mr. Labarbara has been in the field of education in many capacities over the past thirty-one years. Mr. Labarbara worked as a Special Educator from 1993-2009, as an Assistant Principal from 2009-2012 and as Principal from 2012-2021. He has also worked at the District level as a Director of Exceptional Education and Executive Director of Principals and Professional Standards. Mr. Labarbara is a graduate of Florida State University, earning both Bachelor's and Master's degrees in Special Education and a certificate in Early Childhood Education. Additionally, he has a Specialist's degree in Educational Leadership from the University of South Florida.

Academics

The District is dedicated to providing students with a high-quality education. Among the many educational tools administered by the District for teachers, parents, and students are:

- *FOCUS* - a secure, online gradebook and student information system that provides parents with instant information on how their student is performing in school as well as assessment results and reporting of student grades and attendance;
- *Thrillshare* - a mass notification and communication system capable of sending voice, text and email messages to parents and employees in minutes;
- *Decision Ed* - a data warehouse and analytics solution that allows users to visualize important data related to student success and achievement using business intelligence capabilities. District data will be housed in the DecisionEd data warehouse, including student data, staff data, finance data and professional development data;
- *Frontline* - a resource that enables districts to meet all employees' diverse learning needs. Educators drive their own learning with relevant, just-in-time content or address areas of need identified in surveys, observations, and evaluations. Additional options allow users to collaborate across grade levels and school sites as well as create custom content;

These tools, among others, combined with the knowledge and dedication of the District's teachers, administrators, and staff, have helped the District become one of the highest performing school districts in the state. Among the noted accomplishments:

- The District is an AVID (Advancement via Individual Determination) district where high schools, two middle schools, and one elementary school participate in a system designed to assist in closing opportunity and achievement gaps of all students. Additionally, the AVID tools of engagement, rigor, and inquiry strategies are used throughout the school district.

- The District has four Instructional Empowerment Schools: three elementary schools and one middle school. This instructional system aligns to a framework that provides a model of instruction, which creates a rigorous and positive classroom learning environment and ultimately shapes the learning culture of the school. This system will add extra support structure to help those schools with diverse populations.
- The District implemented a 1:1 technology program, putting a laptop in the hands of each third through twelfth grade student and laptop carts in classrooms for Kindergarten through grade two students. This program is being supported by layers of professional development for teachers and administrators both site-specific and district wide.

Historical Growth

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

Summary of Statistical Data Ten Year History

<u>Fiscal Year</u>	<u>Operating Expenditures⁽¹⁾</u>	<u>Student Memberships⁽¹⁾</u>	<u>Cost per Student</u>	<u>Percentage Change</u>	<u>Teaching Staff⁽²⁾</u>	<u>Student/Teacher Ratio</u>
2014	\$159,360,627	18,296	\$8,710	1.28%	1,359	13.5
2015	163,500,791	18,583	8,798	1.00	1,350	13.8
2016	163,407,720	18,714	8,732	-0.77	1,373	13.6
2017	166,478,977	18,748	8,880	1.68	1,387	13.5
2018	170,849,878	18,664	9,154	3.08	1,355	13.8
2019	183,491,433	18,385	9,980	9.02	1,399	13.1
2020	200,479,360	18,734	10,701	7.21	1,431	13.1
2021	202,443,725	18,057	11,211	4.76	1,378	13.1
2022	214,706,517	18,591	11,549	3.00	1,381	13.5
2023	234,479,562	18,673	12,557	8.72	1,368	13.6

⁽¹⁾ The Florida Department of Education's FTE Fourth Calculation for each respective year. Includes charter school students and Family Empowerment Scholarship students. See "RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES – Legislative Changes Relating to School Choice" herein for information regarding the Florida Empowerment Scholarship and other school choice programs.

⁽²⁾ Florida Department of Education – includes all instructional personnel (classroom teachers, guidance counselors, and other, etc.).

Source: District School Board of Martin County, Florida Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2023.

**Profile of Enrollments
Full-Time Equivalent Students
School Years 2018-19 Through 2022-23**

	2018-19	2019-20	2020-21	2021-22	2022-23
Pre-Kindergarten-Grade 3	4,624	4,835	4,471	4,674	4,842
Grades 4-8	6,553	6,704	6,574	6,809	6,828
Grades 9-12	5,135	5,119	5,026	5,100	5,068
ESOL	1,379	1,417	1,341	1,337	1,254
Exceptional Ed.	211	182	172	206	184
Vocational Ed.	477	470	473	465	497
Total	18,379	18,727	18,057	18,591	18,673

Source: District Finance Department.

Employee Relations

For Fiscal Year 2023-24, the School Board employs 2,425 full-time persons representing the following groups:

<u>Employee Group</u>	<u>Union Affiliation</u>
Teachers	Martin County Education Association American Federation of State, County, Municipal Employees, Council 79 ("AFSCME")
Paraprofessionals	AFSCME
Clerical	AFSCME
Custodial, Food Service	AFSCME
Maintenance	AFSCME
Maintenance and Food Service Supervisors	AFSCME
Accounting, Data Processing, Facilities, Safety, Transportation	AFSCME

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

Teachers	June 30, 2025
Paraprofessionals	June 30, 2025
Clerical	June 30, 2025
Custodial, Food Service	June 30, 2025
Maintenance	June 30, 2025
Maintenance and Food Service Supervisors	June 30, 2025
Transportation	June 30, 2025

* Wages for Fiscal Year 2023-24 have been settled; certain other contract terms are still being negotiated. When a collective bargaining agreement expires, Florida law requires the parties to operate under the expired contract until such time as a successor agreement has been negotiated and ratified.

Budget Process

State law requires the School 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 School Board. State law further requires the School 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 property appraiser, which is required by law to occur by July 1, unless extended.

The School 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 School 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 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 property appraiser. This public hearing usually occurs 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 School Board must certify the final millage rate to the tax collector, the property appraiser and the State Department of Revenue. The School Board adopted its final budget for Fiscal Year 2023-24 on September 5, 2023.

FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT

The following briefly describes financial results of the District and certain District liabilities. For additional information concerning such matters, see "APPENDIX B – DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023" hereto.

Accounting and Funds

Pursuant to Section 11.45, Florida Statutes, as amended, the financial operations of the District are subject to annual audit. Such audit is required to be performed by independent auditors at least two out of every three fiscal years with the Auditor General of the State performing the audit 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 District's financial statements, assessment of the adequacy of the District's control environment, and determination of the District's compliance with legal requirements. See "APPENDIX B – DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023" attached hereto for an explanation of the scope and objectives of the independent auditor's report.

Accounting policies conform with generally accepted accounting principles applicable to state and local governmental units. The organization of such financial statements for Fiscal Year 2023-24 was as follows:

Government-wide Financial Statements – Government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information about the School District as a whole. These statements include the non-fiduciary financial activity of the primary government and its component units.

Government-wide financial statements include separate columns for the primary government and its component units. *Governmental activities*, which normally are supported by taxes, and intergovernmental revenues, and other nonexchange transactions are reported separately from business-type activities, which rely to a significant extent on fees charged to external customers for support. Likewise, the primary

government is reported separately from the legally separate *component units* for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities and for each segment of the business-type 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 expense, if not specifically associated with a particular function, is 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-supporting or draws from the general revenues of the District.

As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements. Exceptions to this general rule are when eliminations would distort the direct costs and program revenues reported for the various functions concerned and net residual amounts between governmental and business-type activities.

Fund Financial Statements – The financial records of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenue and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the District's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. 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. The fiduciary fund statements include financial information for the custodial fund, the pension trust fund, and private purpose trust funds.

Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Federal Education Stabilization Fund – to account for certain Federal grant program resources provided as emergency relief to address the impact of COVID-19 on elementary and secondary schools.
- Capital Projects – Local Capital Improvement Tax Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, maintenance, repairs, and site improvement.
- Capital Projects – Other Capital Projects Fund – to account for the financial resources generated by the local sales surtax, impact fees, fuel tax rebates, and other miscellaneous sources to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, maintenance, repairs, and site improvement.

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

- Enterprise Fund - to account for business-type activities for extended day care services which are provided by the District's elementary schools. This fund is intended to be self-supporting through customer charges.
- Pension Trust Fund – to account for resources used to finance the Early Retirement Plan (ERP).
- Private-Purpose Trust Funds – to account for resources of the following scholarship trust funds: M.H. Correll Research Trust Fund; T.L. Showalter Scholarship Trust Fund; J.M. Phillips, Jr., Memorial Trust Fund; Clara Neuman Scholarship Trust Fund; Dr. Tom Goodman Scholarship Trust Fund; Cecele S. Gryl Trust Fund; and Non-endowment Scholarship Trust Fund.
- Custodial Funds – to account for resources of the school's internal funds which are used to administer moneys collected at the schools in connection with school, student athletic, class, and club activities.

See Note I, B. in "APPENDIX B – DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023" hereto.

Florida Retirement System

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

The information relating to the FRS contained herein has been obtained from the FRS Annual Reports which are available by writing to the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by phoning (850) 488-5706 or visiting the following website: www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports. No representation is made by the School Board as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

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

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

The SBA administers the FRS Investment Plan, a defined contribution plan available to eligible FRS members as an alternative to the FRS Pension Plan. Retirement

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

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

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

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

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

Subject to provisions of Section 121.091, Florida Statutes, the Deferred Retirement Option Program (the "DROP") permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months while the member's benefits accumulate in the FRS Trust Fund. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. As of June 30, 2023, the FRS Trust Fund held \$2,745,616,982 in accumulated benefits and interest for 30,093 DROP participants. Of those 30,093 DROP Participants, 28,480 were active in DROP with balances totaling \$2,491,783,327. The remaining participants were no longer active in the DROP and had balances totaling \$253,833,655 to be processed after June 30, 2023.

The Retiree Health Insurance Subsidy ("HIS") Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. As of July 1, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$7.50 with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. As of July 1, 2023, the contribution rate was 2.00% of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS contributions are deposited in a separate trust fund from which HIS payments are

authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislature may reduce or cancel HIS payments.

Participating employers must comply with the statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Florida Legislature as guidance for funding decisions. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and FRS Investment Plan rates) are recommended by the actuary but set by the Florida Legislature. Statutes require that any unfunded actuarial liability ("UAL") be amortized within 30 plan years and any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. As of June 30, 2023 the balance of legally required reserves was \$186,357,365,968. These funds were reserved to provide for total current and future benefits, refunds and administration of the FRS Pension Plan.

The District's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the District. The District's contributions to the FRS Pension Plan and FRS Investment Plan for the Fiscal Year ended June 30, 2023, totaled \$11.3 million, which was equal to the required contribution for such Fiscal Year. This excludes the HIS Program contributions. The District's contributions to the HIS Plan for the Fiscal Year ended June 30, 2023 totaled \$2.1 million.

As a participating employer in the FRS, the District implemented Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment to GASB Statement No. 68)*, effective for fiscal years beginning after June 15, 2014. The implementation of these Statements requires the District to record a liability for its proportionate share of the net pension liabilities of the FRS plans.

The scope of GASB Statements Nos. 68 and 71 address accounting and financial reporting for pensions that are provided to employees of state and local governmental employers that meet certain characteristics. These Statements establish standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expense/expenditures. For defined benefit pensions such as the FRS plans, GASB Statements Nos. 68 and 71 identify methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Pursuant to these Statements, the District is required to record a liability for its proportionate share of pension liabilities as reported by the FRS plans. While these Statements require recognition and disclosure of the unfunded pension liability, there is no requirement that such liability be funded. Accordingly, a deficit in unrestricted net position should not be considered, solely, as

evidence of financial difficulties. The adoption of GASB Statements Nos. 68 and 71 resulted in a material increase in the District's liabilities and a material decrease in the District's net position. As of June 30, 2023, the District reported a liability of \$87.8 million for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net pension liability was based on the District's Fiscal Year 2021-22 contributions relative to the Fiscal Year 2021-22 contributions of all participating members. As of June 30, 2023, the District's proportionate share was 0.236024430%, which was a decrease of 0.0016373% from its proportionate share measured as of June 30, 2021.

At June 30, 2023, the District reported a net pension liability of \$33.4 million for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within one year, net of the District's proportionate share of the HIS plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net pension liability was based on the District's Fiscal Year 2021-22 contributions relative to the total Fiscal Year 2021-22 contributions of all participating members. As of June 30, 2023, the District's proportionate share was 0.315475406%, which was a decrease of 0.00178036% from its proportionate share measured as of June 30, 2021. See APPENDIX B hereto, including Note IX, A. to the Basic Financial Statements and the Required Supplementary Information for additional information relating to the District's implementation of GASB Statements Nos. 68 and 71.

Early Retirement Program. The District also implemented an early retirement incentive program to eligible employees. See Note IX, C to the Basic Financial Statements in APPENDIX B for additional information regarding such early retirement program.

Other Post-Employment Benefits

In addition to its contributions under the State's retirement plan described above, the District provides other postemployment benefits ("OPEB") for certain of its retired employees in the form of an implicit rate subsidy by providing access to health insurance plans requiring the use of a single "blended" or "common" rate for both active and retired employees. The offering of this health insurance coverage is required by Section 112.0801, Florida Statutes.

As with all governmental entities providing similar plans, the District implemented Governmental Accounting Standard's Board Statement No. 75 - Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pension ("GASB 75") during Fiscal Year 2017-18. The District had historically accounted for its OPEB

contributions on a pay as you go basis and then implemented General Accounting Standard's Board Statement No. 45 which required governmental units to include future OPEB costs in their financial statements. While GASB 75 requires recognition and disclosure of the unfunded OPEB liability, there is no requirement that the liability of such plan be funded. To comply with GASB 75, the District retained an actuary (the "Actuary") to review the District's OPEB liabilities and provide the District with a written valuation. The Actuary determined the accrued liability related to OPEB, which approximates the present value of all future expected postretirement life and medical premiums and administrative costs which are attributable to the past service of those retired and active employees, at \$41.87 million as of June 30, 2023.

While the District does not know at this time what its ultimate OPEB liabilities will be in connection with GASB 75 compliance in the future or how much of the related annual required contributions it will need to budget in future years, it expects its OPEB liability to be manageable within its normal budgeting process.

Below are the details regarding the total OPEB liability from June 30, 2022 to June 30, 2023 (in thousands):

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	\$ 52,031,827
Changes for the year:	
Service Cost	1,324,194
Interest on Total OPEB Liability	1,002,793
Changes in Assumptions or Other Inputs	(10,234,263)
Benefit Payments	(2,254,394)
Net Change in Total OPEB Liability	<u>(10,161,670)</u>
Balance at June 30, 2023	<u>\$ 41,870,157</u>

* Changes in assumptions and other inputs reflect a change in the discount rate from 1.92 percent in 2021 to 3.69 percent in 2022.

Source: District School Board of Martin County, Florida Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2023.

For additional information on OPEB liability, including assumptions on which the calculation is based, see Note IX, D. to the Basic Financial Statements and the Required Supplementary Information to the audited financial statements for the Fiscal Year ended June 30, 2023 attached as APPENDIX B hereto.

General Fund Operations

The School Board's general fund revenues are derived from federal and State appropriations and local sources. The table on the following page summarizes results of operations for the General Fund for the audited Fiscal Years ended June 30, 2019 through 2023, and the adopted budget for the Fiscal Year ending June 30, 2024.

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School District of Martin County, Florida
Summary of General Fund Operations
Fiscal Years Ended June 30, 2020-2024

	Audited				Budgeted
	2019-20 ⁽¹⁾	2020-21 ⁽¹⁾	2021-22	2022-23	2023-24 [*]
REVENUES:					
Federal direct	\$ 337,875	\$ 311,821	\$ 259,369	\$ 272,411	\$ 263,527
Federal through state and local	788,412	811,442	725,313	687,402	535,407
State	44,396,234	47,540,656	40,763,015	43,953,667	36,136,731
Local:					
Taxes	120,182,574	120,681,327	123,857,431	134,116,007	151,546,357
Charges for services – food services	-	-	-	-	-
Impact fees	-	-	-	-	-
Miscellaneous	7,847,209	6,973,255	13,024,955	11,191,353	8,397,574
Total revenues	<u>173,552,304</u>	<u>176,318,501</u>	<u>178,630,083</u>	<u>190,220,840</u>	<u>196,879,596</u>
EXPENDITURES:					
Current:					
Instruction ⁽¹⁾	109,507,399	108,231,838	110,532,752	117,235,235	130,672,417
Student support services	7,803,041	8,046,325	8,465,384	10,108,407	12,547,084
Instructional media services	2,357,746	2,275,148	2,223,832	2,391,494	2,468,571
Instruction and curriculum development services	2,011,189	2,126,095	2,217,592	2,555,283	2,442,957
Instructional staff training services	1,993,935	1,628,227	1,554,427	1,956,097	5,305,147
Instruction related technology	3,917,058	3,124,416	2,508,545	2,358,228	3,023,836
School board	485,826	525,786	550,014	605,725	764,124
General administration	1,001,726	1,222,038	1,103,592	1,206,418	1,176,707
School administration	10,155,555	10,614,056	10,901,251	11,975,653	12,593,265
Facilities acquisition and construction	987,651	1,520,665	3,121,100	1,755,137	1,846,142
Fiscal services	1,197,999	1,549,211	1,194,950	1,675,869	1,490,025
Food services	-	96,040	91,112	156,834	357,906
Central services	4,728,084	5,628,183	5,780,605	6,750,989	7,368,629
Student transportation services	6,319,962	5,526,804	5,939,104	7,341,893	7,123,870
Operation of plant ⁽¹⁾	19,571,456	20,599,344	20,496,240	22,787,262	24,147,009
Maintenance of plant	4,504,586	5,022,641	4,745,445	5,403,983	5,523,751
Administrative technology services	4,417,807	1,778,707	699,590	702,990	780,092
Community services	3,202,416	2,430,061	2,282,159	203,239	434,988
Capital outlay:					
Facilities acquisition and construction	3,404,005	-	107,622	282,513	-
Other capital outlay	-	1,382,804	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and fees	-	-	-	-	-
Paying Agent fees	-	-	-	-	-
Other debt service	-	-	-	-	-
Total expenditures	<u>187,567,441</u>	<u>183,328,389</u>	<u>184,515,316</u>	<u>197,453,249</u>	<u>220,066,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,015,137)</u>	<u>(7,009,888)</u>	<u>(5,885,233)</u>	<u>(7,232,409)</u>	<u>(23,186,922)</u>
Other financing sources (uses)					
Refunding bonds issued	-	-	-	-	-
Premium on refunding bonds	-	-	-	-	-
Inception of capital lease	465,785	256,697	-	-	-
Insurance loss recoveries	73,703	3,012	-	10,736	-
Transfers in ⁽¹⁾	16,448,584	10,700,136	6,951,295	6,315,663	11,504,572
Transfers out	(149,120)	(6,443)	-	-	-
Total other financing sources (uses)	<u>16,838,952</u>	<u>10,953,402</u>	<u>6,951,295</u>	<u>6,326,399</u>	<u>11,504,572</u>
Net change in fund balances	2,823,815	3,943,514	1,066,062	(906,010)	(11,682,349)
Fund balances - beginning	35,251,112	38,074,927	42,018,441	43,084,503	41,148,198
Adjustment to beginning fund balance	-	-	-	(1,030,295)	-
Fund balances – ending ⁽²⁾	<u>\$ 38,074,927</u>	<u>\$ 42,018,441</u>	<u>\$ 43,084,503</u>	<u>\$ 41,148,198</u>	<u>\$ 29,451,849</u>

⁽¹⁾ For Fiscal Years 2019-2020 and 2020-2021, Instruction, Operation of plant and Transfers in increased significantly due to the approval of the 0.50 voted operating millage referendum which provides additional salary supplements for instructional staff, commenced with Fiscal Year 2019-2020 through Fiscal Year 2021-2022. See "OPERATING REVENUES OF THE DISTRICT – Local Sources – Ad Valorem Taxes" herein. Operation of plant increased due to the reclassification of School Resource Officers and COVID-19 related expenditures, and transfers into the General Fund increased in order to cover capital related expenditures historically paid from the General Fund.

⁽²⁾ The ending fund balance in prior years represent the funds remaining at the end of that fiscal year after all expenses have occurred. The Ending Fund Balance in prior years represent the funds remaining at the end of that fiscal year after all expenses have occurred. For budgetary purposes, Florida law generally requires school districts to formulate a budget where Revenues plus Beginning Fund Balance equals Expenditures. Accordingly, the budgeted Ending Fund Balance in Fiscal Year 2023-24 represents only those funds set aside in reserve accounts, such as contingency, etc. All other funds have spread through school and budget departments. Based on actual Fiscal Year 2023-24 Revenues and Expenditures to date, the District estimates its Fiscal Year 2023-24 Ending Fund Balance will be approximately \$38.5 million at June 30, 2024.

Source: District School Board of Martin County, Florida Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2020. Final budget for Fiscal Year ending June 30, 2023.

General Fund Ending Balance Legislation

Section 1011.051, Florida Statutes, entitled "Guidelines for general funds" requires that if a school district's General Fund ending balance not classified as restricted, committed or nonspendable in the approved operating budget is projected to fall below three percent (3%) of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education. The section further requires that if the General Fund ending balance not classified as restricted, committed or nonspendable is projected to fall below two percent (2%) of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner of Education within 14 days after receiving such notification of an ending balance below two percent (2%), if the Commissioner determines that the district does not have a plan that is reasonably anticipated to avoid a financial emergency as determined pursuant to applicable Florida Statutes pertaining thereto, the Commissioner shall appoint a financial emergency board that may take certain delineated steps to assist a district school board in complying with the General Fund requirements. In Fiscal Year 2021-22, the District's General Fund ending balance not classified as restricted, committed or nonspendable was 11.4% of General Fund revenues. For Fiscal Year 2022-23, the District's General Fund ending balance not classified as restricted, committed or nonspendable was 9.1% of General Fund revenues. For Fiscal Year 2023-24, the District's budgeted General Fund ending balance not classified as restricted, committed or nonspendable is projected to be 8.7% of General Fund revenues.

Indebtedness

The following is selected financial information pertaining to the District:

School District of Martin County, Florida Ratio of Outstanding Debt by Type (in thousands)

Fiscal Year	State Board of Education Bonds	Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income	Debt Per Capita
2019	\$4,326	\$27,558	\$348	\$32,232	0.23%	\$200.20
2020	3,576	25,927	554	30,057	0.21	186.39
2021	2,807	24,227	491	27,525	0.17	170.42
2022	2,031	64,403	-	66,434	N/A	410.96
2023	1,330	52,742	-	54,072	N/A	333.65

N/A = Not Available.

Source: District School Board of Martin County, Florida Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2023.

The following is selected financial information pertaining to the District:

**School District of Martin County, Florida
Bond, Note and Lease Obligations Outstanding
As of June 30, 2023**

Issue	Interest Rates	Maturity	Amount Outstanding
Certificates of Participation, Series 2014 and 2021	3.00%-5.00%	2032	\$48,175,000
State Bonds ⁽¹⁾ :			
Series 2014A	5.00	2024	247,000
Series 2017A	3.00-5.00	2028	1,083,000
Total Bonds Payable			\$49,505,000

⁽¹⁾ State of Florida Board of Education Capital Outlay Bonds are issued by the State on behalf of the District. These bonds are not secured by the Trust Estate; rather funds for debt service payment are withheld by the State from the District's allocation of Motor Vehicle License Fees which are a non-operating fund source.

Source: District School Board of Martin County, Florida Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2023.

AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS

The School Board derives its revenues for capital outlay projects from certain State and local sources. The major categories of these revenue services are briefly described below. In Fiscal Year 2022-23, excluding existing fund balances, approximately 1.2% of the annual revenues for capital improvements were provided by State revenues, approximately 85.6% were provided by local millage and sales tax and approximately 13.2% were provided by impact fees and other sources.

State Sources

PECO. One source of State educational funding contributions to the School Board's capital outlay requirements is the 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 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 State Commissioner of Education administers the PECO program and allocates or reallocates funds as authorized by law. PECO funds are allocated by the Office of

Education Facilities of the State Department of Florida Department of Education. In recent years, PECO funds have been almost exclusively allocated to charter schools in the State. The District did not receive any non-charter PECO funds in Fiscal Years 2021-22 or 2022-23 and is not budgeted to receive any non-charter PECO funds in Fiscal Year 2023-24. Charter School PECO funds were \$2,134,725 and \$756,138 for Fiscal Years 2021-22 and 2022-23, respectively. Charter School PECO funds are budgeted to be \$ 848,405 for Fiscal Year 2023-24.

CO&DS. The District receives a portion of the revenues generated by the State from the sale and renewal of motor vehicle licenses. The distributed revenues are designated as capital outlay and debt service ("CO&DS") funds. The District received \$726,738 of CO&DS Funds in Fiscal Year 2021-22 and \$850,550 of CO&DS Funds in Fiscal Year 2022-23. The District has included \$822,793 of CO&DS Funds in its budget for Fiscal Year 2023-24.

CO&DS Funds are legally available to the School Board to make the principal portion of Basic Rent Payments, but only if the project financed thereby appears on a project priority list approved by the State Board of Education.

Local Sources

Local revenue for school district support is derived primarily from real and tangible personal property taxes. In addition, the District receives local option sales surtax revenues, impact fee revenues and earns interest on cash invested and collects other miscellaneous revenues.

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

Section 212.055(6), Florida Statutes, authorizes school boards to impose a discretionary sales surtax of up to 0.5% per dollar for fixed capital expenditures or fixed capital costs associated with the construction, reconstruction, or improvement of school facilities and campuses which have a useful life expectancy of five or more years, and any land acquisition, land improvement, design and engineering costs related thereto, as well as retrofitting and providing for technology implementation, including hardware and software for various sites within the District. Surtax revenues may be used for the purpose of servicing bond indebtedness to finance projects authorized by Section 212.055(6), Florida Statutes, and any interest accrued thereto may be held in trust to finance such projects. However, neither the surtax revenues nor any interest accrued thereto may be used for operational expenses. The levy of the surtax must be approved by a referendum

of the electors of the county in which the school district is located. By statute, the sales amount above \$5,000 on any item of tangible personal property is not subject to the surtax.

On April 17, 2018, the School Board duly adopted Resolution No. 2018-02(b) (the "Sales Tax Resolution") providing for the levy and imposition, throughout the incorporated and unincorporated areas of the County, of a 0.5% per dollar discretionary sales surtax on all transactions in the County subject to the aforementioned 6% tax (the "Discretionary Sales Surtax") for school capital outlay purposes, the proceeds of which will be applied to provide security upgrades and enhancements at all District schools, replace Jensen Beach Elementary School and Palm City Elementary School and repair and renovate District-owned school buildings. The Series 2021 Project constitutes an authorized project under the Sales Tax Resolution. The Series 2005 Project is not an authorized project under the Sales Tax Resolution.

On November 6, 2018, a majority of the voters in the County approved the Discretionary Sales Surtax for school capital outlay purposes. The Discretionary Sales Surtax became effective for a period commencing January 1, 2019 and ending December 31, 2025. On March 19, 2024, the School Board voted not to seek renewal of the Discretionary Sales Surtax upon its expiration.

Pursuant to Section 212.054, Florida Statutes, the Florida Department of Revenue ("FDOR") has the responsibility to administer, collect and enforce all surtaxes, including the Discretionary Sales Surtax. The proceeds of the Discretionary Sales Surtax Clearing Trust Fund collections are transferred to the Discretionary Sales Surtax Trust Fund. A separate account in the trust fund is to be established for each county or school board imposing such a surtax. FDOR is authorized to deduct up to 3% of the total revenue generated for all counties or school boards levying a surtax for administrative costs. The amount deducted for administrative costs is required to be used only for those costs solely and directly attributable to the surtax. The total administrative costs are to be prorated among those counties or school boards levying the surtax on the basis of the amount collected for a particular county or school board to the total amount collected for all counties or school boards.

Pursuant to Section 212.15, Florida Statutes, vendors are required to remit sales tax receipts by the twentieth (20th) day of the month immediately following the month of collection. No statute prescribes a deadline for remitting surtax proceeds to the local governing bodies. However, according to the accounting division of FDOR, FDOR consistently remits the surtax proceeds to such local governing bodies by the twenty-fifth (25th) day of the month immediately following receipt by FDOR.

For Fiscal Year 2021-22, the District received \$24,159,507 in Discretionary Sales Surtax revenues. The District received \$25,893,948 in Discretionary Sales Surtax revenues for Fiscal Year 2022-23 and is budgeted to receive \$20,000,000 in Discretionary Sales Surtax revenues for Fiscal Year 2023-24.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THE SCHOOL BOARD IS PAYING ALL OF THE BASIC RENT PAYMENTS REPRESENTED BY THE SERIES 2021 CERTIFICATES (BUT NOT THE SERIES 2024 CERTIFICATES) SOLELY FROM DISCRETIONARY SALES SURTAX REVENUES. THE SCHOOL BOARD EXPECTS TO PAY THE BASIC RENT PAYMENTS REPRESENTED BY THE SERIES 2024 CERTIFICATES FROM THE LOCAL OPTION MILLAGE LEVY DESCRIBED BELOW. THE DISCRETIONARY SALES SURTAX REVENUES ARE NOT AVAILABLE TO PAY THE BASIC RENT PAYMENTS REPRESENTED BY THE SERIES 2024 CERTIFICATES. SEE ALSO, "RISK FACTORS – FLUCTUATIONS IN DISCRETIONARY SALES SURTAX REVENUES" HEREIN.

**Coverage from Discretionary Sales Surtax Revenues
of Basic Rent Payments Represented by
the Series 2021 Certificates**

	Fiscal Year 2022-23
Discretionary Sales Surtax Revenues	\$25,893,948
Maximum Annual Basic Rent Payments Represented by the Series 2021 Certificates ⁽¹⁾	10,527,625
Historical Coverage	2.46x

⁽¹⁾ The Basic Rent Payments represented by the Series 2021 Certificates are paid from Discretionary Sales Surtax revenues. Discretionary Sales Surtax revenues are not available to pay the Basic Rent Payments represented by the Series 2024 Certificates. The Series 2024 Certificates are expected to be paid from Local Option Millage Levy revenues described below.

The amount of Discretionary Sales Surtax revenues distributed to the District is subject to increase or decrease due to (i) increases or decreases in the dollar volume of taxable sales within the County, (ii) legislative changes relating to the sales tax, which may include changes in the scope of taxable sales, and (iii) other factors which may be beyond the control of the District.

Local Option Millage. School boards may levy non-voted millage (the "Local Option Millage Levy") for capital outlay and maintenance purposes, pursuant to Section 1011.71(2), Florida Statutes. Currently, the maximum amount of Local Option Millage Levy may be up to 1.50 mills. Revenues from the Local Option Millage Levy may be used to fund, among other things, new construction, remodeling, site acquisition and improvement; maintenance and repair; school bus purchases; payments under lease purchase agreements and certain short-term loans. Prior to July 1, 2012, payments from the Local Option Millage Levy for lease-purchase agreements for educational facilities and sites were not permitted to exceed three-fourths of the revenues of the Local Option Millage Levy. However, effective July 1, 2012, the three-fourths limitation was waived for lease-purchase agreements originally entered into prior to June 30, 2009. **The School**

Board is not required to levy any millage for capital outlay purposes in the future. Since revenues from the Local Option Millage Levy may be used for, but are not pledged to, the payment of Basic Rent Payments under the Series 2005 Lease, the failure of the School Board to levy all or a portion of the Local Option Millage Levy would have an adverse effect on available revenues from which the School Board may appropriate funds to make Basic Rent Payments. In the event that revenues generated from the Local Option Millage Levy are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating levy may be used to make such Lease Payments. Additionally, if the revenue from 1.50 mills is insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2009 or to meet other critical capital needs, a school board may elect to levy up to 0.25 mills for capital purposes in lieu of a like amount of discretionary operating millage. See "RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES – Distribution of Local Option Millage Levy Revenues to Charter Schools" herein.

The following table sets forth the District's capital outlay levies for Fiscal Year 2023-24:

Local Option Millage Levy	District Levy	Description	Max
Local Option Millage	1.500 mills	Non-voted millage for capital outlay and maintenance purposes.	1.500 mills
Capital Outlay Discretionary Millage	0.000 mills	If revenue from the Local Option Millage is insufficient to make payments due under a lease purchase agreement entered into prior to June 30, 2009, or to meet other critical school district fixed capital outlay needs, a school board may levy up to an additional 0.25 mills of Local Option Millage Levy in addition to the 1.5 mills, in lieu of levying an equivalent amount of the discretionary mills for operations (i.e., Current Operating Discretionary Millage)	0.250 mills

Local Option Millage Levy revenues increased from \$38,521,453 in Fiscal Year 2021-22 to \$44,820,130 in Fiscal Year 2022-23. The District is budgeted to receive approximately \$51,163,523 of Local Option Millage Levy receipts for capital and maintenance purposes for Fiscal Year 2023-24.

Sharing of Local Option Millage with Charter Schools. On May 11, 2023, CS/CS/HB 1259 ("HB 1259") was signed into law by Florida Governor Ron DeSantis. HB

1259 modifies the provisions of Section 1013.62, Florida Statutes, relating to Local Option Millage Levy revenues that are required to be shared with eligible charter schools in each school district in the State. HB 1259 removes a previously existing State funding threshold for purposes of determining whether Local Option Millage revenues must be shared with eligible charter schools in a school district and establishes a five-year glide path of local sharing of Local Option Millage revenues between each school district in the State and eligible charter schools therein. The calculation methodology set forth in HB 1259 first reduces a school district's available Local Option Millage Levy revenues by the school district's annual debt service for obligations incurred as of March 1, 2017, which are being satisfied by Local Option Millage Levy revenues and which have not been subsequently retired. The remaining Local Option Millage Levy revenues are then divided by the sum of (a) the school district's capital outlay FTE students and (b) the total number of FTE students at eligible charter school in the school district to determine a capital outlay allocation per FTE student. Next, such capital outlay allocation per FTE student is multiplied by the total number of FTE students at each eligible charter school in the school district to determine a capital outlay allocation for each charter school in the school district. Next, if applicable, the capital outlay allocation to each charter school is reduced by the total amount of State funds allocated to each charter school in the school district thereby reducing the amount of Local Option Millage Levy revenues required to be shared by the school district. The remaining amount, if any, is the amount the school district must share with eligible charter schools in the school district in such year. However, the legislation provides for a five-year phase in for such amounts so that the amount to be paid by the school district for each year pursuant to the above-described methodology will be multiplied by 20% for Fiscal 2023-24 and increase by 20% each year until Fiscal Year 2027-28 at which time it would equal 100% of the amount described in the preceding sentence. HB 1259 took effect on July 1, 2023. These provisions of HB 1259 are expected to reduce the amount of Local Option Millage Levy revenues available to the School Board to make Basic Rent Payments on the Series 2024 Certificates. For Fiscal Year 2023-24, the District shared \$631,874 in Local Option Millage Levy revenues with eligible charter schools in the District. Such amount is projected to increase to approximately \$4.8 million by Fiscal Year 2027-28. However, the School Board does not expect any such reduction to adversely impact its ability to make Basic Rent Payments on the Series 2024 Certificates.

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Local Option Millage Levy Required to Cover Series 2024 Certificates and Outstanding Series 2014A Certificates Payments

The following table sets forth the Local Option Millage Levy that would provide 1.00x coverage of the maximum annual Basic Rent Payments on the Series 2024 Certificates and the Outstanding Series 2014A Certificates (but not the Series 2021 Certificates which are being paid with Discretionary Sales Surtax revenues).

Anticipated Local Option Millage Levy Required to Cover Basic Rent Payments Represented by the Series 2024 Certificates and the Outstanding Series 2014A Certificates

<i>Fiscal Year 2023-24</i>	
Net Taxable Assessed Valuation⁽¹⁾	\$35,530,224,620
Local Option Millage Levy	1.50 mills
Assumed Tax Collection Rate	96%
Total Revenue Generated by 1.50 mill Levy at 96% Collection	\$51,163,523
<i>FY 2023-24 Local Option Millage Levy Required to Satisfy Maximum Annual Basic Rent Payments Represented by the Series 2024 Certificates and the Outstanding Series 2014A Certificates</i>	
Maximum Annual Basic Rent Payments Represented by the Series 2024 Certificates (Fiscal Year 2025-26) ⁽²⁾	\$2,619,500
Minimum Local Option Millage Levy Needed to Satisfy Maximum Annual Lease Payments Represented by the Series 2024 Certificates and the Outstanding Series 2014A Certificates ⁽²⁾	0.077 mills
<i>Sharing of the Local Option Millage Levy with Eligible District Charter Schools</i>	
Annual Debt Service Obligation Incurred as of March 1, 2017	\$2,582,531 ⁽³⁾
Estimated Total Allocation of Local Option Millage Levy to Eligible District Charter Schools	\$631,874 ⁽⁴⁾
Maximum Local Option Millage Levy Revenue Shared with Eligible District Charter Schools ⁽⁴⁾	\$631,874
Maximum Local Option Millage Levy Shared with Eligible District Charter Schools	0.019 mills
Minimum Local Option Millage Levy Revenue Remaining after Charter School Payments	\$50,531,649
<i>Local Option Millage Levy Available After Basic Rent Payments and Charter School Payments</i>	
Minimum Remaining Local Option Millage Levy	\$47,912,149
Total Minimum Revenue Anticipated from Local Option Millage Levy	1.404 mills

⁽¹⁾ July 1, 2023 preliminary certified figure. Such figure is subject to change through the value adjustment board process. See "AD VALOREM TAXATION – Property Assessment and County Property Appraiser."

⁽²⁾ Under current law, the 75% limitation on the use of the Local Option Millage Levy revenues for the payment of lease-purchase agreements is waived for lease-purchase agreements originally entered into prior to June 30, 2009. Accordingly, only the Basic Rent Payments with respect to Leases originally entered into after June 30, 2009 are subject to the 75% limitation. The Series 2005 Lease is not subject to the 75% limitation and, therefore, such limitation does not apply when calculating the estimated millage levy that would satisfy the maximum annual Basic Rent Payments as shown in the table above. The Series 2021 Lease is subject to such limitation, although no Basic Rent Payments under the Series 2021 Lease are included in the table above as the Series 2021 Certificates are being paid from Discretionary Sales Surtax revenues. See table entitled, "Coverage from Discretionary Sales Surtax Revenues of Basic Rent Payments Represented by the Series 2021 Certificates" above.

⁽³⁾ Reflects actual Fiscal Year 2023-24 debt service on obligations issued or incurred as of March 1, 2017 (which excludes the Series 2021 Lease) that are paid from Local Option Millage Levy revenues.

⁽⁴⁾ Based on requirements of HB 1259 for Fiscal Year 2023-24. This figure reflects the amount shared with eligible charter schools in Fiscal Year 2023-24; however, such distributions are phased over five years. At this time, the actual amount of the Local Option Millage Levy revenues to be shared with eligible charter schools in future years cannot be determined because the number of eligible charter schools and charter school enrollment are unknown. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" herein.

School Impact Fees. The County has enacted a County-wide school impact fee program, which imposes school impact fees on all new residential construction occurring in the County. Revenues generated through school impact fee levies are deposited into a school impact fee trust account and must be used solely for the purpose of providing growth-necessitated capital improvements to educational plants and ancillary plants of the District's school system which have been approved by the School Board in its capital budget. Impact fees may only be used to pay for facilities in the service area where the impact fees were collected.

Such revenues are also available to, but not pledged for, the payment of debt service on obligations of the District (including without limitation, lease purchase obligations), the proceeds of which are used to finance the acquisition and construction of qualifying educational and ancillary plants.

The District received \$6,315,710 from impact fees in Fiscal Year 2021-22, \$5,011,896 in Fiscal Year 2022-23 and is budgeted to receive approximately \$4,195,000 in Fiscal Year 2023-24.

The school impact fee rates, as well as their levy, are subject to review by the School Board once each fiscal biennium. Therefore, there can be no assurance that such revenues will be continued to be levied and available to the School Board in the future. See also, "RISK FACTORS - School Impact Fees" herein.

OPERATING REVENUES OF THE DISTRICT

The District derives its operating income from a variety of federal, state and local sources. **Prospective purchasers should assume that operating funds will not be available to make Basic Rent Payments and that such payments will be made from the Local Option Millage Levy and other funds available for capital projects.** The major categories of these income sources for the General Fund are briefly described below.

State Sources

Florida Educational Finance Program. The major portion of State support is distributed under the provisions of the Florida Education Finance Program ("FEFP"), which was enacted by the State Legislature in 1973. Basic FEFP funds are provided on a weighted full-time equivalent student ("FTE") basis and through a formula that takes into account: (i) varying program costs; (ii) cost differentials between districts; (iii) differences in per-student costs due to the density of student population; and (iv) the required level of local support. Program cost factors are determined by the State Legislature. The amount of FEFP funds disbursed by the State is adjusted four times during each year to reflect changes in FTE and in variables comprising the formula. To participate in FEFP funding,

the District must levy a minimum millage for operating purposes which is set by the State of Florida Department of Education.

General Fund receipts from the State for FEFP were \$19,089,044 for Fiscal Year 2021-22 and \$20,730,851 for Fiscal Year 2022-23. For Fiscal Year 2023-24, General Fund receipts from the State for FEFP are budgeted to be \$33,263,808. See "RISK FACTORS – State Revenues" herein.

FEFP categorical programs are lump sum appropriations from the State intended to supplement local school district revenues to enhance the delivery of educational and support services by each school district. In recent years, most categorical programs have been eliminated and the funds are now earmarked within the FEFP base student allocation. The only remaining categorical program is class size reduction. The allocation for class size reduction is based on a funding formula. The majority of the funds available require appropriation by the School Board for the purposes for which they were provided. Total State categorical aid for class size reduction was \$19,271,058 in the 2021-22 Fiscal Year and increased to \$19,276,131 in the 2022-23 Fiscal Year. Total State categorical aid for class size reduction is budgeted to be \$18,351,915 in the 2023-24 Fiscal Year.

State Lottery Revenues. A portion of the revenues generated from the State lottery is distributed to each Florida school district as Discretionary Lottery revenue and Florida School Recognition Program revenue. The Florida School Recognition program recognizes schools that have received an "A" or improved at least one letter grade from the previous school year and, under Florida Statutes, is required to be used for nonrecurring bonuses for school faculty and staff, nonrecurring expenditures for educational equipment or materials, for temporary personnel to assist schools in maintaining or improving student performance, or any combination of these. The District did not receive any Florida School Recognition revenue for Fiscal Year 2021-22, but received \$1,003,385 in Florida School Recognition revenue for Fiscal Year 2022-23. For Fiscal Year 2023-24, the District is budgeted to receive \$1,105,748 in Florida School Recognition revenue. In Fiscal Year 2021-22 and 2022-23, the District did not receive Discretionary Lottery revenues. For Fiscal Year 2023-24, the District is not budgeted to receive any Discretionary Lottery revenue.

Other State Revenues. The District also receives State educational funding from a variety of miscellaneous State programs.

Local Sources

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

The Florida Constitution limits the non-voted millage rate that school boards may levy on an annual basis to 10 mills (\$10 per \$1,000 of taxable real and personal property value). The millage limitation does not apply to taxes approved at referendum by qualified electors in the County for general obligation bonds and certain other short-term, voter approved levies. Chapter 1001, Florida Statutes, further limits the millage levy for operational purposes to an amount established each year by the State appropriations act and finally certified by the Commissioner of the State of Florida Department of Education. Within this operational limit, each school district desiring to participate in the State's appropriation of FEFP funds for current operations must levy the millage certified by the Commissioner of the State of Florida Department of Education, the "required local effort," which is set each year by the State Legislature. The "required local effort" millage levied by the District for Fiscal Year 2021-22 was 3.575 mills, 3.240 mills for Fiscal Year 2022-23 and is 3.195 mills for Fiscal Year 2023-24. Included in such required local effort millage is a Prior Period Funding Adjustment Millage, if any, as required by Section 1011.62(4)(e), Florida Statutes. Such Prior Period millage is levied when the preliminary taxable value for the prior year is greater than the final taxable value for such year, thereby resulting in lower than expected revenues from the required local effort millage.

In addition to the "required local effort," school districts are entitled to a non-voted current operating discretionary millage. However, the District may levy up to 0.25 mills for capital outlay and maintenance of school facilities in lieu of operating discretionary millage. For Fiscal Years ended June 30, 2022 and June 30, 2023, the District's discretionary operating millage was 0.748 mills and 0.748 mills, respectively, and is 0.748 mills for Fiscal Year 2023-24. The District did not levy any capital outlay discretionary millage for the Fiscal Years ended June 30, 2022 and June 30, 2023 and is not budgeted to levy any capital outlay discretionary millage for Fiscal Year 2023-24. See "AD VALOREM TAXATION - Millage Set by Local Governing Body" below.

The District, pursuant to authority granted in Section 1011.71(9), Florida Statutes, sought voter approval for the levy of an additional 0.50 mills for operating purposes for a period of four years, commencing with Fiscal Year 2018-19. The voters approved such levy at the August 2018 primary election. This levy was subsequently reauthorized by the voters in August 2022 for another four years (through Fiscal Year 2025-26). Revenues are to be used to fund school safety and security for all schools, mental health programs, recruiting and retaining teachers and staff, professional development for teachers and staff, and academic initiatives. On March 19, 2024, the School Board approved a referendum election to be held on August 20, 2024 in order to seek voter approval to reauthorize the levy for a subsequent four years (through Fiscal Year 2029-30). At this time, the outcome of such referendum election cannot be determined. See "AD VALOREM TAXATION – Millage Set by Local Governing Body" herein.

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The following table sets forth the District's operating millage levies for Fiscal Year 2023-24:

<u>Operating Millage</u>	<u>District Levy</u>	<u>Description</u>	<u>Max</u>
Required Local Effort	3.195 mills	Each school district desiring to participate in the State's allocation of FEFP funds for current operations must levy a non-voted millage rate that is determined annually by the State Legislature	3.217 mills
Prior Period RLE Adjustment	0.000 mills	Non-voted; not to exceed amount established annually by the State; authorized when the preliminary taxable value for the prior year is greater than the final taxable value for such year, thereby resulting in lower than expected revenues from the required local effort millage	0.000 mills
Current Operating Discretionary Millage	0.748 mills	Non-voted; not to exceed amount established annually by the State Legislature	0.748 mills
Additional Operating Millage (Voter Approved)	0.500 mills	School boards may, upon approval by voters in a local referendum or general election, levy an additional millage for operating needs up to an amount that when combined with the non-voted millage does not exceed 10 mills. Such levy shall be for a maximum of four years.	0.500 mills

Budgeted revenues from ad valorem taxes are based on applying millage levies to ninety-six percent (96%) of the non-exempt assessed valuation of real and personal property within the County. Ad Valorem Tax Revenue collections for operating levies for Fiscal Year 2021-22 were \$123,857,431, \$134,116,007 for Fiscal Year 2022-23 and budgeted revenues for Fiscal Year 2023-24 are \$151,546,357.

Federal Sources

The District receives certain federal moneys, both directly and through the state, substantially all of which are restricted for specific programs. Much of the revenue is derived from grants that are renewed annually. Many grants reimburse actual eligible expenses; therefore, revenue is not accurately available until projects are reconciled at year

end. Federal revenue sources recorded for Fiscal Year 2021-22 were \$984,682, were \$959,813 for Fiscal Year 2022-23 and are budgeted to be \$798,934 for Fiscal Year 2023-24. Such funds are not available to make Basic Rent Payments on the Series 2021 Lease or the Series 2005 Lease.

Special Revenue Sources

The District also receives certain local, state and federal moneys, substantially all of which are restricted for specific programs. Programs funded with these special revenue sources in the past include school food service operations and programs financed through the Individuals with Disabilities Education Act, the Education Consolidation and Improvement Act and other federally financed programs.

AD VALOREM TAXATION

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

Property Assessment and County Property Appraiser

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

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

Limitation on Increase in Assessed Value of Property. The Constitution of the State of Florida limits the increases in assessed just value of homestead property to the lower of (a) 3% of the assessment for the prior year or (b) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. The accumulated difference between the assessed value and the just value is known as the "Save Our Homes Benefit." Further, any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status; new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead; and changes, additions, reductions or improvements to the homestead shall initially be assessed as provided for by general law.

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

For all levies other than school district levies, assessment increases for specified non-homestead real property may not exceed 10% of the assessment for the prior year. See "Legislation Relating to Ad Valorem Taxation – Recent Amendments Relating to Ad Valorem Taxation" below.

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

Appealing Property Valuation. Concurrently with notification to the various taxing bodies, the Property Appraiser notifies each property owner of the proposed valuation and the proposed millage on his or her property. If the individual property owner believes that his or her property has not been appraised at just value, the owner may (a) request an informal conference with the Property Appraiser to resolve the issue, (b) file a petition with the clerk of the County value adjustment board (the "Adjustment Board"), or (c) appeal to

the Circuit Court within 60 days of the certification for collection of the tax roll or within 60 days of the issuance of a final decision by the Adjustment Board. A petition to the Adjustment Board must be signed by the taxpayer or be accompanied at the time of filing by the taxpayer's written authorization for representation by a qualified person. Property owners appealing the assessed value or assigned classification of their property must make a required partial payment of taxes (generally equal to 75% of the ad valorem taxes due, less the applicable statutory discount, if any) with respect to the properties that will have a petition pending on or after the delinquency date (normally April 1). A property owner's failure to make the required partial payment before the delinquency date will result in the denial of the property owner's petition. A taxpayer receives notice of the hearing and is required to provide the Property Appraiser with a list of evidence, copies of documentation, and summaries of testimony prior to the hearing before the Adjustment Board. The Adjustment Board holds public hearings on such petitions and may make adjustments to the valuations made by the Property Appraiser if such valuations are found not to be fair and at market value. The Adjustment Board must complete all required hearings and certify its decision with regard to all petitions and certify to the Property Appraiser the valuation to be used by June 1 following the tax year in which the assessments were made. The June 1 requirement shall be extended until December 1 in each year in which the number of petitions filed with the Adjustment Board increased by more than 10% over the previous year. These changes are then made to the final tax roll.

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Assessed Valuation of Taxable Property

The following table sets forth the percentage of taxable value to total assessed value for Fiscal Years 2014 through 2023.

The School Board of Martin County, Florida Assessed Value of Taxable Property 2014-2023 (in thousands)

Fiscal Year	Real Property	Personal Property	Centrally Assessed Value	Estimated Actual Value ⁽¹⁾	Homestead and Other Exemptions	Total Taxable Valuation	Ratio of Taxable Value to Estimated Actual Value	Total Direct Rate
2014	\$20,772,257	\$2,751,732	\$46,969	\$23,570,958	\$5,342,376	\$18,228,582	77.33%	7.278
2015	21,852,301	2,694,830	56,763	24,603,894	5,689,530	18,914,364	76.88	7.138
2016	23,402,997	2,851,740	58,634	26,313,371	6,231,593	20,081,778	76.32	7.098
2017	25,152,586	2,886,913	63,522	28,103,021	7,008,453	21,094,568	75.06	6.881
2018	27,000,054	3,151,616	65,573	30,217,243	7,848,711	22,368,532	74.03	6.552
2019	27,996,759	3,411,348	67,194	31,475,301	7,963,063	23,512,238	74.70	6.862
2020	29,724,203	2,984,729	66,464	32,775,396	8,591,603	24,183,793	73.79	6.648
2021	30,891,318	3,109,494	66,583	34,067,395	8,763,751	25,303,644	74.28	6.447
2022	33,029,220	3,187,625	68,352	36,285,197	9,632,508	26,652,689	73.45	6.323
2023	41,447,701	3,295,288	72,516	44,815,505	13,796,888	31,018,617	69.21	5.988

Source: District School Board of Martin County, Florida Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2023.

Note: Estimated actual values are the total "just" values of property subject to taxation as defined by Section 193.011, Florida Statutes.

Millage Set by Local Governing Body

General. The Constitution of the State of Florida provides that ad valorem taxes shall not be levied in excess of the following millages upon the assessed value of real estate and tangible personal property: for all county purposes, ten mills; for all municipal purposes, ten mills; for all school purposes, ten mills; for water management purposes for the northwest portion of the state lying west of the line between ranges two and three east, 0.05 mill; for water management purposes for the remaining portions of the state, 1.0 mill; and for all other special districts a millage authorized by law approved by voters. With respect to schools, the millage limitation does not apply to taxes approved at referendum by qualified electors in the County for general obligation bonds and certain other short-term, voter approved levies.

As described above, the Property Appraiser is required to certify to each taxing authority the aggregate taxable value of all non-exempt property within the jurisdiction of the taxing authority, as well as the prior year's tax revenues, for use in connection with the

determination of the forthcoming budget and millage levy. The form on which such certification is made by the Property Appraiser is required to include instructions to each taxing authority describing the proper method of computing a millage rate, which, exclusive of new construction, additions to structures, deletions and property added due to geographic boundary changes, will provide the same ad valorem tax revenues for each taxing authority as was levied during the prior fiscal year. See "Millage Rollback Legislation" below.

Each respective millage rate, except as limited by law, is set on the basis of estimates of revenue needs and the total taxable property valuation within the taxing authority's respective jurisdiction. Ad valorem taxes are not levied in excess of actual budget requirements. State law requires the School Board to adopt and maintain a balanced tentative budget and a balanced final budget, in which anticipated revenues less certain required deductions combined with beginning fund balances equal appropriations. The School Board is required to advertise its intent to adopt a tentative budget, including a capital outlay budget, within 29 days following receipt from the Property Appraiser of the preliminary certification of taxable value. The School Board holds a public hearing on the tentative budget and the proposed tax rates within five days of its advertisement, and officially adopts the tentative budget and tax rates at the hearing. Thereafter, the Property Appraiser prepares tax millage notices for property owners within the District. The final budget and tax rate are fixed in September of each year, following a final public hearing and in accordance with statutory timelines. The Superintendent is responsible for preparing the preliminary and tentative budgets for recommendation to the School Board. Generally, the final budget is substantially the same as the tentative budget since the School Board's hiring plans and materials purchases have been determined before the final Budget is adopted. The School Board adopted the final budget for the Fiscal Year 2023-24 on September 5, 2023.

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

Millage Rollback Legislation. In 2007, the Florida Legislature adopted a property tax plan that significantly impacted ad valorem tax collections for State local governments (the "Millage Rollback Legislation"). One component of the Millage Rollback Legislation required counties, cities, and special districts to rollback their millage rates for the Fiscal

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

District Millage Rates. The following table contains current and historical millage rates (tax per \$1,000 of assessed value) for the School Board for the Fiscal Years 2018-19 through 2023-24:

	District Millage Rates					
	Fiscal Year Ended June 30					
	2019	2020	2021	2022	2023	2024
General Fund						
Required Local Effort ⁽¹⁾	4.114	3.900	3.699	3.575	3.240	3.195
Discretionary	0.748	0.748	0.748	0.748	0.748	0.748
Voter Approved ⁽²⁾	0.500	0.500	0.500	0.500	0.500	0.500
Subtotal	5.362	5.148	4.947	4.823	4.488	4.443
Capital Improvement	1.500	1.500	1.500	1.500	1.500	1.500
Total Millage Levy	<u>6.862</u>	<u>6.648</u>	<u>6.447</u>	<u>6.323</u>	<u>5.988</u>	<u>5.943</u>

⁽¹⁾ Inclusive of Prior Period Funding Adjustment Millage, if any.

⁽²⁾ Levied for operating purposes pursuant to Section 1011.71(9), Florida Statutes; reauthorized by voters and extended another four years in August of 2022. The School Board is seeking reauthorization of this levy for another four years in a referendum election to be held in August 2024.

Source: The School District of Martin County, Florida.

See "OPERATING REVENUES OF THE DISTRICT – Local Sources – Ad Valorem Taxes" and "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Revenue Sources – Local Option Millage Levy" herein for additional information on the various millages authorized to be levied by the school districts.

Tax Collection and Distribution by Tax Collector

General. All real and tangible personal property taxes are based on assessed values as certified and delivered to the Tax Collector by the Property Appraiser as described above. The Tax Collector mails to each property owner on the tax roll a tax bill for the taxes levied by the various taxing authorities in the County. Taxes may be paid upon receipt

of such bill with discounts at the rate of 4% if paid in the month of November, 3% if paid in the month of December, 2% if paid in the month of January, and 1% if paid in the month of February. Taxes paid during the month of March are without discount. Because of the discount in ad valorem taxes for payments made prior to March 1, taxes collected will likely never be 100% of the tax levy.

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

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

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

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

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

property taxes, but in a different manner, which includes the possible seizure of the tangible personal property.

Property Tax Levies and Collections

School District of Martin County, Florida
District Property Tax Levies and Collections
(in thousands)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2014	\$132,828,984	\$128,330,239	96.61%	\$38,984	\$128,369,223	96.64%
2015	135,364,485	130,377,703	96.32	57,559	130,435,262	96.36
2016	142,540,457	137,707,714	96.61	49,085	137,756,799	96.64
2017	145,151,724	140,103,847	96.52	48,461	140,152,308	96.56
2018	147,044,991	141,320,691	96.11	176,960	141,497,651	96.23
2019	162,132,981	155,780,450	96.08	-	155,780,450	96.08
2020	161,149,073	154,947,483	96.15	115,521	155,063,004	96.22
2021	163,342,621	157,002,394	96.12	271,920	157,274,314	96.28
2022	168,590,025	162,378,888	96.32	235,921	162,614,809	96.46
2023	185,518,307	178,936,137	96.45	229,458	179,165,595	96.58

Source: District School Board of Martin County, Florida Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2023. 2024 figures provided by District Finance Department.

Exemptions from Ad Valorem Taxation

General. State law provides for numerous exemptions and limitations on ad valorem taxation of real property and tangible personal property. Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, literary, charitable, scientific, and governmental uses. Certain additional exemptions and limitations are described below. This description does not purport to describe all exemptions available to property owners in the State, and reference is made to the Constitution of the State of Florida and Chapter 196, Florida Statutes, for a full description of such exemptions. In addition, State law allows for, but does not mandate, the imposition of some exemptions by local governments by ordinance. Certain recent amendments to existing provisions relating to ad valorem tax exemptions are described under "Legislation Regarding Ad Valorem Taxes – Recent Amendments Relating to Ad Valorem Taxation."

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

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

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

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

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

Homestead Exemption. The Constitution of the State of Florida provides for a homestead exemption. Every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is eligible to receive a homestead exemption of up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption, up to \$25,000, applicable to the assessed value of the property

between \$50,000 and \$75,000, applies to all levies other than school district levies. A person who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency, or residency of another legally or naturally dependent upon the owner, is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption. In addition to the general homestead exemption described in this paragraph, the following additional homestead exemptions are authorized by State law.

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

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

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

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

Exemption for Disabled First Responders. First responders who are totally and permanently disabled as a result of injuries sustained in the line of duty receive ad valorem tax relief on their homestead property. The amount of tax relief, to be defined by general law, can equal the total amount or a portion of the ad valorem tax otherwise owed on the

homestead property. Florida defines first responders as law enforcement officers, correctional officers, firefighters, emergency medical technicians and paramedics.

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

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

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

Legislation Relating to Ad Valorem Taxation

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

Future Amendments Relating to Ad Valorem Taxation. Historically, various legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in each session of the Florida Legislature. Many of these proposals have provided for new or increased exemptions to ad valorem taxation and limited increases in assessed valuation of certain types of property or otherwise restricted the ability of local governments in the State to levy ad valorem taxes at current levels. There can be no

assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would have a material adverse effect upon the collection of ad valorem taxes by the District, the District's finances in general or the District's ad valorem taxing power.

The following table sets forth the amounts billed and collected for ad valorem property taxes levied by the District for the Fiscal Years 2014 through 2024 and current collections for Fiscal Year 2023-24.

Principal Taxpayers

The following table contains the list of the County's ten largest taxpayers for Fiscal Years 2022 and 2013.

Martin County, Florida Principal Taxpayers						
Taxpayer	2022			2013		
	Rank	Taxable Assessed Valuation	% of Total Assessed Value	Rank	Taxable Assessed Valuation	% of Total Assessed Value
Florida Power & Light Company	1	\$2,309,918	6.78%	1	\$1,842,698	7.74%
Florida Southeast Connection	2	77,097	0.23	-		
Publix Super Markets, Inc.	3	71,374	0.21	-		
Jeffrey H. Sands	4	66,247	0.19	3	74,374	0.31
Treasure Coast - JCP Associates Ltd.	5	58,098	0.17	4	55,045	
Florida Gas Transmission	6	53,227	0.16	-		
Jupiter Island Irrevocable Homestead Trust	7	45,053	0.13	-		
Florida East Coast Railway	8	44,286	0.13	-		
PRCP-Stuart LLC	9	40,698	0.12	-		
Arium Jensen Beach LLC	10	35,019	0.10	-		
Indiantown Cogeneration LP	-	-	-	2	266,756	1.12
Christopher J. Hubman (TR)	-	-	-	5	46,315	0.19
Gulfstream Natural Gas	-	-	-	6	43,787	0.18
Louis Dreyfus Citrus Inc.	-	-	-	7	30,307	0.13
Bellsouth Telecommunication, Inc	-	-	-	8	27,863	0.12
Edward H. Hamm (TR)	-	-	-	9	27,666	0.11
Sandhill Cove Properties, Inc.	-	-	-	10	26,677	0.11
Total		<u>\$2,801,017</u>	<u>8.90%</u>		<u>\$2,441,488</u>	<u>9.67</u>

Source: District School Board of Martin County, Florida Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2023.

RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES

General

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

Constitutional Amendments Related to Class Size Reduction

Amendment 9 to the State Constitution required the State Legislature to provide funding for sufficient classrooms so that class sizes can be reduced to certain constitutional class size maximums by the beginning of the 2010 school year. Amendment 9, and Sections 1003.03 and 1013.735, Florida Statutes, relating to the implementation of Amendment 9 are referred to herein as the "Class Size Legislation."

The Class Size Legislation established constitutional class size maximums limiting students per class to no more than 18 for pre-kindergarten through 3rd grade, 22 for grades 4 through 8 and 25 for grades 9 through 12. Compliance is determined on a period-by-period basis. Through Fiscal Year 2009-10, the District complied with the requirements of the Class Size Legislation which was based on average class size at each school. Beginning in Fiscal Year 2010-11, the requirements were based on the number of students in each individual classroom and subsequently, schools that provided choice (e.g., charter, magnet, career and technical, etc.) continued to be required to meet average class size at each school. However, as the entire District is a Choice District, class size compliance is determined on a school-by-school basis. In the event a school district is not in compliance with such requirements (based on October student enrollment), the Class Size Legislation provides that the State shall reduce the class size funding, which can be adjusted for good cause. For those school districts that are in compliance with the Class Size Legislation, a reallocation bonus of up to 5% of the base student allocation shall be distributed. School districts not in compliance are required to submit to the Commissioner of Education a corrective action plan that describes specific actions the district will take in order to fully comply with the requirements by October of the following year. If the district submits the certified plan by the required deadline, 75% of the funds remaining after the reallocation to school districts will be reallocated based upon each school district's proportion of the total reduction.

The Class Size Legislation further created an "Operating Categorical Fund for Class Size Reduction," the "Classroom for Kids Program," the "District Effort Recognition Grant Program" and the "Class Size Reduction Lottery Revenue Bond Program" to provide funding 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.

As of the October 2023 survey, the week during which the Department of Education determines compliance with class size maximums, the District had 100% of its classrooms in compliance with the Class Size Legislation.

Legislative Changes Relating to School Choice

During the State Legislature's 2016 Regular Session, the Florida Legislature enacted House Bill 7029 ("HB 7029"). Among other things, a parent whose child is not subject to a current expulsion or suspension order may seek enrollment in and transport his or her child to any public school in the State, including a charter school, which has not reached capacity. The school district or charter school shall accept and report the student for purposes of funding through the FEFP. The school district or charter school may provide student transportation at their discretion. HB 7029 requires the capacity determinations of each school district and charter school to be current and identified on their respective school websites. Each school must provide preferential treatment in its controlled open enrollment process to: (1) dependent children of active duty military personnel who moved as a result of military orders, (2) children relocated due to foster care placement in a different school zone, (3) children relocated due to a court ordered change in custody as a result of separation or divorce, or the serious illness or death of a parent, and (4) students residing in the school district. Students residing in the school district may not be displaced by a student from another school district. A student who transfers may remain at the school until the student completes the highest grade level offered. This amendment took effect with the 2017-18 school year.

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

House Bill No. 7045 ("HB 7045") was passed during the 2021 Florida legislative session and signed into law by the Governor. HB 7045 merges the State's school choice programs for certain disabled students and expands eligibility for school voucher programs for low- and middle-income students and students subject to harassment, consolidates existing school-choice programs, increased the amount of State funding for the consolidated school-choice programs to \$200 million and allows the use of scholarship funds for private school tuition and other expenses such as tutoring, computers, and internet access. If a significant number of eligible students transition to private schools, it is likely to have an adverse impact on the District's finances.

HB 1, which significantly expanded the eligibility criteria of the State's school voucher programs, was signed into law by Florida Governor Ron DeSantis on March 27, 2023. HB 1, among other things, expanded eligibility for the Florida Tax Credit Scholarship Program and the Family Empowerment Scholarship Program to any student that is a resident of Florida and is eligible to enroll in kindergarten through grade 12 in a public school. The Florida Empowerment Scholarship Program is divided into three programs, the Florida Empowerment Scholarship for students attending private schools (the "FES-EO"), the Florida Empowerment Scholarship for students with disabilities (the "FES-UA") and the Hope Scholarship Program. HB 1 significantly increased the number of Florida Tax Credit Scholarships that may be awarded each year, and then removed the limits beginning in 2027-28. HB 1, in combination with House Bill 3C which was signed into law and became effective on November 13, 2023, removed the existing limits on the number of FES-EO scholarships that may be given each year. HB 1 also provided that the amount of the Family Empowerment Scholarship is equal to 100% of the school district's FEFP funding per student, including most categorical grants. HB 1 authorized uses of scholarship funds include, among other authorized expenses, tuition and fees for a student to attend eligible private schools. HB 1 took effect on July 1, 2023. House Bill 1403 ("HB 1403") was passed during the 2024 regular Florida legislative session and, among other things, expands eligibility for the Florida Tax Credit Scholarship Program and the Family Empowerment Scholarship Program to include the dependent children of active duty members of the United States Armed Forces who meet certain residency requirements, increases the FES-UA cap from three percent to five percent and repeals the scholarship funding portion of the Hope Scholarship Program. HB 1403 is expected to go into effect on July 1, 2024. The expansion of the school choice programs in the State could potentially lead to a substantial increase in the number of Florida Tax Credit Scholarships and/or Family Empowerment Scholarship recipients. If a significant number of eligible students in the District transition to private schools or other scholarship eligible programs, it is likely to have an adverse impact on the District's finances. See "RISK FACTORS – State Revenues" herein.

Distribution of Local Option Millage Levy Revenues to Charter Schools

On May 11, 2023, Florida Governor Ron DeSantis signed HB 1259, which took effect on July 1, 2023. HB 1259 revised the methodology for calculating when school districts must share Local Option Millage Levy revenues with eligible charter schools in such school district. The applicable provisions of HB 1259 are expected to result in a requirement that the District share additional Local Option Millage Levy revenues with eligible charter schools in the District and therefore reduce the amount of Local Option Millage Levy revenues available to pay Basic Rent Payments on the Certificates. For Fiscal Year 2023-24, the District shared \$631,874 in Local Option Millage Levy revenues with eligible charter schools in the District. Such amount is projected to increase to approximately \$4.8 million by Fiscal Year 2027-28. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Revenue Sources – Sharing of Local Option Millage Levy with Charter Schools" herein.

Schools of Hope

In addition to requiring school districts to share the Local Option Millage Levy revenue with charter schools, HB 7069, as amended by HB 7070 in 2019, also establishes the Schools of Hope Program to encourage traditional public schools within the State and charter operators throughout the country to replicate their model and service students from persistently low-performing schools and students who reside in a Florida Opportunity Zone (as defined therein). These provisions of HB 7069, now codified in Section 1002.333, Florida Statutes, provide for the establishment of Schools of Hope, which are charter schools operated by a Hope Operator to service students from one or more persistently low-performing schools; are located within a Florida Opportunity Zone or in the attendance zone of the persistently low-performing school or within a five mile radius of such school, whichever is greater; and is a Title I eligible school. Section 1002.333, Florida Statutes, defines "persistently low-performing schools" as schools that have earned three consecutive school grades below a "C" pursuant to Section 1008.34, Florida Statutes, in at least three of the previous five years and has not earned a school grade of "B" or higher in the most recent two school years, and a school that was closed pursuant to Section 1008.33(4), Florida Statutes within two years of a notice of intent, and defines "Hope Operators" as nonprofit organizations that operate three or more charter schools with a record of serving students from low-income families and receives such designation from the Florida Department of Education. Pursuant to Section 1002.333, Florida Statutes, the statutory requirements for the application, approval, and contract that apply to charter schools do not apply to Schools of Hope; instead, a Hope Operator submits a notice of intent to a school district in order to open a School of Hope and the school district is required to enter into a performance based agreement with a Hope Operator within 60 days of receiving a notice of intent.

Section 1002.333, Florida Statutes, also (a) provides Schools of Hope with certain statutory authority, including, but not limited to, allowing a School of Hope to be

designated as a local educational agency for the purposes of receiving federal funds; (b) provides that Schools of Hope are exempt from Chapters 1000-1013, Florida Statutes, and all school board policies, except any laws related to (i) the student assessment program and school grading system, (ii) student progression and graduation, (iii) provisions of services to students with disabilities, (iv) civil rights, (v) student health, safety, and welfare, (vi) public meetings, (vii) public records, and (viii) the code of ethics for public officers and employees.; (c) provides provisions for facilities for Schools of Hope; (d) provides provisions for funding Schools of Hope, including that they be funded in accordance with the statutory provisions relating to funding for charter schools and be considered a charter schools for purposes of charter school capital outlay; (e) establishes the School of Hope Program to cover specified operational expenses for Schools of Hope; and (f) establishes the Schools of Hope Revolving Loan Program to help Schools of Hope cover school building construction and startup costs.

The District does not currently have any schools that are considered "persistently low-performing schools" under Section 1002.333, Florida Statutes. At this time, the School Board cannot determine what impact HB 7069 will have if any of the District's schools were to become persistently low-performing schools.

Public Safety Mandate

In 2018, the Florida Legislature passed Senate Bill 7026 ("SB 7026") which, among other things, includes provisions designed to: enhance school safety policies, procedures, and personnel at the State and local level; improve and expand mental health services; and revise laws and empower law enforcement and the courts to limit access to firearms by young adults or by individuals exhibiting a risk of harming themselves or others. Specifically, SB 7026 requires each school board and superintendent to partner with law enforcement agencies to establish or assign one or more safe-school officers at each school facility within the district by implementing any combination of the following options: (a) establish school resource officer programs through cooperative agreements with law enforcement agencies; (b) commission one or more school safety officers for the protection and safety of school personnel, property, and students within the school district; (c) at a school district's discretion, and if established by the sheriff's office, participate in the Guardian Program, which allows certain school employees (but not employees who exclusively perform classroom duties as classroom teachers) to carry a firearm on school grounds if such employee volunteers and completes the statutorily required training. During the 2019 Legislative session, the State Legislature passed CS/CS/SB 7030 ("SB 7030") which among other things, removes the prohibition on individuals who perform exclusively classroom duties as a teacher from participating in the Guardian Program. However, the decision to allow teachers to be armed guardians remains with each individual school board. In 2018, the School Board adopted a resolution which prohibits arming teachers in District operated schools. The School Board has entered into contracts with the County Sheriff's Office and other local law enforcement agencies to provide

school resource officers at each District school. The total estimated cost to the District for Fiscal Year 2022-23 was approximately \$2.7 million. The total estimated cost to the District for Fiscal Year 2023-24 is expected to be \$3.0 million.

RISK FACTORS

Each purchaser of Series 2024 Certificates is subject to certain risks. Each prospective investor in the Series 2024 Certificates should read this Offering Statement in its entirety. Particular attention should be given to the factors described below which, among others, could affect the market price of the Series 2024 Certificates to an extent that cannot be determined.

Annual Right of the School Board to Terminate the Series 2005 Lease

Although the School Board has determined that continuing the Series 2005 Project is necessary to its operations and currently intends to continue the Series 2005 Lease in force and effect for the maximum Lease Term and has covenanted in the Series 2005 Lease that the Superintendent will include a sufficient amount in the tentative Budget to enable the School Board to make all Lease Payments due in each Fiscal Year, the School Board is not required to appropriate funds for Lease Payments due in each Fiscal Year. If for any Fiscal Year, the School Board does not approve a final Budget which appropriates sufficient funds from legally available revenues in a line item specifically identified for payment of its obligations under the Series 2005 Lease and any Additional Lease, or if no final Budget is adopted as of the last day upon which a final Budget is required to have been adopted under Florida law for payment of its obligations under the Master Lease, the Master Lease shall terminate as of the date of adoption of the final official Budget, or such last day, whichever is earlier.

THE LIKELIHOOD THAT THE SERIES 2005 LEASE WILL BE TERMINATED AS THE RESULT OF AN EVENT OF NON-APPROPRIATION IS DEPENDENT UPON CERTAIN FACTORS THAT ARE BEYOND THE CONTROL OF THE SERIES 2024 CERTIFICATE HOLDERS, INCLUDING THE CONTINUING FUTURE UTILITY OF THE SERIES 2005 PROJECT AND OTHER PROJECTS OF THE SCHOOL BOARD AND CHANGES IN POPULATION OR DEMOGRAPHICS WITHIN THE DISTRICT.

Limitation on Disposition; Ability to Sell or Relet

Following an Event of Default under the Trust Agreement (which includes an Event of Non-Appropriation or Event of Default under the Master Lease), the Trustee may take possession of the Series 2005 Project (other than Designated Facilities). The Trustee's ability to actually achieve such a disposition of the Series 2005 Project is limited by its inability to convey fee simple title to the Series 2005 Project and by the governmental

nature of the Series 2005 Project. Moreover, due to the governmental nature of the Series 2005 Project, it is not certain whether a court would permit the exercise of the remedies to sell, relet or dispose of the Trustee's interest in the Series 2005 Project. Also, there is no assurance that the Trustee will be able to sell, relet or dispose of the Trustee's interest in the components of the Series 2005 Project or that the Owners of the Series 2024 Certificates will obtain payment of all or any portion of the Principal Component or Interest Component thereof upon an Event of Default under the Trust Agreement.

Tax Effect Upon Termination of Series 2005 Lease

Upon termination of the Series 2005 Lease there is no assurance that payments made by the Trustee with respect to the Series 2024 Certificates and designated as interest will be excludable from gross income for federal income tax purposes. See "TAX MATTERS" herein.

Applicability of Securities Laws

After termination of the Series 2005 Lease, the transfer of a Series 2024 Certificate may be subject to or conditioned upon compliance with the registration provisions of applicable federal and state securities laws. Accordingly, there is no assurance that liquidity of the Series 2024 Certificates will not be impaired following termination of the Series 2005 Lease.

Local Option Millage Levy Revenue

The School Board expects to pay the Basic Rent Payments represented by the Series 2024 Certificates (but not the Series 2021 Certificates which are being paid from Discretionary Sales Surtax revenues) from Local Option Millage Levy revenues. The amount which can be realized by the District derived from the Local Option Millage Levy can be affected by a variety of factors not within the control of the District or the School Board including, without limitation, fluctuations in the level of the assessed valuation of property within the District. See "AD VALOREM TAXATION – Assessed Value of Taxable Property" herein. Moreover, the School Board is not legally required to impose the Local Option Millage Levy. See "SECURITY FOR THE SERIES 2024 CERTIFICATES – Limited Obligation of the School Board" and "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" herein.

The maximum Local Option Millage Levy is also subject to change pursuant to changes in applicable law and is subject to sharing with charter schools in the District. See "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS – Local Sources" herein and "RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES – Distribution of Local Option Millage Levy Revenues to Charter Schools" herein for information regarding legislation that requires the School Board to share Local Option Millage Levy revenues with charter schools in the District.

Fluctuations in Discretionary Sales Surtax Revenues

The amount of Discretionary Sales Surtax revenues distributed to the School Board is subject to increase or decrease due to various factors which may be beyond the control of the School Board and which may have a material adverse impact on the amount of Discretionary Sales Surtax revenues distributed to the District and available for payment of the Series 2021 Certificates. Such factors include: (i) the increased use of electronic commerce and other internet-related sales activity on which Discretionary Sales Surtax is not paid; (ii) increases or decreases in the dollar volume of sales within the County subject to the Discretionary Sales Surtax, and (iii) legislative changes relating to the Discretionary Sales Surtax, which may include changes in the scope of taxable sales. The Discretionary Sales Surtax expires on December 31, 2025 and the School Board has voted not to seek renewal of such surtax.

On June 21, 2018, the United States Supreme Court in *South Dakota v. Wayfair, Inc., et al.* held that states can require retailers to collect sales tax on internet sales regardless of whether they maintain a physical presence in the state. In that particular case, the South Dakota legislation required the collection of sales tax by out-of-state retailers with \$100,000 or more in sales or 200 or more individual transactions in South Dakota in a year. During the 2020 Florida Legislative Session, legislation was introduced, but not enacted, requiring the collection and remittance of sales tax by out-of-state retailers. A similar bill was passed in the 2021 Florida Legislative Session, signed into law by the Governor and took effect on July 1, 2021. The District is unable to predict at this time the full impact of this legislation on the collection of sales tax from out-of-state retailers.

In addition, the amount of Discretionary Sales Surtax revenues distributed to the School Board may be negatively impacted by general economic and other conditions, including, but not limited to, changes in population, changes in the price of taxable sales and uses, global conflicts, economic recession, terrorist attacks, pandemics, or active hurricane seasons in Florida. Such events are unpredictable and may affect the collection of the Discretionary Sales Surtax, which in turn may impact the District's receipt of Discretionary Sales Surtax revenues. See also, "- State Revenues" and "- Coronavirus (COVID-19)" below.

School Impact Fees

The school impact fees are subject to revision by the School Board and repeal by the School Board of County Commissioners of the County. Further, various bills have been introduced in the Florida Legislature over the past several years that would eliminate the ability of certain governmental entities, including the County or the District, to levy impact fees for the construction or remodeling of educational facilities or restrict the ability of local governments to raise impact fees above certain percentages in a given year. To date, such bills have not been passed. However, there can be no assurance that future

legislation will not be introduced and enacted that restricts, or eliminates, the District's ability to receive such impact fees.

State Revenues

A large portion of the District's funding is derived from State sources. See "FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT" herein. A significantly large percentage of such State revenues is generated from the levy of the State sales tax. The amounts budgeted for distribution from the State to the District are subject to change in the event that projected revenues are not realized, particularly in light of the economic downturn in the State as a result of the coronavirus pandemic. See "- Coronavirus (COVID-19)" below.

On June 15, 2023, Governor DeSantis approved the State education budget for State Fiscal Year 2023-24, which commenced on July 1, 2023, providing for an approximately \$2.2 billion or 9.04% increase in State and local FEFP funding for K-12 public schools over State Fiscal Year 2022-23, reflecting a per-pupil increase of approximately \$405 per student or 4.91% over Fiscal Year 2022-23. The adopted education budget allocates \$2.0 billion for funding of the State's expanded voucher/scholarship programs pursuant to HB 1 as part of State FEFP funding. See "RECENT GOVERNMENTAL ACTIONS AFFECTING DISTRICT REVENUES – Legislative Changes Relating to School Choice" herein. However, such funds will be withheld from each school district's FEFP distributions based on the forecasted scholarship students for each school district. For the District, the estimated amount to be withheld is approximately \$13.9 million. The approved State budget also includes \$1.0 billion for teacher salary increases representing an increase of \$252 million over State Fiscal Year 2022-23. Based upon the approved budget, the estimated increase for the District is approximately \$11.3 million (inclusive of charter school students and voucher/scholarship students) in State and local FEFP funds over State Fiscal Year 2022-23. However, there can be no assurance that funding for K-12 public schools will increase exactly as provided for in the approved State budget.

On March 8, 2024, the Florida Legislature adopted the State education budget for State Fiscal Year 2024-25, which commences July 1, 2024, providing for an approximately \$1.8 billion or 6.73% increase in State and local FEFP funding for K-12 public schools over State Fiscal Year 2023-24, reflecting a per-pupil increase of approximately \$240 per student or 2.75% over Fiscal Year 2023-24. The adopted education budget allocates approximately \$2.2 billion for funding of the State's expanded voucher/scholarship programs pursuant to HB 1 as part of State FEFP funding. See "RECENT GOVERNMENT ACTIVITIES AFFECTING DISTRICT REVENUES – Legislative Changes Relating to School Choice" herein. However, such funds will be withheld from each school district's FEFP distributions based on the forecasted scholarship students for each school district. For the District, the estimated amount to be withheld is approximately \$18.6 million. The budget has not been sent to the Governor for approval. The Governor has line-item veto power over specific items in the budget, so there can be no assurance that the final budget

signed into law by the Governor will be identical to that passed by the Florida Legislature. Once the budget is sent to the Governor, he will have 15 days to revise it based on his line-item veto authority, or sign it into law. Based upon the adopted budget and District estimates, the estimated decrease for the District is approximately \$1.0 million (inclusive of charter school students and voucher/scholarship students) in State and local FEFP funds over Fiscal Year 2023-24. However, there can be no assurance that funding for K-12 public schools will decrease exactly as provided for in the adopted budget.

Additional Lease Schedules

The School Board may enter into other Lease Schedules in addition to the Series 2005 Lease and the Series 2021 Lease. Failure to appropriate funds to pay Basic Rent Payments under any Lease Schedule will, or an Event of Default under any such Lease Schedules may, result in the termination of all Lease Schedules, including the Series 2005 Lease. Upon any such termination of all Lease Schedules, the School Board must surrender all Projects (other than Designated Facilities), including the Series 2005 Project (other than Designated Facilities), 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 that financed or refinanced such Projects, after payment of the Trustee's expenses.

IN NO EVENT WILL OWNERS OF THE SERIES 2024 CERTIFICATES HAVE ANY INTEREST IN OR RIGHT TO ANY PROCEEDS OF THE DISPOSITION OF FACILITIES FINANCED WITH THE PROCEEDS OF ANOTHER SERIES OF CERTIFICATES. ADDITIONALLY, IN NO EVENT WILL OWNERS OF THE SERIES 2024 CERTIFICATES HAVE ANY INTEREST IN OR RIGHTS TO DESIGNATED FACILITIES. There can be no assurance that the remedies available to the Trustee upon any such termination of all Leases and the disposition of the Series 2005 Project (other than Designated Facilities) will produce sufficient amounts to pay the Series 2024 Certificates.

Additional Indebtedness

The School Board may incur additional obligations or 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 2024 Certificates. Incurring such additional obligations or issuing such additional indebtedness may adversely affect the School Board's ability to make Lease Payments under the Master Lease.

Legislative Changes

In recent years, legislation has been introduced that required certain percentages of school district funding be spent on particular activities and imposed additional funding restrictions and other requirements on school districts. Many proposals have sought to provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property or otherwise restrict the ability of local governments

in the State to levy ad valorem taxes at historical levels. Other proposals have sought to restrict the ability of local governments to use certain revenues for payment of debt service or provide for additional procedures and notices in order to issue tax-supported debt. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District or its finances.

Climate Change

Numerous scientific studies on climate change show that, among other effects on the global ecosystem, sea levels may rise, extreme temperatures may become more common, and extreme weather events may become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. Sea levels may continue to rise in the future due to the increasing temperature of the oceans causing thermal expansion and growing ocean volume from glaciers and ice caps melting into the ocean. Coastal areas like the District are at risk of substantial flood damage over time, affecting private development and public infrastructure, including roads, utilities, emergency services, schools, and parks. As a result, the District could lose considerable tax revenues and many residents, businesses, and governmental operations along the waterfront could be displaced. However, the District is unable to predict whether sea level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether, they will have a material adverse effect on the business operations or financial condition of the District. Additionally, climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and State levels (including, but not limited to, air, water, hazardous substances and waste regulations) that could have a material adverse effect on the operations and/or financial condition of the District.

Natural Disasters

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

Property Insurance

Principally, as a result of the substantial property damage caused by hurricanes and other storms in Florida and other parts of the United States over the last several years,

property insurance premiums have risen dramatically for Florida property owners, including the School Board. It has become impossible or economically impracticable for many school districts within the State, including the District, to obtain property insurance with the level of coverage they have historically secured. The School Board has covenanted in the Master Lease to procure and maintain, subject to requirements of State law, insurance against loss or damage to all or a portion of the Projects, including the Series 2005 Project. The District is a member of the South Central Educational Risk Management Program ("SCERMP"), a consortium pursuant to which seven district school boards have established a public entity risk sharing pool for insurance coverage. The District property insurance for policy year 2024 (ending June 1, 2024) provides for \$75 million in coverage, with a 5% wind storm deductible. As such, given the current insurance market in the State and coverage levels available to the District, the District is in compliance with the property insurance requirements contained within the Master Lease provisions. In the event the District suffers substantial damage to its property that is not covered by its current insurance or is not eligible for Federal reimbursement, the District's financial condition could be adversely impacted and Projects subject to the Master Lease may not be replaced or repaired adequately. Any proceeds of such insurance are not required to be applied to the extraordinary prepayment of Series 2024 Certificates. See "THE SERIES 2024 CERTIFICATES - No Extraordinary Mandatory Prepayment" herein.

Coronavirus (COVID-19)

The Novel Coronavirus 2019 ("COVID-19") pandemic, along with various governmental measures taken to protect public health in light of the pandemic, has had an adverse impact on global financial markets and economies, including financial markets and economic conditions in the United States. The impact of the COVID-19 pandemic on the U.S. economy has been broad based and has negatively impacted national, state and local economies. In response to such expectations, then-President Trump on March 13, 2020, declared a "national emergency," which, among other effects, allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation.

The State's finances were expected to be adversely affected by the continued spread of COVID-19, the various governmental actions in response thereto and changes in the behavior of businesses and people. The State derives a significant portion of its annual revenues from the collection of sales tax. The impact of COVID-19 was expected to result in significant decreases in State and local sales tax revenues as a result of decreased tourism and commercial activity throughout the State, but sales tax revenue has generally rebounded to pre-pandemic levels. The District currently cannot predict what impact this will have on the level of State funding the District receives. Notwithstanding the foregoing, no State budget reductions took place in Fiscal Years 2021-22 or 2022-23 and none are expected for Fiscal Year 2023-24. See "OPERATING REVENUES OF THE DISTRICT – State Sources," "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS –

State Sources" and "Local Sources," "RISK FACTORS – State Revenues" and "RATINGS" herein.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was signed into law. Among other provisions, the CARES Act created an Education Stabilization Fund to support K-12 schools and colleges and universities during the COVID-19 outbreak. The Educational Stabilization Fund includes a total of \$30.75 billion in relief divided into three separate pools: (1) funds to K-12 schools; (2) funds to higher education; and (3) funds to governors. Florida received approximately \$873.8 million in funds for K-12 schools, approximately \$770.2 million in funds for higher education and approximately \$173 million in funds to the Governor for use as grants to local educational agencies. Funds for K-12 schools were distributed to school districts and charter schools based on their share of Title I-A funds. To date, the District has received approximately \$4.1 million of such CARES Act funds. However, such funds are also required to be shared with charter schools and private schools in the County. Funds to local districts can be used for coronavirus-response activities, such as planning for and coordinating during long-term school closures, purchasing educational technology to support online learning for all students, and additional activities authorized by federal elementary and secondary education laws. Funds in the Governor's Education Relief Fund can be used at the Governor's discretion to provide emergency support grants to K-12 schools, colleges and universities and child care/early education providers. The CARES Act requires that any entity that receives funds from the Education Stabilization Fund must continue to pay its employees and contractors to the extent practicable during the period of any disruptions or closures related to coronavirus. The District cannot currently predict the full impact of the CARES Act on the District's operations.

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (the "CRRSA") was signed into law. Among other provisions, the CRRSA created a second Education Stabilization Fund ("ESSER II") to support K-12 schools and colleges and universities during the COVID-19 outbreak. Funds for elementary and secondary public schools were allocated to each state as a grant and each state is required to allocate at least 90% of such funds as sub-grants to local education agencies (including charter schools classified as local education agencies) in the state based upon their share of Title I-A funds. The ESSER II fund includes a total of \$81.88 billion in relief. Florida is expected to receive approximately \$2.82 billion in ESSER II funds for use as sub-grants to K-12 schools. The District received approximately \$13.1 million in ESSER II funds for use through September 30, 2023. However, such funds are also required to be shared with charter schools and private schools in the County. Funds to local districts can be used for coronavirus-response activities, such as planning, coordinating and implementing activities during long-term school closures, purchasing educational technology to support online learning for all students, addressing learning loss, school repairs and improvements to reduce risk of virus transmission and additional

activities authorized by federal elementary and secondary education laws. The District cannot currently predict the full impact of the CRRSA on the District's operations.

On March 11, 2021, President Biden signed The American Rescue Plan Act of 2021 (the "Rescue Act") into law to address the impacts of COVID-19. The Rescue Act, among other things, provides (1) \$123.8 billion in emergency relief funds to elementary and secondary public schools, (2) \$2.75 billion in emergency assistance to non-public schools (including an estimated \$7 billion for Florida) and (3) \$39.6 billion in emergency relief for higher education. Funds for elementary and secondary public schools will be allocated to each state as a grant and each state is required to allocate at least 90% of such funds as sub-grants to local education agencies (including charter schools classified as local education agencies) in the state based upon their share of Title I-A funds. Under the Rescue Act, at least 20% of the funds allocated to local education agencies must be used to address learning loss. School districts may use the remaining funds for certain activities specified in the Rescue Act to help schools reopen safely, including repairing ventilation systems, reducing class size to ensure social distancing and purchasing personal protective equipment. Each state is required to grant allocations of such funds within 60 days of receipt, and such funds shall remain available for allocation through September 30, 2024. The District received, or expects to receive, a total of approximately \$31.3 million in Rescue Act funds.

Due to the evolving nature of the outbreak and federal, State and local responses thereto, the long-term impacts of the COVID-19 crisis are unknown and dependent on factors such as the length of any shutdown or partial inaccessibility of school facilities, the extent to which the faculty and staff or the student population is directly affected and is unable to attend class, teach or provide services, and the impact on the economy as a whole within the State. While the District has seen increased costs associated with the reopening of District schools, including an increase in operational costs incurred to implement distance learning strategies, to provide students and staff with personal protective equipment and to clean, sanitize and maintain its facilities, such increased costs were offset with CARES Act funds, Rescue Act funds or other federal funds. At this time, the School Board also cannot predict with certainty the impacts of the outbreak on the District's revenues for the 2023-24 Fiscal Year and beyond, including whether there will be a reduction in State funding, a decline in student enrollment, a reduction in taxable assessed values of properties in the District, or a reduction in ad valorem tax collections.

Cybersecurity

Computer networks and systems used for information transmission and collection are vital to the efficient operations of the District. District systems provide support to departmental operations and District services by collecting and storing sensitive information, including intellectual property, security information, proprietary business process information, information regarding suppliers and business partners, and personally identifiable information of students and employees (collectively, "Computer

Information"). The secure processing, maintenance and transmission of Computer Information is critical to effective departmental operations and the appropriate provision of services. Increasingly, governmental entities are being targeted by cyber-attacks seeking to obtain Computer Information or disrupt critical services. A rapidly changing cyber risk landscape may introduce new vulnerabilities that attackers and hackers can exploit in their efforts to effect breaches or service disruptions. Employee error and/or malfeasance may also contribute to a loss of Computer Information or other system disruptions. The District has a multilayered information security program with several established protocols and procedures which include Acceptable Usage Policies and Information Security Guidelines. The District has next generation firewalls with unified threat management features enabled which include firewall, application control, web filter, and intrusion detection and prevention. The District periodically faces cyber threats as is to be expected with all network-connected governments and businesses. However, there have been no major breaches that have demanded monetary remediation, nor any costs related to such incidents.

While District cybersecurity and operational safeguards are periodically tested, no assurances can be given that such measures will ensure against all cybersecurity threats or attacks. Cybersecurity breaches could damage or compromise the District's computer network and the confidentiality, integrity, or availability of the District's computer system or the Computer Information. The potential disruption, access, modification, disclosure or destruction of Computer Information could result in the interruption of District services, the initiation of legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, and could cause a material disruption in the District's operations or the appropriate provision of District services. The costs of remedying any such damage or protecting against future attacks could be substantial and in excess of the maximum amount of the District's cyber risk insurance policy. Further, the litigation to which the District could be exposed following a cybersecurity breach could be significant, which could cause the District to incur material costs related to such legal claims or proceedings.

LEGAL MATTERS

Certain legal matters in connection with the authorization, execution, delivery and sale of the Series 2024 Certificates are subject to an approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel, whose approving opinion (a form of which is attached hereto as Appendix D) will be available at the time of delivery of the Series 2024 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 School Board and

the Corporation by their attorney, Anthony D. George, Jr., P.A. Certain other legal matters relating to disclosure will be passed upon for the School Board by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by its Counsel, George A. Smith PLLC, Tallahassee, Florida.

Special Counsel has not been engaged to, nor has it undertaken to, review the accuracy, completeness or sufficiency of this Offering Statement or any other offering material relating to the Series 2024 Certificates; provided, however, that Special Counsel shall render an opinion to the Underwriter (as to which only they may rely) of the Series 2024 Certificates relating to the accuracy of certain statements contained herein under the heading "TAX MATTERS" and certain statements which summarize provisions of the Series 2005 Lease, the Trust Agreement, the Assignment of Lease, the Ground Lease, the Assignment of Ground Lease and the Series 2024 Certificates.

LITIGATION

There is no litigation or other proceedings pending or, to the best knowledge of the School Board, threatened (i) seeking to restrain or enjoin the issuance or delivery of the Series 2024 Certificates, (ii) questioning or affecting the validity of the Series 2005 Lease or the obligation of the School Board to make Basic Rent Payments, (iii) questioning or affecting the validity of any of the proceedings with respect to the authorization, sale, execution or issuance of the Series 2024 Certificates or the transactions contemplated by this Offering Statement or the Series 2005 Lease, the Trust Agreement, the Ground Lease or any other agreement or instrument to which the School Board is a party in connection therewith and which is used or contemplated for use in the transactions contemplated by this Offering Statement and (iv) challenging the creation, organization or existence of the School Board or the District or the powers of the several offices of the officials of the School Board or the titles of the officials holding their respective offices.

TAX MATTERS

General

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 2024 Certificates in order that the Interest Component of the Basic Rent Payments received by the Owners of the Series 2024 Certificates be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause such Interest Component to be included in federal gross income retroactive to the date of issuance of the Series 2024 Certificates, regardless of the date on which such non-compliance occurs or is ascertained. The School Board and the Corporation have covenanted in the Series 2005 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 included as APPENDIX D hereto, under existing statutes, regulations, rulings and court decisions, and assuming compliance with the aforementioned covenants, prior to the termination of the Series 2005 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 for federal income tax purposes and is not an item of preference for purposes of the federal alternative minimum tax; provided, however, with respect to certain corporations, the Interest Component of Basic Rent Payments is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Series 2024 Certificates, including among other things, restrictions relating to the use or investment of the proceeds of the Series 2024 Certificates and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2024 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 2024 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 2024 Certificates. Prospective purchasers of the Series 2024 Certificates should be aware that the ownership of the Series 2024 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 2024 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 2024 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 2024 CERTIFICATE HOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE

SERIES 2024 CERTIFICATE HOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Exemption

The Interest Component of the Basic Rent Payments related to the Series 2024 Certificates may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2024 Certificates should consult their own tax advisors as to the income tax status of such Interest Component in their particular state or local jurisdiction.

The Inflation Reduction Act, H.R. 5376 (the "IRA"), has been passed by both houses of the U.S. Congress and was signed by the President on August 16, 2022. As enacted, the IRA includes a 15% alternative minimum tax to be imposed on the "adjusted financial statement income," as defined in the IRA, of certain corporations for tax years beginning after December 31, 2022. The Interest Component of the Basic Rent Payments represented by the Series 2024 Certificates will be included in the "adjusted financial statement income" of such corporations for purposes of computing the corporate alternative minimum tax. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential tax consequences of owning the Series 2024 Certificates.

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 2024 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 2024 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 2024 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 2024 Certificates.

Original Issue Discount

Certain of the Series 2024 Certificates (the "Discount Certificates") may be offered and sold to the public at an original issue discount, which is the difference between the principal amount of 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. Original issue discount represents interest which is excluded from gross income for federal income tax purposes. 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 2005 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 and will increase its adjusted basis in such Discount Certificates by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Certificates. The federal income tax consequences of the purchase, ownership and prepayment, sale or other disposition of Discount Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Owners of Discount 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 on the Discount Certificates following the termination of the Series 2005 Lease resulting from an Event of Non-Appropriation or Event of Default thereunder.

Original Issue Premium

Certain of the Series 2024 Certificates (collectively, the "Premium Certificates") may be offered and sold to the public at a price in excess of the principal amount of such Premium Certificate, which excess constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of the Premium Certificates which term ends on the earlier of the maturity or call date for each Premium Certificate which minimizes the yield on said Premium Certificates to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Certificate, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Certificate annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Certificates. The federal income tax consequences of the purchase, ownership and sale or other disposition of Premium Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of the Premium Certificates are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Certificates.

Special Counsel expresses no opinion regarding the federal income tax consequences resulting from the accrual of bond premium on the Premium Certificates following the termination of the Series 2005 Lease resulting from an Event of Non-Appropriation or Event of Default thereunder.

NOTWITHSTANDING THE FOREGOING, SPECIAL COUNSEL EXPRESSES NO OPINION REGARDING THE FEDERAL INCOME TAX OR FLORIDA TAX CONSEQUENCES RESULTING FROM THE OWNERSHIP OF THE SERIES 2024 CERTIFICATES OR THE RECEIPT BY THE OWNERS THEREOF OF PAYMENTS ON THE SERIES 2024 CERTIFICATES FOLLOWING THE TERMINATION OF THE SERIES 2005 LEASE, AS APPLICABLE, RESULTING FROM AN EVENT OF NON-APPROPRIATION OR EVENT OF DEFAULT THEREUNDER.

RATINGS

Fitch Ratings ("Fitch") has assigned an underlying rating of "AA-" (stable outlook) to the Series 2024 Certificates. In the event any of the Series 2024 Certificates are insured, S&P Global Ratings, a business unit of Standard and Poor's Financial Services LLC ("S&P"), is expected to assign a rating of "AA" (stable outlook) to the insured Series 2024 Certificates with the understanding that upon delivery of the insured Series 2024 Certificates, the Policy will be issued by BAM. Such ratings and outlooks reflect only the views of such organizations and any desired explanation of the significance of such ratings and outlooks should be obtained from the rating agency furnishing the same, at the following addresses: S&P, 55 Water Street, New York, New York 10041; Fitch, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings or outlooks will continue for any given period of time or that such ratings or outlooks 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 or outlooks may have an adverse effect on the market price of the Series 2024 Certificates.

FINANCIAL ADVISOR

The School Board has retained PFM Financial Advisors LLC, Orlando, Florida, as financial advisor in connection with the School Board's financing plans and with respect to the issuance of the Series 2024 Certificates. Fees paid to PFM Financial Advisors LLC may include fees for bidding investments on behalf of the School Board. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Offering Statement. The Financial Advisor did not participate in the underwriting of the Series 2024 Certificates.

FINANCIAL STATEMENTS

The Annual Comprehensive Financial Report of The School Board of Martin County, Florida for the Fiscal Year ended June 30, 2023, excerpted pages of which are appended hereto as Appendix B as part of this Offering Statement, have been audited by the Office of the Auditor General of the State of Florida, as set out in their report dated January 30, 2024. The auditor has not performed any services relating to, and is therefore not associated with, the issuance of the Series 2024 Certificates.

UNDERWRITING

The Series 2024 Certificates are being purchased by Raymond James & Associates, Inc. (the "Underwriter") at a price of \$_____ (which represents the par amount of the Series 2024 Certificates of \$_____, plus/less net bond premium/discount of \$_____, and less an Underwriter's discount of \$_____). The Underwriter's obligations are subject to certain conditions precedent, and it will be obligated to purchase all of the Series 2024 Certificates if any Series 2024 Certificates are purchased. The Series 2024 Certificates may be offered and sold to certain dealers 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 and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

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

CONTINUING DISCLOSURE

The School Board has agreed and undertaken for the benefit of Series 2024 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 School Board and the Series 2024 Certificates in each year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. Such undertaking shall only apply so long as the Series 2024 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 School Board or its dissemination agent pursuant to the undertaking with the Municipal Securities Rulemaking Board (the "MSRB") on its Electronic Municipal Market Access ("EMMA") system, as described in the Disclosure Dissemination Agent Agreement. The notices of material events will be filed by the School Board or its dissemination agent with the MSRB on EMMA. The specific nature of the information to be contained in the Annual Report and the notices of material events, are described in the Disclosure Dissemination Agent Agreement. See "APPENDIX E – FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT" hereto. These undertakings have been made in order to assist the Underwriter in complying with the Rule. Failure of the School Board to comply with the Disclosure Dissemination Agent Agreement will not be considered an event of default under the Series 2005 Lease or the Trust Agreement; however, any Series 2024 Certificate holder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the School Board to comply with its obligations under the Disclosure Dissemination Agent Agreement. With respect to the Series 2024 Certificates, no party other than the School Board is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule.

Due to an administrative oversight, the School Board failed to timely file annual updates to certain annual financial information, as required by the existing Disclosure Dissemination Agent Agreement to which the School Board is a party. On March 18, 2024, the School Board corrected such failure as required under such existing Disclosure Dissemination Agent Agreement. The District anticipates timely filing this information as part of its subsequent Annual Reports.

The School Board intends to fully comply with all current and future continuing disclosure undertakings. In furtherance thereof, the School Board has engaged Digital Assurance Certification LLC ("DAC") as its dissemination agent in order to ensure such ongoing and future compliance with its obligations under the Rule.

ACCURACY AND COMPLETENESS OF OFFERING STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the School Board and the Series 2005 Project and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2024 Certificates, the security for the payment of the Series 2024 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 2024 Certificates.

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

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AUTHORIZATION OF OFFERING STATEMENT

The execution and delivery of this Offering Statement has been duly authorized and approved by the School Board. At the time of delivery of the Series 2024 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, as of its date and as of the date of delivery of the Series 2024 Certificates, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Offering Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading (excluding information contained herein relating to DTC and its book-entry only system and the Insurer or its Policy, as to which no view will be expressed).

**THE SCHOOL BOARD OF MARTIN
COUNTY, FLORIDA**

By: _____
Chair

By: _____
Superintendent

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APPENDIX A

GENERAL INFORMATION REGARDING MARTIN COUNTY, FLORIDA

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APPENDIX A

GENERAL INFORMATION REGARDING MARTIN COUNTY, FLORIDA

Background

Martin County (the "County") was incorporated on May 30, 1925 and named after John W. Martin, who served as Governor of Florida from 1925-29. The City of Stuart, which was incorporated in 1914, was chartered in 1925 and designated the County Seat.

The County consists of approximately 544 square miles of land. Municipalities within the County include the City of Stuart, the Town of Jupiter Island, Ocean Breeze Park, the Town of Sewall's Point and the Village of Indiantown. The primary government of the County consists of the Board of County Commissioners and the independently elected constitutional officers, including the Clerk of the Circuit Court and Comptroller, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector. Together they provide a full range of services which include law enforcement, tourist development, fire rescue, conservation and resource management, public improvements, human services, parks and recreation, cultural facilities, planning and zoning, public transportation, economic development, property tax assessments and collections, official recordkeeping, court-related support functions and financial services, among others. The County also operates four business-type activities which include its Utilities Department, Solid Waste Department, Sailfish Sands Golf Course, and Martin County Airport.

Location and Transportation

The County is on Florida's Treasure Coast, located between St. Lucie County on the north, Palm Beach County on the south, the Atlantic Ocean on the east and Lake Okeechobee on the west. The County is approximately 100 miles north of Miami and 110 miles south of Orlando. The area is served by major north-south roads, including 1-95 and the Florida Turnpike, which cross in the County. The Florida East Coast Railroad and CSX Railroads both serve the County.

Two deep-water seaports are located within forty minutes of the County and are readily accessible by both rail and highway facilities – the Port of Palm Beach in Riviera Beach in Palm Beach County and the Port of Fort Pierce in St. Lucie County.

The only cross-Florida east-west waterway passes through the County. The Okeechobee Waterway connects the City of Stuart with the western gulf city of Fort Myers in a 156-mile water passage capable of accommodating both passenger and freight vessels.

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Population Growth

Below is the estimated population for the County for the last ten years.

Population Growth 2014-2023

Year	Martin County		Florida	
	Estimated Population	Percentage of Change	Estimated Population	Percentage of Change
2023	162,064	0.25%	22,634,867	1.61%
2022	161,655	0.09	22,276,132	1.72
2021	161,516	0.16	21,898,945	1.67
2020	161,258	0.16	21,538,187	1.64
2019	161,000	0.16	21,189,849	1.61
2018	160,742	0.65	20,854,945	1.61
2017	159,701	0.87	20,524,865	1.60
2016	158,325	1.78	20,201,450	1.62
2015	155,559	1.59	19,879,230	1.50
2014	153,119	N/A	19,585,096	N/A

Source: District School Board of Martin County, Florida Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023 and State of Florida Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2023.

The age distribution in the County is similar to that of Florida but differs significantly with that of the nation. Both the County and Florida have considerably larger proportions of persons 65 years and older than the rest of the nation. The County's 2022 estimated population by age group is as follows:

Age Group	Population
0-4	6,211
5-17	18,221
18-24	10,087
25-54	48,716
55-64	26,279
65-79	36,409
80+	15,732

Source: Bureau of Economic and Business Research, Florida Population Studies, Bulletin 196.

Employment

The following table shows estimated employment at the ten largest employers in the County during 2022.

Employer	Number of Employees	Product/Service
Cleveland Clinic, formerly known as Martin Memorial Health Systems	3,216	Health Care
Martin County School District	2,846	Government
Martin County Government	1,845	Government
Publix Super Markets	1,760	Grocery Chain
Seacoast National Bank	989	Banking
Armellini Express Lines	520	Logistics
BD Libertor	410	Health Care
Daher	400	Aviation
Visiting Nurses Association of Florida	316	Health Care
STS Holdings	300	Aviation

Source: District School Board of Martin County, Florida Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023.

Per Capita Personal Income 2013-2022

Calendar Year	Martin County	% of Florida	State of Florida	% of United States	United States	Unemployment Rate
2022	110,336	170.3%	64,806	168.5%	65,476	2.7%
2021	103,621	164.3	63,078	160.9	64,410	3.6
2020	97,665	172.7	56,561	165.1	59,159	6.4
2019	89,323	166.5	53,640	160.8	55,539	3.2
2018	84,388	165.4	51,009	158.3	53,310	3.6
2017	81,032	167.3	48,439	159.0	50,978	4.3
2016	74,932	163.9	45,720	153.1	48,944	4.9
2015	71,819	159.8	44,945	149.5	48,038	5.4
2014	68,774	160.4	42,865	148.7	46,258	6.2
2013	61,800	151.7	40,733	139.3	44,367	7.5

Source: U.S. Bureau of Economic Analysis, Per Capita Personal Income, retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org>.

Economy

Historically, the economy of the County was mainly agricultural, and favorable growing conditions continue to support the many acres of farmland in the County devoted to agriculture and livestock. More recently, the County's economy has been driven by the tourism, professional and banking services, healthcare services and light manufacturing sectors. The County is also home to a wide range of companies in the boating industry, including a number of boat manufacturers, and the marine industry is a considerable component of the County's economy, employing approximately 5,000 workers and contributing over \$200 million to the County's economy each year.

The Treasure Coast Square Mall in Jensen Beach is the largest regional shopping center in Martin and St. Lucie Counties. With five department stores and over 120 specialty stores, it contains 878,000 square feet of shopping area.

The City of Stuart is known as the "Sailfish Capital of the World" and sport fishing attracts many tourists to the area. The Indian River and St. Lucie River converge at Stuart and flow into the Atlantic Ocean at the St. Lucie Inlet. The Atlantic Intracoastal Waterway comes through the Indian River into the County and extends to Palm Beach County through a series of natural waterways and canals. In addition to the Atlantic Intracoastal Waterway, the south fork of the St. Lucie River connects with Lake Okeechobee through the St. Lucie Canal as part of the Okeechobee Waterway emerging on the Gulf of Mexico at Fort Myers, Florida. Commercial fishing is concentrated in the Jensen Beach and Port Salerno areas.

In February of 1990, the County adopted its Comprehensive Growth Management Plan (the "Plan"). The Plan contains the goals, objectives and policies, requirements for capital improvements, monitoring and evaluation procedures for planning roads, recreation, schools, housing, land use and utilities. Each city has its own plan for development and growth, compatible with that of the County.

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**Martin County, Florida
Taxable Property Value
Fiscal Years Ended 2013 - 2022**

Fiscal Year	Taxable Property Value
2022	\$25,112,814,312
2021	23,842,412,719
2020	22,697,822,286
2019	22,027,054,776
2018	20,758,469,618
2017	19,549,913,869
2016	18,587,380,413
2015	17,688,315,102
2014	17,188,481,272
2013	16,937,570,136

Source: Martin County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2022.

Higher Education

Higher education is offered at Indian River Community College, Treasure Coast Barry University, Florida Atlantic University, Florida Institute of Technology Graduate Center, and Webster College.

Utilities

The County currently owns and operates a consolidated water and wastewater utility system, which includes four water supply and treatment plants and four wastewater collection, treatment and disposal facilities which provide water and wastewater service to portions of the County and surrounding areas. Electricity is provided by Florida Power & Light Co. Telephone service is provided to residents of the County by the BellSouth Telephone Company and Indiantown Telephone Company.

Hospital Facilities and Health Care

Martin Memorial Health Systems ("MMH") based in Stuart, is comprised of two hospitals, three MediCenters and numerous centers and clinics. MMH provides services to residents throughout the Treasure Coast, including Stuart, Jensen Beach, Hobe Sound, Palm City, Port St. Lucie and Ft. Pierce. This multi-building, 344-bed facility has repeatedly earned top commendations by the Joint Commission on Accreditation of Hospitals. Founded in 1939, it is considered the finest health care facility on the Treasure Coast with over 400 physicians representing 25 specialties. Approximately 2,900 employees and 800 volunteers serve the hospital. Martin Memorial Health

Systems/Coastal Care Corp., a not-for-profit affiliate of MMH, operates the County's only free-standing surgical center, providing same-day outpatient surgical services.

The Martin County Council of Aging provides services for senior citizens, including assistance with chores, errands, minor repairs, cleaning services, recreational outings and transportation. Additional services are available to seniors with disabilities.

Form of Government

The County is governed by the Martin County Board of County Commissioners, a five-member board elected by the county citizenry at-large. In addition, the Clerk of the Circuit Court, Property Appraiser, Sheriff, Tax Collector, and Supervisor of Elections are elected by the citizenry at-large and function independently of the Board of County Commissioners.

Budgetary Process

Florida Statutes require all county governments to prepare an annual operating budget for such funds as may be required by law, sound management practices and generally accepted accounting principles. The Budget Department of the County initiates the budgetary process by directing specific instructions on the Board's fiscal policy to the various department heads and to the elected County Officers, who must then submit a tentative budget request by June 1 of each year. A tentative budget by fund is prepared and presented to the Board by July 15. Work sessions are held by the Board to review and make such changes as it deems necessary to the budget. A summary of the tentative budget is advertised and publicly reviewed and revised prior to approval and adoption by the Board by September 30.

The annual budgets for the General, Special Revenue, Debt Service and Capital Project Funds are prepared on the modified accrual basis of accounting. Revenues are budgeted at 95% of anticipated receipts in accordance with Florida Statutes Chapter 129.01. Expenditures during the year may not legally exceed total appropriations and reappropriated beginning fund balances at the individual fund level. The County records encumbrances at year-end as an appropriation of fund balances. Encumbrances are not reported as expenditures or liabilities. For budgetary purposes, certain encumbrances are re-budgeted as appropriation of the subsequent year.

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Martin County, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years*

Fiscal Year	Governmental Activities						Business-Type Activities		
	General Obligation Bonds	Revenue Bonds and Notes	Special Assessment Bonds	Financed Purchase Agreements	State Loans	Notes Payable	Revenue Bonds and Notes	State Loans	Total Primary Government
2013	1,705,000	55,125,125	-	10,410,809	3,031,947	1,147,918	84,300,000	1,855,875	157,576,674
2014	1,160,000	47,933,888	-	9,518,295	2,800,247	765,278	80,535,000	1,723,244	144,435,952
2015	590,000	43,371,277	-	10,113,570	1,445,261	382,639	76,635,000	1,586,965	134,124,712
2016	-	39,304,760	-	13,352,297	1,317,605	-	72,585,000	1,446,937	128,006,599
2017	-	40,409,754	-	10,735,207	1,186,465	-	70,724,682	1,303,058	124,359,166
2018	-	62,388,044	-	21,526,506	1,051,749	-	70,885,012	1,155,221	157,006,532
2019	-	100,506,324	-	24,552,116	-	-	66,144,686	1,003,317	192,206,443
2020	-	93,067,288	-	28,350,115	-	-	61,310,608	847,235	183,575,246
2021	-	85,268,191	-	28,487,566	-	-	56,364,644	3,664,387	173,784,788
2022	-	72,256,840	-	24,691,686	-	-	51,295,838	7,279,307	155,523,671

* Unaudited

Source: Martin County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2022.

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Martin County, Florida
Direct and Overlapping Governmental Activities Debt
September 30, 2022

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable⁽¹⁾</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Stuart			
Revenue Bonds and Notes	\$ 6,365,557	100.00%	\$ 6,365,557
General Obligation Bonds	4,650,000	100.00	4,650,000
Town of Jupiter Island			
General Obligation Notes Payable	4,666,730	100.00	4,666,730
Martin County School Board			
Bonds Payable	2,031,000	100.00	2,031,000
Certificates of Participation	64,403,000	100.00	64,403,000
South Florida Water Management District			
Certificates of Participation	320,575,000	2.14	<u>6,860,305</u>
Subtotal, overlapping debt			88,976,592
Martin County Direct Debt			<u>96,948,526</u>
Total direct and overlapping debt			<u><u>\$185,925,118</u></u>

⁽¹⁾ These percentages are estimated using assessed values of taxable property less homestead exemptions and other adjustments (taxable value). Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the County's boundaries and dividing it by each total taxable value.

Note: Government units that are included in this schedule are those whose geographic boundaries overlap, at least in part, with the boundaries of the County. This schedule estimates the portion of the overlapping government's outstanding debt that is borne by the residents and businesses of Martin County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

Source: Martin County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2022.

APPENDIX B

**DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA ANNUAL
COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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MARTIN COUNTY, FLORIDA

District School Board of Martin County

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023
Prepared by the Finance Department

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FINANCIAL SECTION





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Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450



Phone: (850) 412-2722
Fax: (850) 488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Martin County District School Board, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Martin County District School Board, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general and major special revenue funds for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the school internal funds, which represent 10 percent, 8 percent, 10 percent, 14 percent, and 10 percent, respectively, of the assets, liabilities, net position and fund balance, additions and revenues, and deductions and expenditures of the aggregate remaining fund information as of June 30, 2023. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns as of June 30, 2023. The financial statements of the school internal funds and the aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the financial statements of the school internal funds and the aggregate discretely presented component units, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note I.G. to the financial statements, the District elected to change its method of accounting for the Extended Day Care Program for the 2022-23 fiscal year. This affects the comparability of amounts reported for the 2022-23 fiscal year with amounts reported for the 2021-22 fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such

procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **Management's Discussion and Analysis, Schedule of Changes in the District's Total Other Postemployment Benefits Liability and Related Ratios, Schedule of Changes in Net Pension and Related Ratios – Early Retirement Plan, Schedule of Employer Contributions – Early Retirement Plan, Schedule of Investment Returns – Early Retirement Plan, Schedule of the District's Proportionate Share of Net Pension Liability – Florida Retirement System Pension Plan, Schedule of District Contributions – Florida Retirement System Pension Plan, Schedule of the District's Proportionate Share of Net Pension Liability – Health Insurance Subsidy Pension Plan, and Schedule of District Contributions – Health Insurance Subsidy Pension Plan** be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules and the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and

other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules, and the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
January 30, 2024
Audit Report No. 2024-119



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the District School Board of Martin County has prepared the following discussion and analysis of financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to assist the reader in focusing on significant financial issues, provide an overview and analysis of the District's financial activities, identify changes in the District's financial position, identify material deviations from the approved budget, and highlight significant issues in individual funds.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains supplementary information intended to furnish additional details to support the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to those of a private-sector business and consist of the following two statements:

- The *statement of net position* presents information on most of the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is strengthening or weakening.
- The *statement of activities* presents information showing how the government's net position changed during the 2022-23 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide statements present the District's activities in the following categories:

- Governmental activities – This represents most of the District's services, including its educational programs such as basic, vocational, adult, and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- Business-type activities – The District charges fees to cover the cost of the services it provides for its Extended Day Program.
- Component units – The District presents three separate legal entities in this report.
 - The Hope Center for Autism, Inc. and Treasure Coast Classical Academy, Inc. charter schools are legally separate organizations and component units that are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Financial information for these component units is reported separately from the financial information presented for the primary government.
 - The Martin School Board Leasing Corporation (Leasing Corporation), although also a legally separate entity, was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note VII B. Due to the substantive economic relationship between the Board and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements. All of the District's funds may be classified within one of three broad categories: governmental funds, proprietary fund, or fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial

statements. The financial resources measurement focus allows the governmental fund statements to provide information on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's most significant funds. The District's major funds are the General, Special Revenue – Federal Education Stabilization Fund, Capital Projects – Local Capital Improvement Tax, and Capital Projects – Other Capital Projects Fund. Data from the other six governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section of this report.

The District adopts annual budgets for its General and Special Revenue – Federal Education Stabilization funds. Budgetary to actual comparisons have been provided for these funds as well as the other major and nonmajor funds to demonstrate budgetary compliance.

Proprietary Funds

Proprietary funds may be established to account for activities in which a fee is charged for services. The District reports the following Proprietary fund type:

- Enterprise Fund – to account for Extended Day Care Program. Enterprise funds are used to report the same function as business-type activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. The District reports the following fiduciary fund types:

- Pension Trust Fund – to account for resources used to finance the early retirement program.
- Private-Purpose Trust Funds – to account for resources of various scholarship trust funds.

- Custodial Fund – to account for resources held for student activities and groups.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

Combining statements referred to earlier, present a more detailed view of nonmajor funds used in governmental funds. This section includes budget to actual schedules for nonmajor special revenue, debt service, and capital projects funds. Also included are statements for private-purpose trust funds.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-23 fiscal year are as follows:

Government-wide Statements

- The District's assets and deferred outflows exceed its liabilities and deferred inflows as of June 30, 2023, by \$463.6 million (*net position*).
- The District's total net position increased by \$51.7 million, which is a 12.6 percent increase from the 2021-22 fiscal year. This change is primarily attributable to a 10.2 percent increase in the Tax Roll and subsequent collections, and grant and contribution revenues.
- General revenues total \$298.7 million, or 93.8 percent of all revenues. Program-specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions total \$19.8 million, or 6.2 percent of all revenues. The taxes levied in total for operational, capital, and local sales tax purposes increased over the prior year by approximately \$18.3 million or 9.8 percent.
- Expenses total \$266.8 million; \$19.8 million of these expenses are offset by program-specific charges, with the remainder paid from the general revenues. Total revenues exceed total expenses by \$51.7 million.

Fund Statements

- As of June 30, 2023, the District's governmental funds report combined ending fund balances of \$217.3 million, a decrease of \$9.9 million.
- As of June 30, 2023, the assigned and unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriations by the Board, totals \$17.4 million or 9.1 percent of total General Fund revenues before the carryforward of prior year encumbrances and other obligations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the District's net position as of June 30, 2023, compared to the net position as of June 30, 2022:

	Governmental Activities		Business-Type Activities		Total	
	6-30-23	6-30-22	6-30-23	6-30-22	6-30-23	6-30-22
Current and Other Assets	\$ 240,255,475	\$ 250,198,925	\$ 792,191	-	\$ 241,047,666	\$ 250,198,925
Capital Assets	445,243,679	395,523,505	-	-	445,243,679	395,523,505
Total Assets	685,499,154	645,722,430	792,191	-	686,291,345	645,722,430
Net carrying amount of debt refunding	724,107	804,563	-	-	724,107	804,563
Other postemployment benefits obligation	8,856,336	9,881,101	31,285	-	8,887,621	9,881,101
Pensions	42,831,570	38,113,979	639,495	-	43,471,065	38,113,979
Deferred Outflows of Resources	52,412,013	48,799,643	670,780	-	53,082,793	48,799,643
Long-Term Liabilities	227,782,854	186,302,604	2,220,153	-	230,003,007	186,302,604
Other Liabilities	22,178,589	20,695,737	121,005	-	22,299,594	20,695,737
Total Liabilities	249,961,443	206,998,341	2,341,158	-	252,302,601	206,998,341
Other postemployment benefits obligation	13,893,882	6,344,883	49,080	-	13,942,962	6,344,883
Pensions	9,402,058	69,312,351	128,083	-	9,530,141	69,312,351
Deferred Inflows of Resources	23,295,940	75,657,234	177,163	-	23,473,103	75,657,234
Net Position:						
Net Investment in Capital Assets	393,653,877	326,532,448	-	-	393,653,877	326,532,448
Restricted	190,419,379	214,043,467	-	-	190,419,379	214,043,467
Unrestricted (Deficit)	(119,419,472)	(128,709,417)	(1,055,350)	-	(120,474,822)	(128,709,417)
Total Net Position	\$ 464,653,784	\$ 411,866,498	\$ (1,055,350)	-	\$ 463,598,434	\$ 411,866,498

The largest portion of the District's net position, \$393.7 million, reflects its investment in capital assets (e.g., land, buildings, furniture, fixtures, and equipment) less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the District's net position, \$190.4 million, represents resources that are subject to external restrictions on how they may be used. The District's unrestricted net position balance is negative because of the District's future liabilities for employee compensated absences, other post-employment benefits, and pension plan obligations; however, the District has sufficient current assets to meet its current obligations.

Restricted net position decreased \$23.6 million from June 30, 2022, to June 30, 2023. This net position represents restrictions from specific revenue sources and grants. The deficit in unrestricted net position in the governmental activities decreased by \$9.3 million, reflecting positive operating results, net of amounts restricted.

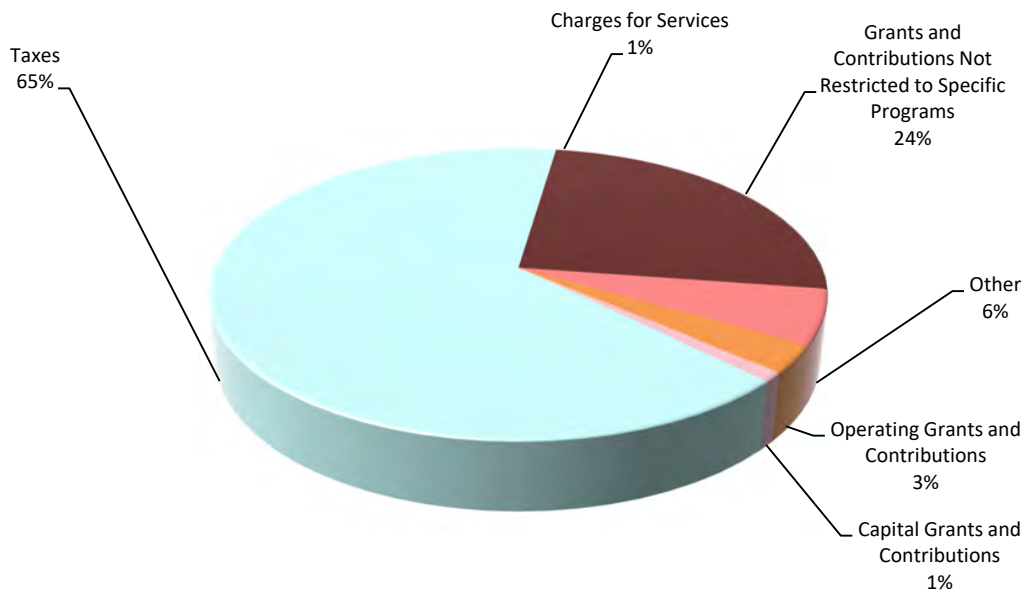
The key elements of the changes in the District's net position for the fiscal years ended June 30, 2023, and June 30, 2022, are as follows:

Operating Results for the Fiscal Year Ended

	Governmental Activities		Business-Type Activities		Total	
	6-30-23	6-30-22	6-30-23	6-30-22	6-30-23	6-30-22
Program Revenues:						
Charges for Services	\$ 3,890,631	\$ 5,365,356	\$ 3,516,637	\$ -	\$ 7,407,268	\$ 5,365,356
Operating Grants and Contributions	9,968,753	12,599,581	-	-	9,968,753	12,599,581
Capital Grants and Contributions	2,414,965	3,775,177	-	-	2,414,965	3,775,177
Total Program Revenues	16,274,349	21,740,114	3,516,637	-	19,790,986	21,740,114
General Revenues:						
Property Taxes, Levied for Operational Purposes	134,116,007	123,857,432	-	-	134,116,007	123,857,432
Property Taxes, Levied for Capital Projects	44,820,130	38,521,453	-	-	44,820,130	38,521,453
Local Sales Taxes	25,893,948	24,159,507	-	-	25,893,948	24,159,507
Grants and Contributions Not Restricted to Specific Programs	74,547,012	67,543,711	-	-	74,547,012	67,543,711
Other	19,347,103	15,664,646	-	-	19,347,103	15,664,646
Total General Revenues	298,724,200	269,746,749	-	-	298,724,200	269,746,749
Total Revenues	314,998,549	291,486,863	3,516,637	-	318,515,186	291,486,863
Functions/Program Expenses:						
Instruction	136,975,980	114,698,463	-	-	136,975,980	114,698,463
Student Support Services	15,885,380	13,536,649	-	-	15,885,380	13,536,649
Instructional Media Services	2,663,991	2,425,925	-	-	2,663,991	2,425,925
Instruction and Curriculum Development Services	5,065,382	4,581,002	-	-	5,065,382	4,581,002
Instructional Staff Training Services	3,686,877	3,159,521	-	-	3,686,877	3,159,521
Instruction-Related Technology	3,418,095	3,365,451	-	-	3,418,095	3,365,451
School Board	590,427	542,421	-	-	590,427	542,421
General Administration	1,125,475	1,084,472	-	-	1,125,475	1,084,472
School Administration	12,126,541	11,327,380	-	-	12,126,541	11,327,380
Facilities Acquisition and Construction	16,271,331	10,746,915	-	-	16,271,331	10,746,915
Fiscal Services	2,686,443	3,655,366	-	-	2,686,443	3,655,366
Food Services	12,013,846	11,994,970	-	-	12,013,846	11,994,970
Central Services	6,572,920	5,287,919	-	-	6,572,920	5,287,919
Student Transportation Services	8,183,339	7,327,231	-	-	8,183,339	7,327,231
Operation of Plant	25,864,543	24,110,624	-	-	25,864,543	24,110,624
Maintenance of Plant	5,545,815	5,064,335	-	-	5,545,815	5,064,335
Administrative Technology Services	1,202,717	1,199,742	-	-	1,202,717	1,199,742
Community Services	202,080	2,709,186	-	-	202,080	2,709,186
Unallocated Interest on Long-Term Debt	2,664,990	2,778,435	-	-	2,664,990	2,778,435
Extended Day Program	-	-	4,037,078	-	4,037,078	-
Total Functions/Program Expenses	262,746,172	229,596,007	4,037,078	-	266,783,250	229,596,007
Change in Net Position	52,252,377	61,890,856	(520,441)	-	51,731,936	61,890,856
Net Position - Beginning	411,866,498	349,975,642	-	-	411,866,498	349,975,642
Adjustment to Beginning Net Position (1)	534,909	-	(534,909)	-	-	-
Net Position - Ending	\$ 464,653,784	\$ 411,866,498	\$ (1,055,350)	\$ -	\$ 463,598,434	\$ 411,866,498

Note: (1) Adjustment to beginning net position due to the creation of the Extended Day Program enterprise fund.

Revenues by Source – Governmental Activities



Major changes in revenues were caused by the following:

- Charges for services – Decreased by \$1.5 million or 27.5 percent and decreased in all areas as the Extended Day is now an Enterprise Fund.
- Property taxes, levied for operational and capital purposes – Increased by \$10.3 million or 8.3 percent and \$6.3 million or 16.4 percent, respectively. This change was due to an increase in the certified taxable value of property, or assessed value, by 16.4 percent over the prior year; however, property taxes levied for operational purposes were offset by a reduction of the associated millage rate.
- Local sales taxes – This revenue source, the voter-approved half-cent sales surtax, is in its fifth year of implementation and increased by \$1.7 million or 7.2 percent.
- Grants and Other revenues – Grants and Other revenues increased by \$7 million or 10.4 percent and \$3.7 million or 23.5 percent, respectively.

Major changes in expenses were caused by the following:

- Instruction – Increased by 19.4 percent or \$22.3 million primarily due to increases in the Florida Retirement System rates, employee salary increases and the spend down of federal budgetary support provided through the American Rescue Plan.

- Student Support – Increased by 17.4 percent or \$2.3 million primarily due to increases in the Florida Retirement System rates, employee salary increases and the spend down of federal budgetary support provided through the American Rescue Plan.
- Instructional Staff Training – Increased by 16.7 percent or \$0.5 million primarily due to an increase in professional and technical services costs, travel and dues and fees.
- Facilities acquisition and construction – Increased by 51.4 percent or \$5.5 million due to the phased continuation of District-wide security enhancements, several HVAC projects, and various construction related projects.
- Fiscal services – Decreased by 26.5 percent or \$1 million primarily due a decrease in the expenditures for the reimbursement of eligible medical insurance costs incurred due to the COVID-19 pandemic.
- Central services – Increased by 24.3 percent or \$1.3 million, primarily due to increases in property casualty insurance premiums.
- Community Services – Decreased by 92.5 percent or \$2.5 million primarily due to the Extended Day Care Program being reclassified to an Enterprise Fund.

FUND FINANCIAL ANALYSIS

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Major Governmental Funds

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful when assessing the District's financing requirements. For example, *unassigned fund balance* may serve as a useful measure of the District's resources available to finance future contracts or services.

District School Board of Martin County, Florida Fund Balance

	<u>2023</u>	<u>2022</u>
Fund balance:		
Nonspendable	\$ 912,361	\$ 960,562
Restricted	192,177,417	199,463,681
Committed	6,803,189	5,605,483
Assigned	6,631,644	9,864,528
Unassigned	<u>10,755,987</u>	<u>10,278,980</u>
Total fund balance	<u>\$ 217,280,598</u>	<u>\$ 226,173,234</u>

As of the end of the 2022-23 fiscal year, the District's governmental funds reported combined ending fund balances of \$217.3 million, a decrease of \$8.9 million in comparison with the prior fiscal year.

Major Funds

The General Fund, Special Revenue – Federal Education Stabilization Fund, Capital Projects – Local Capital Improvement Tax Fund and Capital Projects – Other Capital Projects Fund were reported as major funds.

The General Fund is the chief operating fund of the District. The General Fund had a decrease in fund balance of \$1.9 million, primarily due to transfers from the General Fund to the Enterprise Fund – Extended Day Care Program. The total fund balance is \$41.1 million, of which approximately \$10.8 million is unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both assigned fund balance and unassigned fund balance to total fund revenues. Assigned/unassigned fund balance represents 9.1 percent of total General Fund operating revenue before carryovers and prior year encumbrances, while the total fund balance represents 21.6 percent of that same amount.

The Special Revenue – Federal Education Stabilization Fund is a continuation grant for fiscal year 2022-23 and accounts for the financial resources of certain Federal grants

associated with COVID-19 relief funding. Revenues and expenditures totaled \$15.4 million each.

The Capital Projects – Local Capital Improvement Tax Fund has an increase in fund balance of \$4.0 million to a total fund balance of \$86.2 million, which is restricted for acquisition, construction, and maintenance of capital assets. The increase is primarily due to major projects expenditures taking place during the subsequent reporting period.

The Capital Projects – Other Capital Projects Fund has a decrease in fund balance of \$13.6 million to a total fund balance of \$75.2 million, which is restricted for acquisition, construction, and maintenance of capital assets. Projects to be funded with the sales tax are just commencing construction.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2022-23 fiscal year, the District amended its General Fund budget monthly. Budget revisions were due primarily to the need to record prior year carryforward budgets and adjust planned expenditures to meet actual needs throughout the year.

Actual expenditures equaled to the final budget at \$197.5 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets, net of accumulated depreciation, as of June 30, 2023, total \$445.2 million. Capital assets include land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; and motor vehicles. The District experienced an increase of net capital assets compared to the previous fiscal year of approximately 12.6 percent.

Major capital assets events during the 2022-2023 fiscal year include;

- Projects in progress:
 - Jensen Beach Elementary School – Replacement School
 - Palm City Elementary School – Replacement School
 - South Fork High School – Athletic Complex
 - Stuart Middle School – Administration, Media, and Multipurpose Buildings
 - Instructional Center – Board Room Renovations

District School Board of Martin County, Florida
Capital Assets
(net of depreciation)

	2023	2022	Percent Change
Land	\$ 12,401,732	\$ 12,401,732	0.0%
Construction in progress	97,588,930	46,149,635	111.5%
Improvements other than buildings	10,689,551	10,593,067	0.9%
Buildings and fixed equipment	314,995,652	320,076,421	-1.6%
Furniture, fixtures, and equipment	7,294,560	3,809,255	91.5%
Motor vehicles	2,273,254	2,493,395	-8.8%
Total Capital Assets (Net of Depreciation)	<u>\$ 445,243,679</u>	<u>\$ 395,523,505</u>	12.6%

Construction in progress increased due to the beginning of the projects listed above. Additional information on the District’s capital assets can be found in Note VI of this report.

Long-Term Debt

As of June 30, 2023, the District has total long-term debt outstanding of \$54.1 million, comprised of Certificates of Participation (COPS) Series 2021 and 2014A and State Board of Education (SBE) Bonds.

District School Board of Martin County, Florida Outstanding Debt

	<u>2023</u>	<u>2022</u>
COPS	\$ 52,741,946	\$ 64,403,859
State School (SBE) Bonds Payable	<u>1,330,000</u>	<u>2,031,000</u>
	<u>\$ 54,071,946</u>	<u>\$ 66,434,859</u>

The District's outstanding debt decreased by \$12.4 million during the 2022-23 fiscal year due to scheduled principal payments on the Series 2014A COP, Series 2021 COP, and State School Bonds. Additional information on the District's debt may be found in Note VII. of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local property taxes are the District's primary source of revenue. The required local effort (RLE) for the 2023-24 fiscal year is projected to be 3.195 mills (a decrease of 0.045 mills), the discretionary millage is projected to be 0.748 mills, the capital outlay millage is projected to be 1.500 mills, and the additional voted millage for operations remained at 0.500 mills. General Fund revenues and other financing sources are projected to be at \$208.3 million, and expenditures and other financing uses are expected to be \$220.1 million.

Approximately 98 percent of total General Fund revenues are from the State of Florida and local taxes; therefore, economic conditions at the national, state, and local levels will affect the general operating funds and activities of the District. Changes in levels of tourism, immigration into the State of Florida, and unemployment may affect the State revenue streams, which in turn, will affect District revenue streams.

- The unemployment rate for Martin County is currently 2.9 percent, which is an increase from the rate of 2.8 percent a year ago.
- Student enrollment (K-12) increased marginally from 18,591 in the 2021-22 Fourth Calculations to 18,673 in the 2022-2023 Fourth Calculations.
- The Martin County population increased from 161,655 in the prior year to 162,064 according to U.S. Census estimates.

REQUESTS FOR INFORMATION

This financial report is designed to provide users with a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Martin County School Board, Finance Department, 1939 SE Federal Highway, Stuart, FL 34994. Additional financial information can be found on our Web site (www.martinschools.org).



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BASIC FINANCIAL STATEMENTS



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Net Position
June 30, 2023

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Charter Schools</u>
Assets				
Unrestricted:				
Cash and cash equivalents	\$ 209,239,184	\$ 767,160	210,006,344	\$ 3,442,282
Investments	14,624,399	-	14,624,399	-
Accounts receivable	2,658,147	25,031	2,683,178	100,000
Deposits	-	-	-	1,003
Due from other governmental agencies	6,002,332	-	6,002,332	291,998
Inventories	824,789	-	824,789	-
Prepaid items	87,572	-	87,572	15,913
Other current assets	-	-	-	153,187
Net Pension Asset	796,288	-	796,288	-
Restricted:				
Cash	-	-	-	239,794
Cash with fiscal agent	6,022,764	-	6,022,764	-
Capital assets not being depreciated:				
Land	12,401,732	-	12,401,732	2,769,084
Construction in progress	97,588,930	-	97,588,930	676,544
Capital assets net of accumulated depreciation:				
Improvements other than buildings	10,689,551	-	10,689,551	24,800
Buildings and fixed equipment	314,995,652	-	314,995,652	14,832,343
Leasehold Improvements	-	-	-	958,345
Furniture, fixtures, and equipment	7,294,560	-	7,294,560	484,608
Motor vehicles	2,273,254	-	2,273,254	-
Audio visual materials and software	-	-	-	16,363
Total assets	685,499,154	792,191	686,291,345	24,006,264
Deferred outflows of resources				
Net carrying amount of debt refunding	724,107	-	724,107	-
Other postemployment benefits obligation	8,856,336	31,285	8,887,621	-
Pensions	42,831,570	639,495	43,471,065	-
Total deferred outflows of resources	52,412,013	670,780	53,082,793	-
Liabilities				
Salaries and benefits payable	8,857,181	93,841	8,951,022	-
Accounts payable	5,931,097	27,164	5,958,261	588,160
Due to Other Agencies	79,268	-	79,268	-
Construction contracts payable	3,694,669	-	3,694,669	-
Construction contracts payable - retainage	2,783,444	-	2,783,444	-
Unearned revenue	832,930	-	832,930	-
Long-term liabilities:				
Portion due in one year:				
Notes payable	-	-	-	188,641
Bonds payable	530,000	-	530,000	-
Certificates of participation payable	12,186,913	-	12,186,913	-
Compensated absences payable	914,682	6,862	921,544	-
Other postemployment benefits obligation	2,269,139	8,016	2,277,155	-
Portion due in more than one year:				
Notes payable	-	-	-	19,539,919
Bonds payable	800,000	-	800,000	-
Certificates of participation payable	40,555,033	-	40,555,033	-
Compensated absences payable	11,685,044	220,378	11,905,422	-
Net pension liability	119,388,408	1,845,530	121,233,938	-
Other postemployment benefits obligation	39,453,635	139,367	39,593,002	-
Total liabilities	249,961,443	2,341,158	252,302,601	20,316,720
Deferred inflows of resources				
Other postemployment benefits obligation	13,893,882	49,080	13,942,962	-
Pensions	9,402,058	128,083	9,530,141	-
Total deferred inflows of resources	23,295,940	177,163	23,473,103	-
Net position				
Net investment in capital assets	393,653,877	-	393,653,877	182,087
Restricted for:				
State required carryover programs	2,774,306	-	2,774,306	-
Capital projects	165,119,351	-	165,119,351	200,000
Debt service	2,199,052	-	2,199,052	139,794
Food service	6,753,126	-	6,753,126	-
Other	13,573,544	-	13,573,544	-
Unrestricted net position (deficit)	(119,419,472)	(1,055,350)	(120,474,822)	3,167,663
Total net position	\$ 464,653,784	\$ (1,055,350)	\$ 463,598,434	\$ 3,689,544

The accompanying notes are an integral part of the basic financial statements.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Activities
For the Fiscal Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
Instruction	\$ 136,975,980	\$ 422,508	\$ -	\$ -
Student support services	15,885,380	-	-	-
Instructional media services	2,663,991	-	-	-
Instruction and curriculum development services	5,065,382	-	-	-
Instructional staff training services	3,686,877	-	-	-
Instruction related technology	3,418,095	-	-	-
School board	590,427	-	-	-
General administration	1,125,475	-	-	-
School administration	12,126,541	-	-	-
Facilities services	16,271,331	-	-	822,793
Fiscal services	2,686,443	-	-	-
Food services	12,013,846	2,970,505	9,968,753	-
Central services	6,572,920	-	-	-
Student transportation services	8,183,339	497,618	-	-
Operation of plant	25,864,543	-	-	-
Maintenance of plant	5,545,815	-	-	756,138
Administrative technology services	1,202,717	-	-	-
Community services	202,080	-	-	-
Unallocated interest on long-term debt	2,664,990	-	-	836,034
Total governmental activities	\$ 262,746,172	\$ 3,890,631	\$ 9,968,753	\$ 2,414,965
Business-type Activities:				
Extended Day Program	\$ 4,037,078	\$ 3,516,637	\$ -	\$ -
Total primary government	\$ 266,783,250	\$ 7,407,268	\$ 9,968,753	\$ 2,414,965
Component units:				
Charter Schools	\$ 15,005,942	\$ 367,734	\$ 956,367	\$ -

General revenues:
Taxes:
Property taxes, levied for operational purposes
Property taxes, levied for capital purposes
Local sales taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Miscellaneous
Total general revenues
Change in net position
Total net position - beginning
Adjustments to net position
Total net position - ending

The accompanying notes are an integral part of the basic financial statements.

**Net (Expense) Revenue and
Changes in Net Position**

Primary Governmental			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (136,553,472)	\$ -	\$ (136,553,472)	\$ -
(15,885,380)	-	(15,885,380)	-
(2,663,991)	-	(2,663,991)	-
(5,065,382)	-	(5,065,382)	-
(3,686,877)	-	(3,686,877)	-
(3,418,095)	-	(3,418,095)	-
(590,427)	-	(590,427)	-
(1,125,475)	-	(1,125,475)	-
(12,126,541)	-	(12,126,541)	-
(15,448,538)	-	(15,448,538)	-
(2,686,443)	-	(2,686,443)	-
925,412	-	925,412	-
(6,572,920)	-	(6,572,920)	-
(7,685,721)	-	(7,685,721)	-
(25,864,543)	-	(25,864,543)	-
(4,789,677)	-	(4,789,677)	-
(1,202,717)	-	(1,202,717)	-
(202,080)	-	(202,080)	-
(1,828,956)	-	(1,828,956)	-
<u>\$ (246,471,823)</u>	<u>\$ -</u>	<u>\$ (246,471,823)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (520,441)</u>	<u>\$ (520,441)</u>	<u>\$ -</u>
<u>\$ (246,471,823)</u>	<u>\$ (520,441)</u>	<u>\$ (246,992,264)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,681,841)</u>
134,116,007	-	134,116,007	-
44,820,130	-	44,820,130	-
25,893,948	-	25,893,948	-
74,547,012	-	74,547,012	14,525,973
7,792,126	-	7,792,126	1,828
11,554,977	-	11,554,977	-
<u>298,724,200</u>	<u>-</u>	<u>298,724,200</u>	<u>14,527,801</u>
52,252,377	(520,441)	51,731,936	845,960
411,866,498	-	411,866,498	2,843,584
534,909	(534,909)	-	-
<u>\$ 464,653,784</u>	<u>\$ (1,055,350)</u>	<u>\$ 463,598,434</u>	<u>\$ 3,689,544</u>

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Special Revenue - Federal Education Stabilization Fund
Assets		
Cash and cash equivalents	\$ 47,979,049	\$ -
Investments	-	-
Accounts receivable	2,632,921	1,135
Due from other governmental agencies	394,431	2,097,191
Due from other funds	712,667	-
Inventories	521,956	-
Prepaid items	87,572	-
Restricted cash with fiscal agent	-	-
Total assets	\$ 52,328,596	\$ 2,098,326
Liabilities and fund balances		
Liabilities:		
Salaries and benefits payable	\$ 7,458,029	\$ 1,170,809
Accounts payable	2,889,439	450,503
Constructions contracts payable	-	-
Constructions contracts payable - retainage	-	-
Due to other agencies	-	-
Due to other funds	-	477,014
Unearned revenue	832,930	-
Total liabilities	11,180,398	2,098,326
Fund balances:		
Nonspendable	609,528	-
Restricted	16,347,850	-
Committed	6,803,189	-
Assigned	6,631,644	-
Unassigned	10,755,987	-
Total fund balances	41,148,198	-
Total liabilities and fund balances	\$ 52,328,596	\$ 2,098,326

The accompanying notes are an integral part of the basic financial statements.

Capital Projects - Local Capital Improvement Tax Fund	Capital Projects - Other Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 76,636,971	\$ 72,025,907	\$ 12,597,257	\$ 209,239,184
14,589,365	-	35,034	14,624,399
11,534	-	12,557	2,658,147
21	2,641,985	868,704	6,002,332
-	-	-	712,667
-	-	302,833	824,789
-	-	-	87,572
-	3,858,746	2,164,018	6,022,764
<u>\$ 91,237,891</u>	<u>\$ 78,526,638</u>	<u>\$ 15,980,403</u>	<u>\$ 240,171,854</u>
\$ -	\$ -	\$ 228,343	\$ 8,857,181
1,443,938	406,778	740,439	5,931,097
2,572,589	1,122,080	-	3,694,669
976,000	1,807,444	-	2,783,444
-	-	79,268	79,268
-	-	235,653	712,667
-	-	-	832,930
<u>4,992,527</u>	<u>3,336,302</u>	<u>1,283,703</u>	<u>22,891,256</u>
-	-	302,833	912,361
86,245,364	75,190,336	14,393,867	192,177,417
-	-	-	6,803,189
-	-	-	6,631,644
-	-	-	10,755,987
<u>86,245,364</u>	<u>75,190,336</u>	<u>14,696,700</u>	<u>217,280,598</u>
<u>\$ 91,237,891</u>	<u>\$ 78,526,638</u>	<u>\$ 15,980,403</u>	<u>\$ 240,171,854</u>



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2023

Total fund balances - governmental funds \$ 217,280,598

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

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

Capital assets not being depreciated	\$ 109,990,662	
Capital assets being depreciated	<u>335,253,017</u>	445,243,679

Net pension asset is not reported in the governmental funds.		796,288
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The difference between the acquisition price and the net carrying amount of refunded debt is reported as a deferred outflow of resources in the government-wide statements, but is not reported in the governmental funds.		724,107
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:

Deferred outflows of resources related to pensions	\$ 42,831,570	
Deferred inflows of resources related to pensions	<u>(9,402,058)</u>	33,429,512

Deferred outflows and inflows of resources related to other postemployment benefits are applicable to future periods and, therefore, are not reported in the governmental funds:

Deferred outflows of resources related to OPEB	\$ 8,856,336	
Deferred inflows of resources related to OPEB	<u>(13,893,882)</u>	(5,037,546)

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

Certificates of participation payable	\$ (52,741,946)	
Bonds payable	(1,330,000)	
Compensated absences payable	(12,599,726)	
Other postemployment benefits obligation	(41,722,774)	
Net pension liability	<u>(119,388,408)</u>	<u>(227,782,854)</u>

Total net position - governmental activities		<u><u>\$ 464,653,784</u></u>
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The accompanying notes are an integral part of the basic financial statements.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue - Federal Education Stabilization Fund	Capital Projects - Local Capital Improvement Tax Fund
Revenues			
Federal direct	\$ 272,411	\$ -	\$ -
Federal through state and local	687,402	15,350,290	-
State	43,953,667	-	-
Local:			
Taxes	134,116,007	-	44,820,130
Charges for services - food services	-	-	-
Impact fees	-	-	-
Miscellaneous	11,191,353	-	2,900,803
Total revenues	<u>190,220,840</u>	<u>15,350,290</u>	<u>47,720,933</u>
Expenditures			
Current:			
Instruction	117,235,235	8,498,434	-
Student support services	10,108,407	1,340,002	-
Instructional media services	2,391,494	5,132	-
Instruction and curriculum development services	2,555,283	132,281	-
Instructional staff training services	1,956,097	127,490	-
Instruction related technology	2,358,228	763,762	-
School board	605,725	-	-
General administration	1,206,418	690,695	-
School administration	11,975,653	36,323	-
Facilities acquisition and construction	1,755,137	453	12,285,152
Fiscal services	1,675,869	1,003,168	-
Food services	156,834	141,992	-
Central services	6,750,989	241,836	-
Student transportation services	7,341,893	139,256	-
Operation of plant	22,787,262	447,380	-
Maintenance of plant	5,403,983	36,201	-
Administrative technology services	702,990	24,922	-
Community services	203,239	71,178	-
Capital outlay:			
Facilities acquisition and construction	-	-	26,880,487
Other capital outlay	282,513	1,649,785	-
Debt service:			
Principal	-	-	-
Interest and fees	-	-	3,500
Paying agent fees	-	-	-
Total expenditures	<u>197,453,249</u>	<u>15,350,290</u>	<u>39,169,139</u>
Excess of revenues over (under) expenditures	<u>(7,232,409)</u>	<u>-</u>	<u>8,551,794</u>
Other financing sources (uses)			
Insurance loss recoveries	10,736	-	518,324
Transfers in	6,315,663	-	3,032,202
Transfers out	-	-	(8,137,742)
Total other financing sources (uses)	<u>6,326,399</u>	<u>-</u>	<u>(4,587,216)</u>
Net change in fund balances	(906,010)	-	3,964,578
Fund balances - beginning	43,084,503	-	82,280,786
Adjustment to beginning fund balance	<u>(1,030,295)</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 41,148,198</u>	<u>\$ -</u>	<u>\$ 86,245,364</u>

The accompanying notes are an integral part of the basic financial statements.

Capital Projects - Other Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 1,356,206	\$ 1,628,617
-	22,423,554	38,461,246
402,555	2,484,642	46,840,864
25,893,948	-	204,830,085
-	2,970,505	2,970,505
5,011,896	-	5,011,896
2,598,357	211,320	16,901,833
<u>33,906,756</u>	<u>29,446,227</u>	<u>316,645,046</u>
-	4,239,963	129,973,632
-	4,406,141	15,854,550
-	-	2,396,626
-	2,416,894	5,104,458
-	1,800,485	3,884,072
-	-	3,121,990
-	-	605,725
-	733,323	2,630,436
-	-	12,011,976
732,342	-	14,773,084
-	-	2,679,037
-	11,939,729	12,238,555
-	20,250	7,013,075
-	36,158	7,517,307
-	45,387	23,280,029
-	-	5,440,184
-	-	727,912
-	2,559	276,976
33,184,243	-	60,064,730
-	654,100	2,586,398
-	11,221,000	11,221,000
-	2,653,577	2,657,077
-	7,913	7,913
<u>33,916,585</u>	<u>40,177,479</u>	<u>326,066,742</u>
<u>(9,829)</u>	<u>(10,731,252)</u>	<u>(9,421,696)</u>
-	-	529,060
256,560	13,117,967	22,722,392
<u>(13,828,512)</u>	<u>(756,138)</u>	<u>(22,722,392)</u>
<u>(13,571,952)</u>	<u>12,361,829</u>	<u>529,060</u>
(13,581,781)	1,630,577	(8,892,636)
88,772,117	13,066,123	227,203,529
-	-	(1,030,295)
<u>\$ 75,190,336</u>	<u>\$ 14,696,700</u>	<u>\$ 217,280,598</u>



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DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Fiscal Year Ended June 30, 2023

Net change in fund balances - Governmental funds \$ (8,892,636)

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

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

Capital outlay	\$ 62,651,128	
Less, depreciation expense	<u>(12,937,528)</u>	49,713,600

The loss on the disposal of capital assets during the current fiscal year is reported in the statement of activities. In the governmental funds, the cost of these assets were recognized as an expenditure in the fiscal year purchased. Thus, the change in net position differs from the change in fund balance by the undepreciated cost of the disposed assets. 6,574

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds expenditures are recognized based on the amounts actually paid for leave used. This is the net amount of vacation and sick leave earned in excess of the amount paid in the current period. (1,710,167)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Premiums and refunding costs are reported in the governmental funds in the year the debt is issued, but are deferred and amortized over the life of the debt in the government-wide statements.

COPs repayment	\$ 10,520,000	
COPs premiums amortized	1,141,913	
Bonds repayment	<u>701,000</u>	12,362,913

Refunding costs are reported in the governmental funds in the year the debt is issued, but are deferred and amortized over the life of the debt in the governmental-wide statements. This is the decrease in the net carrying amount of debt refunding for the current period. (80,456)

Governmental funds report District OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions, as determined through an actuarial valuation, is reported as an OPEB expense.

Decrease in OPEB Liability	\$ 10,125,902	
Decrease in Deferred Outflows of Resources - OPEB	(989,983)	
Increase in Deferred Inflows of Resources - OPEB	<u>(7,571,333)</u>	1,564,586

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	\$ 12,043,162	
Pension expense	<u>(12,755,199)</u>	(712,037)

Change in Net Position of Governmental Activities \$ 52,252,377

The accompanying notes are an integral part of the basic financial statements.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal direct	\$ 274,412	\$ 272,411	272,411	\$ -
Federal through state and local	688,136	687,402	687,402	-
State	43,448,445	43,953,667	43,953,667	-
Local				
Taxes	133,364,984	134,116,007	134,116,007	-
Miscellaneous	4,885,442	11,191,353	11,191,353	-
Total revenues	182,661,419	190,220,840	190,220,840	-
Expenditures				
Current:				
Instruction				
Salaries	79,399,305	70,665,607	70,665,607	-
Employee benefits	20,443,452	21,511,543	21,511,543	-
Purchased services	18,960,145	18,658,904	18,658,904	-
Energy services	58	-	-	-
Materials and supplies	8,846,615	2,772,379	2,772,379	-
Capital outlay	63,844	58,508	58,508	-
Other	2,221,861	3,568,294	3,568,294	-
Total instruction	129,935,280	117,235,235	117,235,235	-
Student support services				
Salaries	6,198,287	7,589,287	7,589,287	-
Employee benefits	1,896,314	2,320,048	2,320,048	-
Purchased services	186,768	83,413	83,413	-
Energy services	915	898	898	-
Materials and supplies	626,835	85,793	85,793	-
Capital outlay	24,606	6,151	6,151	-
Other	51,976	22,817	22,817	-
Total student support services	8,985,701	10,108,407	10,108,407	-
Instructional media services				
Salaries	1,563,451	1,728,944	1,728,944	-
Employee benefits	479,325	521,291	521,291	-
Purchased services	15,141	2,320	2,320	-
Materials and supplies	34,969	25,643	25,643	-
Capital outlay	148,999	72,410	72,410	-
Other	19,500	40,886	40,886	-
Total instructional media services	2,261,385	2,391,494	2,391,494	-
Instruction and curriculum development services				
Salaries	1,748,589	1,913,020	1,913,020	-
Employee benefits	572,729	618,662	618,662	-
Purchased services	29,351	18,930	18,930	-
Energy services	194	406	406	-
Materials and supplies	5,154	1,596	1,596	-
Other	4,925	2,669	2,669	-
Total instruction and curriculum development services	2,360,942	2,555,283	2,555,283	-

The accompanying notes are an integral part of the basic financial statements.

(Continued)

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Instructional staff training services				
Salaries	1,685,908	1,167,974	1,167,974	-
Employee benefits	403,805	312,675	312,675	-
Purchased services	439,784	288,574	288,574	-
Materials and supplies	250,682	76,611	76,611	-
Other	82,478	110,263	110,263	-
Total instructional staff training services	<u>2,862,657</u>	<u>1,956,097</u>	<u>1,956,097</u>	<u>-</u>
Instruction related technology				
Salaries	1,680,545	1,703,067	1,703,067	-
Employee benefits	487,534	528,969	528,969	-
Purchased services	188,192	113,482	113,482	-
Energy services	1,929	7,260	7,260	-
Materials and supplies	30,617	5,450	5,450	-
Capital outlay	281,528	-	-	-
Other	1,318	-	-	-
Total instruction related technology	<u>2,671,663</u>	<u>2,358,228</u>	<u>2,358,228</u>	<u>-</u>
School board				
Salaries	186,855	203,958	203,958	-
Employee benefits	138,197	152,471	152,471	-
Purchased services	186,448	220,256	220,256	-
Materials and supplies	2,050	2,135	2,135	-
Other	23,321	26,905	26,905	-
Total school board	<u>536,871</u>	<u>605,725</u>	<u>605,725</u>	<u>-</u>
General administration				
Salaries	767,288	666,681	666,681	-
Employee benefits	288,960	250,870	250,870	-
Purchased services	291,095	266,323	266,323	-
Energy services	145	24	24	-
Materials and supplies	11,913	3,539	3,539	-
Other	25,100	18,981	18,981	-
Total general administration	<u>1,384,501</u>	<u>1,206,418</u>	<u>1,206,418</u>	<u>-</u>
School administration				
Salaries	8,204,712	9,078,044	9,078,044	-
Employee benefits	2,609,804	2,850,094	2,850,094	-
Purchased services	15,992	17,835	17,835	-
Materials and supplies	11,367	11,055	11,055	-
Capital outlay	1,255	1,850	1,850	-
Other	8,262	16,775	16,775	-
Total school administration	<u>10,851,392</u>	<u>11,975,653</u>	<u>11,975,653</u>	<u>-</u>

The accompanying notes are an integral part of the basic financial statements.

(Continued)

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Facilities acquisition and construction				
Salaries	735,626	732,254	732,254	-
Employee benefits	256,519	265,615	265,615	-
Purchased services	2,480	485	485	-
Materials and supplies	16,203	645	645	-
Other	806,062	756,138	756,138	-
Total facilities acquisition and construction	1,816,890	1,755,137	1,755,137	-
Fiscal services				
Salaries	857,592	903,025	903,025	-
Employee benefits	278,696	317,093	317,093	-
Purchased services	147,711	288,794	288,794	-
Materials and supplies	13,500	78,673	78,673	-
Other	42,893	88,284	88,284	-
Total fiscal services	1,340,392	1,675,869	1,675,869	-
Food services				
Salaries	71,054	124,634	124,634	-
Employee benefits	20,057	31,097	31,097	-
Other	-	1,103	1,103	-
Total food services	91,111	156,834	156,834	-
Central services				
Salaries	1,870,065	2,275,311	2,275,311	-
Employee benefits	2,128,844	2,442,762	2,442,762	-
Purchased services	1,495,160	1,365,543	1,365,543	-
Energy services	18,498	11,800	11,800	-
Materials and supplies	687,525	580,175	580,175	-
Capital outlay	732	-	-	-
Other	65,848	75,398	75,398	-
Total central services	6,266,672	6,750,989	6,750,989	-
Student transportation services				
Salaries	3,158,958	3,787,543	3,787,543	-
Employee benefits	1,360,561	1,581,814	1,581,814	-
Purchased services	669,452	631,421	631,421	-
Energy services	1,062,294	854,389	854,389	-
Materials and supplies	251,341	369,035	369,035	-
Capital outlay	31,347	39,458	39,458	-
Other	3,291	78,233	78,233	-
Total student transportation services	6,537,244	7,341,893	7,341,893	-
Operation of plant				
Salaries	7,640,200	5,802,551	5,802,551	-
Employee benefits	2,929,794	2,535,775	2,535,775	-
Purchased services	7,826,591	7,922,698	7,922,698	-
Energy services	5,432,711	6,051,823	6,051,823	-
Materials and supplies	515,771	464,381	464,381	-
Capital outlay	5,085	6,565	6,565	-
Other	2,569	3,469	3,469	-
Total operation of plant	24,352,721	22,787,262	22,787,262	-

The accompanying notes are an integral part of the basic financial statements.

(Continued)

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Maintenance of plant				
Salaries	3,066,853	3,547,977	3,547,977	-
Employee benefits	1,248,739	1,369,294	1,369,294	-
Purchased services	168,105	138,268	138,268	-
Materials and supplies	375,774	347,153	347,153	-
Capital outlay	3,934	1,291	1,291	-
Total maintenance of plant	<u>4,863,405</u>	<u>5,403,983</u>	<u>5,403,983</u>	<u>-</u>
Administrative technology services				
Salaries	526,511	486,971	486,971	-
Employee benefits	155,348	153,446	153,446	-
Purchased services	56,209	61,944	61,944	-
Energy services	5,788	-	-	-
Materials and supplies	-	604	604	-
Capital outlay	-	25	25	-
Total administrative technology services	<u>743,856</u>	<u>702,990</u>	<u>702,990</u>	<u>-</u>
Community services				
Salaries	170,751	149,127	149,127	-
Employee benefits	25,533	29,007	29,007	-
Purchased services	36,908	6,498	6,498	-
Materials and supplies	23,065	14,317	14,317	-
Other	20,759	4,290	4,290	-
Total community services	<u>277,016</u>	<u>203,239</u>	<u>203,239</u>	<u>-</u>
Total current operating	<u>208,139,699</u>	<u>197,170,736</u>	<u>197,170,736</u>	<u>-</u>
Capital outlay:				
Other capital outlay	234,041	282,513	282,513	-
Total Capital outlay	<u>234,041</u>	<u>282,513</u>	<u>282,513</u>	<u>-</u>
Total expenditures	<u>208,373,740</u>	<u>197,453,249</u>	<u>197,453,249</u>	<u>-</u>
Deficiency of revenues under expenditures	<u>(25,712,321)</u>	<u>(7,232,409)</u>	<u>(7,232,409)</u>	<u>-</u>
Other financing sources (uses)				
Insurance loss recoveries	-	10,736	10,736	-
Transfers in	3,457,993	6,315,663	6,315,663	-
Total other financing sources (uses)	<u>3,457,993</u>	<u>6,326,399</u>	<u>6,326,399</u>	<u>-</u>
Net change in fund balances	<u>(22,254,328)</u>	<u>(906,010)</u>	<u>(906,010)</u>	<u>-</u>
Fund balances - beginning	<u>43,084,503</u>	<u>43,084,503</u>	<u>43,084,503</u>	<u>-</u>
Adjustment to beginning fund balance	<u>-</u>	<u>(1,030,295)</u>	<u>(1,030,295)</u>	<u>-</u>
Fund balances - ending	<u>\$ 20,830,175</u>	<u>\$ 41,148,198</u>	<u>\$ 41,148,198</u>	<u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Major Special Revenue Fund - Federal Education Stabilization Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Federal through state and local	\$ 28,256,956	\$ 33,082,747	\$ 15,350,290	\$ 17,732,457
Total revenues	28,256,956	33,082,747	15,350,290	17,732,457
Expenditures				
Current:				
Instruction				
Salaries	4,599,154	7,056,033	3,218,427	3,837,606
Employee benefits	24,823	938,018	679,114	258,904
Purchased services	3,018,766	4,519,704	996,055	3,523,649
Energy services	5,000	-	-	-
Materials and supplies	5,615,781	6,154,078	3,457,813	2,696,265
Capital outlay	175,031	256,884	108,120	148,764
Other	249,487	111,959	38,905	73,054
Total instruction	13,688,042	19,036,676	8,498,434	10,538,242
Student support services				
Salaries	3,622,157	3,188,286	847,055	2,341,231
Employee benefits	226,440	447,999	249,265	198,734
Purchased services	490,303	437,623	225,372	212,251
Materials and supplies	66,062	35,811	11,374	24,437
Other	-	10,686	6,936	3,750
Total student support services	4,404,962	4,120,405	1,340,002	2,780,403
Instructional media services				
Salaries	-	4,740	4,740	-
Employee benefits	-	392	392	-
Total instructional media services	-	5,132	5,132	-
Instruction and curriculum development services				
Salaries	964,047	727,086	107,938	619,148
Employee benefits	130,143	138,948	22,662	116,286
Purchased services	2,248	1,524	-	1,524
Materials and supplies	32,716	4,767	791	3,976
Capital outlay	-	4,430	-	4,430
Other	940	940	890	50
Total instruction and curriculum development services	1,130,094	877,695	132,281	745,414
Instructional staff training services				
Salaries	8,550	68,260	9,710	58,550
Employee benefits	691	12,656	1,911	10,745
Purchased services	299,850	519,877	115,869	404,008
Materials and supplies	8,490	669	-	669
Total instructional staff training services	317,581	601,462	127,490	473,972
Instruction-related technology				
Salaries	54,951	53,109	52,354	755
Employee benefits	18,231	20,073	17,187	2,886
Purchased services	738,167	651,168	650,441	727
Capital Outlay	1,253,250	191,202	43,780	147,422
Total instruction-related technology	2,064,599	915,552	763,762	151,790
General Administration				
Other	1,396,649	1,630,503	690,695	939,808
Total general administration	1,396,649	1,630,503	690,695	939,808

The accompanying notes are an integral part of the basic financial statements.

(Continued)

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Major Special Revenue Fund - Federal Education Stabilization Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
School administration				
Salaries	-	32,875	32,875	-
Employee benefits	-	3,448	3,448	-
Purchased Services	31,500	-	-	-
Total school administration	31,500	36,323	36,323	-
Facilities services				
Salaries	-	420	420	-
Employee benefits	-	33	33	-
Total facilities services	-	453	453	-
Fiscal services				
Salaries	745,496	2,342	-	2,342
Employee benefits	-	1,003,168	1,003,168	-
Materials and supplies	643,674	-	-	-
Total fiscal services	1,389,170	1,005,510	1,003,168	2,342
Food services				
Salaries	-	122,130	122,130	-
Employees benefits	-	19,862	19,862	-
Purchased Services	-	30,780	-	30,780
Total food services	-	172,772	141,992	30,780
Central Services				
Salaries	653,080	502,642	81,281	421,361
Employee benefits	-	43,764	24,666	19,098
Purchased services	30,000	20,000	13,101	6,899
Materials and supplies	940,453	404,423	122,788	281,635
Total central services	1,623,533	970,829	241,836	728,993
Student transportation services				
Salaries	-	229,662	104,896	124,766
Employee benefits	-	50,554	24,905	25,649
Purchased services	559,720	88,869	9,455	79,414
Total student transportation services	559,720	369,085	139,256	229,829
Operation of plant				
Salaries	76,480	249,571	173,091	76,480
Employees benefits	-	24,457	24,457	-
Purchased services	352,885	533,560	249,832	283,728
Materials and supplies	245,829	65,829	-	65,829
Other	-	1,628	-	1,628
Total operation of plant	675,194	875,045	447,380	427,665
Maintenance of plant				
Salaries	-	10,560	10,560	-
Employee Benefits	-	1,796	1,796	-
Capital Outlay	40,000	40,000	23,845	16,155
Total maintenance of plant	40,000	52,356	36,201	16,155
Administrative Technology Services				
Salaries	65,697	65,587	8,942	56,645
Employee Benefits	18,739	19,055	3,049	16,006
Capital Outlay	620,000	50,000	12,931	37,069
Total administrative technology services	704,436	134,642	24,922	109,720
Community Services				
Salaries	231,476	267,796	36,370	231,426
Employees benefits	-	3,618	3,618	-
Other	-	357,108	31,190	325,918
Total community services	231,476	628,522	71,178	557,344
Capital outlay				
Other capital outlay	-	1,649,785	1,649,785	-
Total capital outlay	-	1,649,785	1,649,785	-
Total expenditures	28,256,956	33,082,747	15,350,290	17,732,457
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the basic financial statements.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Net Position
Proprietary Funds
June 30, 2023

	<u>Business-Type Activities Nonmajor Enterprise Fund Extended Day Care Program</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 767,160
Accounts receivable	25,031
Total Assets	<u><u>792,191</u></u>
Deferred outflows of resources	
Pensions	639,495
Other postemployment benefits	31,285
Total Deferred Outflows of Resources	<u><u>670,780</u></u>
Liabilities	
Current liabilities:	
Salaries and benefits payable	93,841
Accounts payable	27,164
Liability for compensated absences	6,862
Net other postemployment benefits	8,016
Total Current Liabilities	<u><u>135,883</u></u>
Long-Term Liabilities	
Liability for compensated absences	220,378
Net other postemployment benefits	139,367
Net pension liability	1,845,530
Total Noncurrent Liabilities	<u><u>2,205,275</u></u>
Total Liabilities	<u><u>2,341,158</u></u>
Deferred inflows of resources	
Pensions	128,083
Other postemployment benefits	49,080
Total Deferred Inflows of Resources	<u><u>177,163</u></u>
Net position	
Unrestricted (Deficit)	<u><u>\$ (1,055,350)</u></u>

The accompanying notes are an integral part of the basic financial statements.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	<u>Business-Type Activities</u>
	<u>Enterprise Fund Extended Day Care Program</u>
OPERATING REVENUES	
Charges for services	\$ 3,516,637
Total operating revenues	<u>3,516,637</u>
OPERATING EXPENSES	
Salaries	2,245,460
Employee Benefits	547,080
Purchased Services	52,308
Materials and Supplies	69,565
Capital Outlay	11,100
Other	1,111,565
Total operating expenses	<u>4,037,078</u>
Operating loss	<u>(520,441)</u>
Change in net position	(520,441)
Net Position - beginning	-
Adjustments to beginning net position	<u>(534,909)</u>
Net Position - ending	<u>\$ (1,055,350)</u>

The accompanying notes are an integral part of the basic financial statements.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	<u>Business-Type Activities</u>
	<u>Enterprise Fund Extended Day Care Program</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,491,606
Payments to suppliers	(94,709)
Payments to employees	(2,537,367)
Other payments	(1,122,665)
Net cash used by operating activities	<u>\$ (263,135)</u>
Net decrease in cash and cash equivalents	(263,135)
Cash and cash equivalents- Beginning	1,030,295
Cash and cash equivalents- Ending	<u>767,160</u>
Reconciliation of Operating Loss to Net Cash used by Operating Activities	<u>\$ (520,441)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used	
Accounts receivable	(25,031)
Salaries and benefits payable	93,841
Accounts payable	27,164
Compensated absences	149,737
Net pension liability	979,822
Net other post employment benefits	(35,769)
Deferred outflows of resources related to OPEB	3,497
Deferred inflows of resources related to OPEB	26,746
Deferred outflows of resources related to pensions	(59,290)
Deferred inflows of resources related to pensions	(903,411)
Total Adjustments	<u>257,306</u>
Net Cash Used by Operating Activities	<u>\$ (263,135)</u>

The accompanying notes are an integral part of the basic financial statements.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Pension Trust Fund	Private - Purpose Trust Funds	Custodial Funds
Assets			
Cash and cash equivalents	\$ 63,849	\$ 270,171	\$ 2,541,616
Investments			
Mutual funds	7,714,105	-	-
Accounts receivable	-	-	8,906
Inventory	-	-	53,704
Prepaid items	-	-	-
Total assets	\$ 7,777,954	\$ 270,171	\$ 2,604,226
Liabilities			
Due to student organizations	\$ -	\$ -	\$ 112,534
Total liabilities	-	-	112,534
Net position			
Restricted for:			
Pensions	7,777,954	-	-
Held in trust for scholarships	-	270,171	-
Individuals and organization	-	-	2,491,692
Net position	\$ 7,777,954	\$ 270,171	2,491,692

The accompanying notes are an integral part of the basic financial statements.

DISTRICT SCHOOL BOARD OF MARTIN COUNTY, FLORIDA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2023

	Pension Trust Fund	Private - Purpose Trust Funds	Custodial Funds
ADDITIONS			
Contributions:			
Student group collections	\$ -	\$ -	\$ 4,904,579
Total contributions	<u>-</u>	<u>-</u>	<u>4,904,579</u>
Investment Earnings and Losses:			
Interest and dividends	212,607	8,532	-
Gain on sale of investments	532,291	-	-
Net increase in the fair value of investments	(45,832)	-	-
Total additions	<u>699,066</u>	<u>8,532</u>	<u>-</u>
DEDUCTIONS			
Benefit payments	683,133	-	-
Administrative expenses	25,033	-	-
Student group disbursements	-	-	4,789,443
Total deductions	<u>708,166</u>	<u>-</u>	<u>4,789,443</u>
Change in net position	(9,100)	8,532	115,136
Net Position - beginning	<u>7,787,054</u>	<u>261,639</u>	<u>2,376,556</u>
Net Position - ending	<u>\$ 7,777,954</u>	<u>\$ 270,171</u>	<u>\$ 2,491,692</u>

The accompanying notes are an integral part of the basic financial statements.



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District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2023

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NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Martin County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The District School Board of Martin County, Florida (District) is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education (FDOE) and is governed by State law and State Board of Education (SBE) rules. The governing body of the District is the Board, which is composed of five elected members. The appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Martin County.

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

Blended Component Unit

The Martin County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in Note VII B. Due to the substantive economic relationship between the Board and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements. Separate financial statements for the Leasing Corporation are not published.

Discretely Presented Component Units

The Hope Center for Autism, Inc. and Treasure Coast Classical Academy, Inc. (charter schools) are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporation Act, and Section 1002.33, Florida Statutes. The charter schools operate under a charter approved by its sponsor, the Martin County School Board, and are considered to be component units of the District. The District is financially accountable for the charter schools as the District established each charter school by approval of the charter, which is tantamount to the initial appointment of each charter school, and there is the potential for each charter school to provide specific financial burdens on the District. In addition, pursuant to the Florida Constitution, a charter school is a public school and the District is responsible for the operation, control, and supervision of public schools within the District. A copy of the separate financial statements for each charter school is available at the District's administrative office.

The District also considered the Clark Advanced Learning Center Charter School and Indiantown High School operated by Indian River State College for inclusion in its reporting entity; however, because the Clark Advanced Learning Center and Indiantown High School is an operating component of the College and is not a separate legal entity, it does not meet the criteria for inclusion as a District component unit. The charter schools' financial statements were audited by independent certified public accountants and are filed in the District's administrative office, 1939 SE Federal Highway, Stuart, FL 34994.

B. Government-wide and Fund Financial Statements – Basis of Presentation

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

1. Government-wide Financial Statements

Government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information about the School District as a whole. These statements include the non-fiduciary financial activity of the primary government and its component units.

Government-wide financial statements include separate columns for the primary government and its component units. *Governmental activities*, which normally are supported by taxes, and intergovernmental revenues, and other nonexchange transactions are reported separately from business-type activities, which rely to a significant extent on fees charged to external customers for support. Likewise, the primary government is reported separately from the legally separate *component units* for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities and for each segment of the business-type 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 expense, if not specifically associated with a particular function, is 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-supporting or draws from the general revenues of the District.

As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements. Exceptions to this general rule are when eliminations would distort the direct costs and program revenues reported for the various functions concerned and net residual amounts between governmental and business-type activities.

2. Fund Financial Statements

The financial records of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenue and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the District's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. 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. The fiduciary fund statements include financial information for the custodial fund, the pension trust fund, and private purpose trust funds.

District School Board of Martin County, Florida
Notes to the Basic Financial Statements
June 30, 2023

Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund, and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes.
- Special Revenue – Federal Education Stabilization Fund – to account for certain Federal grant program resources provided as emergency relief to address the impact of COVID-19 on elementary and secondary schools.
- Capital Projects – Local Capital Improvement Tax Fund – to account for the financial resources generated by the local capital improvement tax levy to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, maintenance, repairs, and site improvement.
- Capital Projects – Other Capital Projects Fund – to account for the financial resources generated by the local sales surtax, impact fees, fuel tax rebates, and other miscellaneous sources to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, maintenance, repairs, and site improvement.

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

- Enterprise Fund - to account for business-type activities for extended day care services which are provided by the District's elementary schools. This fund is intended to be self-supporting through customer charges.
- Pension Trust Fund – to account for resources used to finance the Early Retirement Plan (ERP).
- Private-Purpose Trust Funds – to account for resources of the following scholarship trust funds: M.H. Correll Research Trust Fund; T.L. Showalter Scholarship Trust Fund; J.M. Phillips, Jr., Memorial Trust Fund; Clara Neuman Scholarship Trust Fund; Dr. Tom Goodman Scholarship Trust Fund; Cecele S. Gryl Trust Fund; and Non-endowment Scholarship Trust Fund.
- Custodial Funds – to account for resources of the school's internal funds which are used to administer moneys collected at the schools in connection with school, student athletic, class, and club activities.

Noncurrent Governmental Assets/Liabilities

Generally accepted accounting principles (GAAP) require noncurrent governmental assets, such as land and buildings, noncurrent governmental liabilities, such as bonds and leases, to be reported in the governmental activities column in the government-wide Statement of Net Position.

C. Measurement Focus and Basis of Accounting

1. Government-wide Financial Statements

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

The government-wide financial statements, the proprietary fund, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GAAP. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an “other financing source”. Amounts paid to reduce the District’s long-term indebtedness are reported as a reduction of related liability, rather than as expenditures.

2. Governmental Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 90 days of the end of the current fiscal year. Taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, other postemployment benefits, and compensated absences, which are recognized when due. Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in governmental fund financial statements, it is the District's policy to use committed resources first, followed by assigned resources, and then unassigned resources as they are needed.

The District occasionally funds outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Consequently, it is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

3. Fiduciary Fund Financial Statements

Fiduciary fund statements include trust funds and custodial funds, which are reported using the economic resources measurement focus and accrual basis of accounting.

4. Proprietary Funds

Services for which the Extended Day Care Program charges a fee are reported in the proprietary funds. Proprietary funds use the accrual basis of accounting, the same, as on the entity-wide statements. Proprietary funds distinguish operating revenues and expenses from nonoperating. Operating revenues and expenses generally result from providing goods and services as a part of normal ongoing operations. The principal operating revenues of the District's Extended Day Program Care charges for extended daycare services. Operating expenses include costs associated with providing daycare services, including salaries, employee benefits, and supplies. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

5. Component Units

The charter schools, shown as discretely presented component units, are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

D. Assets, Liabilities, and Deferred Inflows/Outflows of Resources

1. Deposits and Investments

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by The Federal Depository Insurance Corporation and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The District considers cash as those accounts used as demand deposit accounts and considers cash equivalents as those amounts on deposit in money market funds. Investments classified as cash equivalents include amounts placed in the State Board of Administration's (SBA) Florida Local Government Surplus Funds Trust Fund (Florida PRIME) and the Florida Public Assets for Liquidity Management (FL PALM).

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The Board has a formal investment policy. The purpose of this policy is to set forth the investment objectives and parameters for the management of the District's public funds. These policies are designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices. The District's investment policy limits investments to a maximum of five years or less.

In accordance with Section 218.415, Florida Statutes, this investment policy applies to all cash and investments held or controlled by the District and shall be identified as "Pooled Funds" of the District with the exception of pension funds and funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds. Funds held by State agencies (e.g., Florida Department of Education) are not subject to the provisions of this policy.

The foremost objective of this investment program is the safety of the principal of those funds within the portfolios. Investment transactions shall seek to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value. The second highest priority is liquidity of funds, and the third highest priority is investment income. Section 218.45, Florida Statutes, limits the types of investments that the District can invest in unless specifically authorized in the District's investment policy. The District has a formal investment policy that allows for the following investments: Florida PRIME, United States Government securities, United States Government agencies, Federal instrumentalities (United States Government sponsored agencies), interest bearing time deposit or money market accounts, repurchase agreements, commercial paper, bankers' acceptances, municipal obligations, registered investment companies (money market mutual funds), and intergovernmental investment pools.

Investments consist of amounts placed in SBA Debt Service accounts for investment of debt services moneys, amounts place in FL PALM and with SBA for participation in the Florida PRIME investment pool, and those made locally.

The Florida PRIME investment pool operates under investment guidelines established by Section 215,47, Florida Statutes. The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7 like external investment pool, as of June 30, 2023, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The District also invests in the FL PALM Portfolio, a SEC 2a7 like external investment pool. This investment pool only invests in high quality money market instruments. The Florida PRIME and FL PALM investments are reported at amortized cost.

Investments made locally for the ERP and the Certificates of Participation, Series 2014A and Series 2021 are reported at fair value. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

2. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption in the course of District operations. Warehouse inventories are stated at weighted average unit cost. Food service inventories are stated at the last invoice cost, which approximates the first-in, first-out basis, except that United States Department of Agriculture surplus donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when consumed on government-wide financial statements and as expenditures when purchased on fund financial statements. However, inventory and prepaid balances are offset on the balance sheet by nonspendable fund balance

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accounts to indicate that they do not constitute available expendable resources, even though they are components of current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures when consumed.

3. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000 and having a useful life of two years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value on the date of donation. Buildings and capital equipment totaling \$21,138,038 acquired or constructed prior to the 1979-80 fiscal year are stated at estimated historical cost using FDOE average square foot construction costs for the year of acquisition or construction.

Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

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

<u>Assets</u>	<u>Years</u>
Improvements Other Than Buildings	10 - 40
Buildings and Fixed Equipment	50
Furniture, Fixtures, and Equipment	3 - 15
Motor Vehicles	5 - 10
Audio Visual Materials and Software	3 - 5

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then. The District has three items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second and third, deferred outflows of resources related to pensions and OPEB, are discussed in subsequent notes.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District had two items that qualify for reporting in this category. The deferred inflows of resources related to pensions and OPEB are discussed in subsequent notes.

5. Compensated Absences

The District accrues accumulated unpaid vacation and sick leave when earned by the employee. The District's employee vacation and sick leave policies provide for the granting of a specific number of days of vacation based on years of service and governed by applicable labor contracts and sick leave with pay per each month of employment. Employees will be paid in one lump sum for accrued annual (vacation) leave as of last day of employment not to exceed the 60-day maximum allowable balance. A maximum of 500 hours of annual leave may be accrued by employees, except those with balances exceeding 500 as of June 30, 1988, which will be the balance accrued as of June 30, 1988. Compensated absences are reported in the governmental funds only if they have matured. The amount estimated to be paid in the following year is the current amount. The amount estimated to be paid in subsequent fiscal years is the noncurrent amount. The current and noncurrent amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentations. A liability is reported in the governmental fund financial statements only for the current portion of compensated absences expected to be paid using expendable available resources.

6. Other Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

7. Pensions

In the government-wide statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan, the Health Insurance Subsidy (HIS) defined benefit plan, and the ERP and additions to/deductions from the net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The District's retirement plans and related amounts are described in a subsequent note.

8. Other Postemployment Benefits Obligation

The Other Postemployment Benefits Plan (OPEB) is a single-employer defined benefit plan administered by the District. The OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense are reported in the government-wide statement of net position. OPEB expense is recognized when due. The District's OPEB plans and related amounts are described in a subsequent note.

E. Revenue Sources

1. State Revenue Sources

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

The State provides financial assistance to administer certain educational programs. State Board of Education (SBE) rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same educational programs. The FDOE generally requires these educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the balance of categorical and earmarked educational program resources.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the District on an annual basis. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE. A schedule of revenues from State sources for the current year is presented in a subsequent note.

2. District Property Taxes

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

Property taxes consist of ad valorem taxes on real and personal property within the District. Property values are determined by the Martin County Property Appraiser, and property taxes are collected by the Martin County Tax Collector.

The Board adopted the 2022 tax levy on September 6, 2022. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

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

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Martin County Tax Collector at fiscal year-end but not yet remitted to the District. Because any delinquent taxes collected

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after June 30 would not be material, delinquent taxes receivable are not accrued and no delinquent tax revenue deferral is recorded. Millage and taxes levied for the current year are presented in Note III.

3. Federal Revenue Sources

The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. The FDOE may require adjustments to subsequent fiscal period expenditures and related revenues based upon an audit of the District's compliance with applicable Federal awards requirements. Normally, such adjustments are treated as reductions of expenditures and related revenues in the fiscal year when the adjustments are made.

4. Educational Impact Fees

The District receives educational impact fees based on an ordinance adopted by the Martin County Commission on July 25, 1995, and amended on February 5, 2008. The educational impact fees are collected by the County for newest residential construction. The fees shall be used solely for the purpose of capital costs of educational facilities, including repayment of indebtedness for such facilities. The authorized uses include, but are not limited to, school planning and design, land acquisition, site improvements, buildings, and capital equipment with an expected useful life of 3 years or longer but excludes maintenance and operations.

5. Voted Additional Millage

In August 2018, the voters of Martin County approved a one-half mill ad valorem tax increase in the county for 4 years, effective July 1, 2018, to pay for essential operating expenses in accordance with Section 1011.71(9), Florida Statutes. This Millage was subsequently reauthorized by the voters in August 2022 for another four years. Revenues are to be used to fund school safety and security for all schools, mental health programs, recruiting and retaining highly qualified teachers, professional development for teachers and staff, and academic initiatives.

6. Capital Outlay Surtax

In November 2018, the voters of Martin County approved a one-half cent school capital outlay surtax on sales in the County for 7 years, effective January 1, 2019, to pay for critical capital needs in accordance with Section 212.055(6), Florida Statutes. Revenues will be used to fund security upgrades and enhancements at all schools, replace Jensen Beach Elementary and Palm City Elementary, and repair or renovate District-owned school buildings.

F. FUND BALANCE REPORTING

The District reports its governmental fund balances in the following categories, as applicable:

Nonspendable

The net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. Examples of items that are not in spendable form include inventory, prepaid amounts, long-term amounts of loans and notes receivable, and property acquired for resale. The District classifies its amounts reported as inventories and prepaid amounts as nonspendable.

Restricted

The portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws, or regulations of other governments, constitutional provisions, or enabling legislation. Restricted fund balance places the most binding level of constraint on the use of fund balance. The District classifies most of its fund balances other than General Fund as restricted, as well as unspent State categorical and earmarked educational funding, and earmarked local voted millage levy funds reported in the General Fund, that are legally or otherwise restricted.

Committed

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority (i.e., the Board). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to previously commit the amounts.

Assigned

The portion of fund balance that is intended to be used for specific purposes but is neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by an authorized government body or official, but the constraint imposed does not satisfy the criteria to be classified as restricted or committed. The District does not have a policy regarding the assignment of fund balance. The Board authorizes the Superintendent and the Assistant Superintendent of Finance to assign fund balance by approval of the annual financial report.

Unassigned

The portion of fund balance that is residual classification for the General Fund. This balance represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes. A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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The following is a schedule of fund balances by category as of June 30, 2023:

	<u>Major Funds</u>				<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital Projects - Local Capital Improvement</u>	<u>Capital Projects - Other Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	
Fund Balances					
Nonspendable:					
Inventories	\$ 521,956	\$ -	\$ -	\$ 302,833	\$ 824,789
Prepaid Items	87,572	-	-	-	87,572
Restricted:					
State Required Carryover	2,774,306	-	-	-	2,774,306
Food Service	-	-	-	6,753,126	6,753,126
Debt Service	-	-	-	2,199,052	2,199,052
Capital Projects	-	86,245,364	75,190,336	5,441,689	166,877,389
Voted Millage Initiatives	12,628,093	-	-	-	12,628,093
Other Purposes	945,451	-	-	-	945,451
Committed:					
Self-Insurance Funding	3,669,825	-	-	-	3,669,825
Covid-19 Insurance Reimbursement	1,003,168	-	-	-	1,003,168
Board Initiative	2,130,196	-	-	-	2,130,196
Assigned:					
Encumbrances	631,644	-	-	-	631,644
Other Assigned	6,000,000	-	-	-	6,000,000
Unassigned	10,755,987	-	-	-	10,755,987
Total Fund Balances	<u>\$ 41,148,198</u>	<u>\$ 86,245,364</u>	<u>\$ 75,190,336</u>	<u>\$ 14,696,700</u>	<u>\$ 217,280,598</u>

Minimum Fund Balance Policy

On March 24, 2015, the District revised School Board Policy 6210, which provides that the Board shall strive to maintain a fund balance in its operating funds equal to five (5) percent of the annual resources that are not classified as restricted, committed, or non-spendable.

G. ACCOUNTING CHANGE

Change in Accounting Principle. The District previously accounted for its Extended Day Care Program in the General Fund. During the 2022-23 fiscal year, the District changed its accounting for the Extended Day Program to a business-type activity accounted for as an enterprise fund because it is intended to recover all or a significant portion of its costs through user fees and charges. The adjustments to beginning net position and fund balances are summarized below:

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Net Position/Fund Balances	Governmentwide Statement of Activities	Governmental Funds - General Fund	Business-Type Activities - Enterprise Funds
Adjustment for Cumulative Extended Day Program Assets (Cash and Cash Equivalents)	\$ (1,030,295)	\$ (1,030,295)	\$ 1,030,295
Adjustment for Extended Day Employee Compensated Absences Liability	77,503	-	(77,503)
Adjustment for Extended Day Employee Other Postemployment Benefits Payable	170,704	-	(170,704)
Adjustment for Extended Day Employee Net Pension Liability	1,316,997	-	(1,316,997)
Adjustment to Restate Beginning Balances	<u>\$ 534,909</u>	<u>\$ (1,030,295)</u>	<u>\$ (534,909)</u>

H. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States, as applicable to governmental units, requires management to make use of estimates that affect the reported amounts in the combined financial statements. Actual results could differ from estimates.

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

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

1. Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and SBE rules.
1. Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each function level (e.g., instruction, student support services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.
2. Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
3. Appropriations for the District lapse at the close of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget.
4. Formal budgetary integration is used as a management control device for all funds of the District.

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NOTE III - PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2022 tax roll for the 2022-23 fiscal year:

	Millages	Taxes Levied
General Fund		
Nonvoted School Tax:		
Required Local Effort	3.240	\$ 100,380,647
Basic Discretionary Local Effort	0.748	23,174,298
Voted School Tax:		
Voted Additional Millage	0.500	15,490,841
Capital Projects - Local Capital Improvement Fund		
Nonvoted Tax:		
Local Capital Improvements	1.500	46,472,522
Total	5.988	\$ 185,518,308

NOTE IV – INVESTMENTS

As of June 30, 2023, the District had the following investments and maturities:

Investments	Maturities	Fair Value
State Board of Administration:		
Florida PRIME ⁽¹⁾	37 Day Average	\$ 54,563,163
Debt Service Accounts ⁽²⁾	6 Months	35,034
Florida Palm Public Assets ⁽¹⁾	28 Day Average	25,426,552
Wells Fargo Cash with Fiscal Agent ⁽¹⁾⁽³⁾	19 Day Average	6,022,764
U.S. Government Issues ⁽²⁾	N/A	14,589,365
US Bank Money Market Fund ⁽¹⁾	20 Day Average	63,849
Mutual Funds - Equity ⁽²⁾	N/A	5,062,110
Mutual Funds - Fixed Income ⁽²⁾	N/A	2,651,995
Total Investments, Primary Government		\$ 108,414,832

- (1) These investments are reported as cash equivalents for financial statement reporting purposes.
- (2) The quoted prices for identical assets in the active market was used to determine the fair value (Level 1 inputs).
- (3) These investments are held by fiscal agent for the COP Series 2014A and Series 2021.

A reconciliation of cash and investments as shown on the Statement of Net Position and fiduciary funds follows:

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		<u>Statement of Net Position</u>
Fair Value of Investments		\$ 108,414,832
Cash in Bank		132,828,416
Total		<u>\$ 241,243,248</u>
Cash and Cash Equivalents - Statement of Net Position	\$ 210,006,344	
Cash with Fiscal Agents - Statement of Net Position	6,022,764	
Cash and Cash Equivalents - Fiduciary Funds	<u>2,875,636</u>	
Total Cash and Cash Equivalents		\$ 218,904,744
Investments - Statement of Net Position	\$ 14,624,399	
Investments - Fiduciary Funds	<u>7,714,105</u>	
Total Investments		<u>22,338,504</u>
Total		<u><u>\$ 241,243,248</u></u>

Fair Value Measurement

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District’s investment policy provides that investments of current operating funds shall have maturities of no longer than twelve (12) months. Investments of reserves, project funds, debt proceeds, and other non-operating funds (“core fund”) shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years and the average duration of the funds as a whole may not exceed three (3) years.

The District utilizes “weighted average maturity” as a measurement of interest rate risk and as of June 30, 2023, the investment portfolio had a weighted average maturity of 0.14 years.

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on the liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund, to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene and emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such

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measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.” As of June 30, 2023, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(16), Florida Statutes, provides the authority to invest in the SBA Local Government Surplus Funds, Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, and limits investments in money market funds to Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and investments in interest-bearing time deposits to qualified public depositories, as defined in Section 280.02, Florida Statutes, and direct obligations of the United States Treasury.

The District invested available certificate of participation funds in AAAM-rated money market funds.

The District’s investment policy permits for investments in the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as follows:

- The Florida PRIME shall be rated “AAAm” or “AAAm-G” or better by Standards & Poor’s or the equivalent by another Nationally Recognized Statistical Ratings Organization (NRSRO).
- Commercial paper of any United States company that is rated, at the time of purchase, Prime-1 by Moody’s Investors Service and “A-1” by Standard & Poor’s (prime commercial paper).
- Bankers’ acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated, at a minimum, “P-1” by Moody’s and “A-1” Standard & Poor’s.
- Municipal obligations rated at least “A” by Moody’s and “A” by Standard & Poor’s for long-term debt, or rated at least “MIG-1” by Moody’s and “SP-1” by Standard & Poor’s for short-term debt. Stripped municipal obligations are prohibited.
- Registered investment companies (money market mutual funds) shall be rated “AAAm” by Standard & Poor’s or the equivalent by another NRSRO.
- Intergovernmental investment pools shall be rated “AAAm” by Standard & Poor’s or the equivalent NRSRO.

The District’s Early Retirement Trust Fund investment policy authorizes the following investments: Domestic and international equities, investment grade fixed income securities, and a not to exceed 30 percent of the overall portfolio in other assets, such as hedge funds, private equity, real estate, and commodities when deemed appropriate. Cash equivalents shall be held in funds complying with Rule 2(a)-7 of the Investment Company Act of 1940.

The District’s investments in SBA Debt Service accounts are to provide for debt service payments on bond debt issued by the SBE for the benefit of the District. The District relies on policies developed by

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SBA for managing interest rate risk and credit risk for this account. Disclosures for the Debt Service accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

As of June 30, 2023, the District's money market funds were individually rated AAAM by Standard & Poor's. The FL PALM was rated AAAM by Standard & Poor's and fixed income and equity mutual funds are not rated. Florida PRIME was rated AAAM by Standard & Poor's.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in book entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State as defined in Section 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. The District's investments in obligations of the United States Government agencies and instrumentalities and corporate debt securities are held by the safekeeping agent, in the name of the District. As of June 30, 2023, the District's investment portfolios were held with a third-party custodian as required by the District's investment policy.

The District's Early Retirement Trust Fund investment policy and Certificates of Participation, Series 2014A, Series 2021, trust agreement, require securities in those funds to be held by a safekeeping agent in the name of the District.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy has established asset allocation and issuer limits on the following investments which are designed to reduce concentration of credit risk of the District's investment portfolio. A maximum of 25 percent of available funds may be invested in the Florida PRIME, 100 percent of available funds may be invested in United States Government Securities, 50 percent of available funds may be invested in United States Government agencies with a 25 percent limit on individual issuers, 75 percent of available funds may be invested in Federal instrumentalities with a 30 percent limit on individual issuers, 50 percent of available funds may be invested in interest-bearing time deposit or money market accounts with a 25 percent limit on individual issuers, 50 percent of available funds may be invested in repurchase agreements with a 25 percent limit on individual issuers, 35 percent of available funds may be invested in commercial paper with a 10 percent limit on individual issuers, 25 percent of available funds may be invested in bankers' acceptances with a 5 percent limit on individual issuers, 25 percent of available funds may be invested in municipal obligations, 75 percent of available funds may be invested in registered investment companies (money market mutual funds) with a 50 percent

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limit of individual issuers, 75 percent of available funds may be invested in intergovernmental investment pools with a 50 percent limit on individual issuers.

The District's Early Retirement Plan (Plan) is governed by a separate investment policy that limits investment in equities to 85 percent of the total portfolio and limits the investment in any single issuer to 5 percent of the total portfolio. No investment by any one issuer represents 5 percent or more of the Plan's assets.

NOTE V – DUE FROM OTHER GOVERNMENTAL AGENCIES

As of June 30, 2023, the District has a total of \$6,002,332 due from other agencies as follows:

- General Fund - \$394,431
\$230,783 is due from the Department of Children and Families for Medicaid Reimbursement.
\$14,819 is due from the Federal Government for various grants and programs.
\$60,402 is due from the Department of Health-Martin County.
\$62 is due from the Martin County Tax Collector for bank interest.
\$88,365 is due from the Martin County/Hobe Sound Fish and Wildlife Refuge.

- Special Revenue – Food Services Fund - \$284,097
\$284,097 is due from the Department of Agriculture for the Summer Feeding Program.

- Special Revenue – Other Federal Programs Fund - \$583,813
\$583,813 is due from the Federal government for various grants and programs.

- Special Revenue – Federal Education Stabilization Fund - \$2,097,191
\$2,097,191 is due from the Federal government for various grants and programs.

- CO&DS – Capital Outlay and Debt Service Program - \$794
\$794 is due from the Department of Education.

- Capital Projects – Local Capital Improvement Tax Fund - \$21
\$21 is due from the Martin County Tax Collector for bank interest.

- Capital Projects – Other Capital Projects Fund - \$2,641,985
\$1,837,477 is due from the State of Florida for local sales tax levy collections.
\$676,124 is due from the Martin County Tax Collector for impact fee collections.
\$117,200 is due from for various grants and programs.
\$11,184 is due from the Florida Department of Revenue for the Fuel Tax Refund.

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NOTE VI - CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	<u>Balance</u> <u>7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u> <u>(1)</u>	<u>Balance</u> <u>6/30/2023</u>
GOVERNMENTAL ACTIVITIES					
Capital Assets Not Being Depreciated:					
Land	\$ 12,401,732	\$ -	\$ -	\$ -	\$ 12,401,732
Construction in Progress	46,149,635	57,293,358	-	(5,854,063)	97,588,930
Subtotal	<u>58,551,367</u>	<u>57,293,358</u>	<u>-</u>	<u>(5,854,063)</u>	<u>109,990,662</u>
Capital Assets Being Depreciated:					
Improvements Other Than Buildings	27,803,057	-	-	1,105,824	28,908,881
Buildings and Fixed Equipment	501,048,334	-	-	4,748,239	505,796,573
Furniture, Fixtures, and Equipment	32,164,495	4,548,894	1,676,886	-	35,036,503
Motor Vehicles	12,764,208	808,876	106,072	-	13,467,012
Audio Visual Materials and Software	4,429,040	-	-	-	4,429,040
Subtotal	<u>578,209,134</u>	<u>5,357,770</u>	<u>1,782,958</u>	<u>5,854,063</u>	<u>587,638,009</u>
Less Accumulated Depreciation for:					
Improvements Other Than Buildings	17,209,990	1,009,340	-	-	18,219,330
Buildings and Fixed Equipment	180,971,913	9,829,008	-	-	190,800,921
Furniture, Fixtures, and Equipment	28,355,240	1,053,084	1,666,381	-	27,741,943
Motor Vehicles	10,270,813	1,046,096	123,151	-	11,193,758
Audio Visual Materials and Software	4,429,040	-	-	-	4,429,040
Total Accumulated Depreciation	<u>241,236,996</u>	<u>12,937,528</u>	<u>1,789,532</u>	<u>-</u>	<u>252,384,992</u>
Depreciable Capital Assets - Net	<u>336,972,138</u>	<u>(7,579,758)</u>	<u>(6,574)</u>	<u>5,854,063</u>	<u>335,253,017</u>
Governmental Activities Capital Assets, Net	<u>\$ 395,523,505</u>	<u>\$ 49,713,600</u>	<u>\$ (6,574)</u>	<u>\$ -</u>	<u>\$ 445,243,679</u>

Note: (1) Transfers are a result of Construction in Progress being allocated to related assets.

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Depreciation expense was charged to functions/programs of the District as follows:

GOVERNMENTAL ACTIVITIES	
Instruction	\$ 3,566,412
Student Support Services	25,161
Instructional Media Services	189,917
Instruction and Curriculum Development Services	2,089
Instruction Related Technology	366,231
General Administration	3,055
School Administration	392,105
Facilities Services	2,691,043
Fiscal Services	52,553
Food Services	793,250
Central Services	39,345
Student Transportation Services	832,458
Operation of Plant	3,204,391
Maintenance of Plant	252,733
Administrative Technology Services	526,598
Community Services	<u>187</u>
Total Depreciation Expense	<u><u>\$ 12,937,528</u></u>

NOTE VII – LONG-TERM OBLIGATIONS

A. CERTIFICATES OF PARTICIPATION

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

As a condition of the financing arrangement, the District has given a ground lease on District property to the Leasing Corporation, with a rental fee of \$1 per year. The property covered by the ground lease is, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the site included under the Ground Lease Agreement for the benefit of the securers of the Certificates for a period of time specified by the arrangement which may be up to 30 years from the date of inception of the arrangement. The initial terms of the lease agreement for the Series 2005A is 20 years commencing on December 2005. The initial term of the Series 2014A, Refunding is 18 years. The District property included in the ground lease under this arrangement is the Dr. David L. Anderson Middle School.

The District entered into a financing arrangement on July 1, 2021, which was characterized as a lease-purchase agreement, with the Leasing Corporation, whereby the District secured financing for the acquisition, construction, and installation of certain education facilities in the total amount of \$40,000,000.

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The financing was accomplished through the issuance of Certificates of Participation, Series 2021. The initial term of the Series 2021 is 5 years. The District properties included in the ground lease under this arrangement are Jensen Beach Elementary School and Palm City Elementary School.

The lease payments are payable by the District, semiannually, on July 1 and January 1 at interest rates ranging from 3.0 to 5.0 percent.

The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 11,045,000	\$ 2,016,906	\$ 13,061,906
2025	11,595,000	1,450,906	13,045,906
2026	12,170,000	856,782	13,026,782
2027	2,025,000	522,156	2,547,156
2028	2,085,000	439,656	2,524,656
2029-2032	9,255,000	872,459	10,127,459
Total Minimum Lease Payments	48,175,000	6,158,865	54,333,865
Plus: Unamortized Premium	4,566,946	-	4,566,946
Total	\$ 52,741,946	\$ 6,158,865	\$ 58,900,811

B. BONDS PAYABLE

Bonds payable as of June 30, 2023, are as follows:

Bond Type	Interest Rates	Annual Maturity to	Amount Outstanding
State School Bonds:			
Series 2014A	5%	2024	\$ 247,000
Series 2017A	3 - 5%	2028	1,083,000
Total			\$ 1,330,000

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

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State School Bonds

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

Annual requirements to amortize all bonded debt outstanding as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 530,000	\$ 64,820	\$ 594,820
2025	306,000	38,320	344,320
2026	332,000	23,020	355,020
2027	78,000	6,420	84,420
2028	84,000	2,520	86,520
Total	\$ 1,330,000	\$ 135,100	\$ 1,465,100

C. CHANGES IN LONG-TERM LIABILITIES

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

GOVERNMENTAL ACTIVITIES	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023	Due in One Year	Due after One Year
Certificates of Participation	\$ 58,695,000	\$ -	\$ 10,520,000	\$ 48,175,000	\$ 11,045,000	\$ 37,130,000
Unamortized Premiums	5,708,859	-	1,141,913	4,566,946	1,141,913	3,425,033
Total Certificates of Participation Payable	64,403,859	-	11,661,913	52,741,946	12,186,913	40,555,033
Bonds Payable	2,031,000	-	701,000	1,330,000	530,000	800,000
Compensated Absences Payable (1)	10,889,559	2,624,849	914,682	12,599,726	914,682	11,685,044
Other Postemployment Benefits Obligation (1)	51,848,676	2,318,796	12,444,698	41,722,774	2,269,139	39,453,635
Net Pension Liability (1)	56,003,147	102,930,276	39,545,015	119,388,408	-	119,388,408
Total Governmental Activities	\$ 185,176,241	\$ 107,873,921	\$ 65,267,308	\$ 227,782,854	\$ 15,900,734	\$ 211,882,120
BUSINESS-TYPE ACTIVITIES	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023	Due in One Year	Due after One Year
Other Postemployment Benefits Obligation (1)	183,152	8,191	43,960	147,383	8,016	139,367
Compensated Absences Payable (1)	77,503	156,599	6,862	227,240	6,862	220,378
Net Pension Liability (1)	865,708	1,591,117	611,295	1,845,530	-	1,845,530
Total Business-Type Activities	\$ 1,126,363	\$ 1,755,907	\$ 662,117	\$ 2,220,153	\$ 14,878	\$ 2,205,275

Note: (1) The beginning balance was adjusted to reflect a change in accounting principle. See Note I.G.

For the governmental activities, compensated absences, and pensions are liquidated with resources of the General Fund, and other postemployment benefits are generally liquidated with resources of the General Fund and special revenue funds. Compensated absences, pensions, and other postemployment benefits for business-type activities are generally liquidated with resources of the enterprise fund.

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NOTE VIII - INTERFUND TRANSFERS AND ACTIVITIES

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 6,315,663	\$ -
Capital Projects:		
Local Capital Improvement Tax	3,032,202	8,137,742
Other Capital Projects	256,560	13,828,512
Nonmajor Governmental Funds	<u>13,117,967</u>	<u>756,138</u>
Total	<u>\$ 22,722,392</u>	<u>\$ 22,722,392</u>

The purpose of the transfer out from the nonmajor governmental funds to the General Fund was for charter school PECO required disbursements. The purpose of the transfer out from Local Capital Improvement Tax Fund to the General Fund was for maintenance and property and casualty insurance. Transfers out from the Local Capital Improvement Tax Fund and the Capital Projects – Other Capital Outlay Fund to the Debt Service – Other Fund was made in order to make the required interest and principal payments on the 2014A and Series 2021 Certificates of Participation.

Due to/from other funds consisted of the following balances as of June 30, 2023:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 712,667	\$ -
Special Revenue - Federal Education Stabilization	-	477,014
Nonmajor Governmental Funds	<u>-</u>	<u>235,653</u>
Total Interfund	<u>\$ 712,667</u>	<u>\$ 712,667</u>

The amounts payable to the General Fund are to cover temporary cash shortages, related to timing of receipts.

NOTE IX – EMPLOYEE BENEFITS

The following is a summary of the balances reported in the government-wide statements for the District’s pension plans:

<u>Defined Benefit Pension Plans</u>	<u>Net Pension Liability</u>	<u>Net Pension Asset</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Florida Retirement System	\$ 87,820,054	\$ -	\$ 35,503,080	\$ 1,278,618
HIS Pension Plan	33,413,884	-	6,505,719	7,135,244
Early Retirement Plan	-	796,288	1,462,266	1,116,279
Total	<u>\$ 121,233,938</u>	<u>\$ 796,288</u>	<u>\$ 43,471,065</u>	<u>\$ 9,530,141</u>

A. FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT PENSION PLAN

General Information about the FRS. The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan.

Chapter 112, Florida Statutes, established the Retiree HIS Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance. Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing multiple-employer defined benefit plans and other non-integrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The District’s FRS and HIS pension expense totaled \$14.5 million for the fiscal year ended June 30, 2023.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- Regular – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers – Members who hold specified elective offices in local government.
- Senior Management Service – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

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The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>Percent Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2022-23 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer ⁽¹⁾</u>
FRS, Regular	3.00	11.91
FRS, Elected County Officers	3.00	57.00
FRS, Senior Management Service	3.00	31.57
DROP – Applicable to Members from all of the Above Classes	N/A	18.60
FRS, Reemployed Retiree	(2)	(2)

Notes:

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

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

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The District’s contributions to the Plan totaled \$11,252,951 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of June 30, 2023, the District reported a liability of \$87,820,054 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District’s proportionate share of the net pension liability was based on the District’s 2021-22 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. As of June 30, 2022, the District’s proportionate share was 0.236024430 percent, which was a decrease of 0.0016373 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized a pension expense of \$12,813,536 related to the Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 4,170,945	\$ -
Change of Assumptions	10,815,407	-
Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments	5,798,747	-
Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions	3,465,030	1,278,618
District FRS Contributions Subsequent to the Measurement Date	11,252,951	-
Total	<u>\$ 35,503,080</u>	<u>\$ 1,278,618</u>

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$11,252,951, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ 5,618,218
2025	2,512,140
2026	(918,979)
2027	15,011,204
2028	748,928
Total	\$ 22,971,511

Actuarial Assumptions. The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2022, valuation was based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

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Asset Class	Target Allocation ⁽¹⁾	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
Total	100%			
Assumed inflation - Mean			2.4%	1.3%

Note:

(1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 6.7 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2022 valuation was updated from 6.8 percent to 6.7 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.7 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.7 percent) or 1-percentage-point higher (7.7 percent) than the current rate:

	1% Decrease (5.7%)	Current Discount Rate (6.7%)	1% Increase (7.7%)
District's Proportionate Share of the Net Pension Liability	\$ 151,878,747	\$ 87,820,054	\$ 34,259,367

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered

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retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2023, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$2,107,208 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the District reported a net pension liability of \$33,413,884 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within one year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net pension liability was based on the District's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At June 30, 2022, the District's proportionate share was 0.315475406 percent, which was a decrease of 0.00178036 percent from its proportionate share measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized the HIS Plan pension expense of \$1,671,275. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,014,190	\$ 147,024
Change of Assumptions	1,915,305	5,169,107
Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments	48,376	-
Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions	1,420,640	1,819,113
District HIS Contributions Subsequent to the Measurement Date	<u>2,107,208</u>	<u>-</u>
Total	<u>\$ 6,505,719</u>	<u>\$ 7,135,244</u>

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$2,107,208 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ (657,496)
2025	(398,349)
2026	(232,301)
2027	(319,992)
2028	(792,647)
Thereafter	<u>(335,948)</u>
Total	<u>\$ (2,736,733)</u>

Actuarial Assumptions. The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.54 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

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Discount Rate. The discount rate used to measure the total pension liability was 3.54 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 2.16 percent to 3.45 percent.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 3.54 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
District's Proportionate Share of the Net Pension Liability	\$ 38,228,227	\$ 33,413,884	\$ 29,430,115

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

B. FRS – Defined Contribution Pension Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA’s annual financial statements and in the State’s Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member’s account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members.

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Allocations to the Investment Plan member accounts during the 2022-23 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	9.30
FRS, Elected County Officers	14.34
FRS, Senior Management Service	10.67

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The District’s Investment Plan pension expense totaled \$4.6 million for the fiscal year ended June 30, 2023.

C. EARLY RETIREMENT PLAN

Plan Description. As authorized by Section 1012.685, Florida Statutes, the Board implemented an Early Retirement Plan (ERP) effective July 1, 1986. The ERP is a single-employer defined benefit pension plan. The Board administers ERP assets in a Pension Trust Fund and is responsible for their investment. The Board acts as the administrative agent for the ERP. The ERP does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or another entity.

Benefits Provided.

The ERP provides District employees, who elected to retire under the early retirement provisions of the FRS, described in Note IX A, with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement proceeds the normal retirement. The amount of the monthly benefits will be equal to the reduction imposed on the retirement benefit by the FRS due to early retirement and will increase annually at the rate of 3 percent.

Employees Covered by Benefit Terms.

As of June 30, 2023, employee membership data related to the Plan were as follows:

Summary of Population Statistics

Inactive ERP or Beneficiaries Currently Receiving Benefits	64
Inactive ERP Members Entitled to But Not Yet Received Benefits	-
Active ERP Employees	<u>-</u>
Total	<u><u>64</u></u>

The ERP is closed to new entrants.

Contributions.

The ERP was established by the Board on July 1, 1986, and may be amended by Board action. Pursuant to the ERP agreement, no contributions shall be required or permitted from any member. Board contributions shall be sufficient to meet the annual pension cost of the ERP and to amortize the unfunded actuarial accrued liability within 20 years based on an actuarial study. Subsequent changes in the level of the liability due to plan amendments or changes in actuarial assumptions are to be amortized on a straight-line basis over a period of 20 years.

All of the assets in the District’s Pension Trust Fund are legally required reserves. None of the assets have been designated by the Board for any other specific purpose. No contributions were made in the current year, accordingly, there are no deferred outflows of resources for contributions made after the measurement date and before the end of the fiscal year.

Costs of administering the ERP are financed through the ERP’s resources (employer contributions and investment earnings).

Investments.

Investment Policy

The ERP’s investment policy is established and may be amended by the Board. The policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from drastically shifting asset class allocations over short time spans. The ERP’s investment policy was amended on July 14, 2015, and is discussed in Note IV.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.09 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset).

The District’s net pension liability (asset) was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021. Update procedures were used to determine the net pension liability (asset) as of June 30, 2022.

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The components of the net pension liability (asset) of the ERP as of June 30, 2023, were as follows:

Total Pension Liability	\$ 6,990,766
Plan Fiduciary Net Position	<u>7,787,054</u>
Net Pension Liability (Asset)	<u>\$ (796,288)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	111.39%

Actuarial Assumptions.

The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurements:

Investment Rate of Return	5.5%
Projected Salary Increases	Not Applicable
Inflation Rate	2.5%
Postemployment Benefit Increases	3.0%

Mortality rates are the same as used in the July 1, 2019, actuarial valuation of the Florida Retirement System for K-12 Instructional Regular Class members.

The long-term expected rate of return on the ERP investments was determined using an economic building block approach that projects economic and corporate profit growth and takes into consideration the fundamental factors driving long-term real economic growth, our expectation for inflation, productivity, and labor force growth.

The long-term real expected rate of return of the ERP is 5.5 percent. The geometric real rates of return for each major asset class included in the ERP target allocation as of June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity Investments	65%
Fixed Income Securities	<u>35%</u>
Total	<u><u>100%</u></u>

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<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	7.70%
International Equity	7.50%
Emerging Markets Equity	7.50%
Core Fixed Income	4.00%
Investment Grade Corporate	5.00%
High Yield	5.20%
Emerging Markets Debt	5.70%

Discount Rate.

The single discount rate of 5.5 percent was used to measure the total pension liability. This single discount rate was based solely on the long-term expected rate of return on pension plan investments of 5.5 percent, without any requirement to incorporate municipal bond yields. The District complies with the State Statutes by making contributions to the trust in the amounts at least equal to the Actuarially Determined Contribution. Based on the current funded status and contribution policy, the ERP is expected to remain fully funded until all benefits are paid and, consequently, the pension plan's fiduciary net position together with the future contributions are expected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset).

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at June 30, 2022	\$ 7,498,390	\$ 9,798,049	\$ (2,299,659)
Changes for the year:			
Interest	393,487	-	393,487
Differences between expected and actual experience	(212,944)	-	(212,944)
Net investment income	-	(1,308,264)	1,308,264
Benefit payments, including refunds of employee contributions	(688,167)	(688,167)	-
Administrative expense	-	(14,564)	14,564
Net Changes	<u>(507,624)</u>	<u>(2,010,995)</u>	<u>1,503,371</u>
Balances at June 30, 2023	<u>\$ 6,990,766</u>	<u>\$ 7,787,054</u>	<u>\$ (796,288)</u>

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Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.

The following presents the net pension liability (asset) of the Plan calculated using the discount rate of 5.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.5 percent) or 1 percentage point higher (6.5 percent) than the current rate:

	<u>1% Decrease</u> <u>(4.5%)</u>	<u>Current Rate</u> <u>(5.5%)</u>	<u>1% Increase</u> <u>(6.5%)</u>
Net Pension Liability	\$ (266,128)	\$ (796,288)	\$ (1,264,515)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

For the year ended June 30, 2023, the District recognized a negative pension expense of \$395,494.

As of June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the ERP from the following sources:

<u>Description</u>	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 1,462,266	\$ 1,116,279

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the ERP will be recognized in pension expense as follows:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Deferred</u> <u>Inflows, Net</u>
2024	\$ (19,367)
2025	(5,599)
2026	5,385
2027	<u>365,568</u>
Total	<u>\$ 345,987</u>

D. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to Section 112.0801, Florida Statutes, the District must offer similar health care benefits for retired employees as it does to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees for health, dental, vision, and life insurance benefits. These rates provide an implicit subsidy for retirees because, on

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an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. Additionally, certain retirees receive insurance coverage at a lower (explicitly subsidized) premium rate than active employees. All of the District’s employees may become eligible for those benefits if they reach normal retirement age (as defined by the pension or investment option) and have at least 6 years of service with the District and are activating their pension upon separation from service. Also, in accordance with union contracts and District policy, the District pays 25 percent of this benefit for employees with 15 years of service, 50 percent for employees with 20 years of service, 75 percent for employees with 25 years of service, and 100 percent for employees with 30 years of service for those employees that retire and are under the age of 65 and not eligible for Medicare. For retirees over the age 65 or Medicare eligible, with 15 or more years of service with the District that were hired on or before June 30, 2011, and either (1) receive medical insurance benefit through the District as of December 31, 2015, or (2) the employee retires on or after December 31, 2015, will receive a District Health Insurance Subsidy in the amount of \$5 per month for each year of service for a maximum of 30 years. All service must be within the District. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The OPEB Plan does not issue a stand-alone report and is not included in the report of a public employee retirement system or another entity. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended through action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The OPEB Plan provides for healthcare and life insurance coverage benefits for retirees and their dependents. The OPEB Plan provides an explicit subsidy as described above.

Employees Covered by Benefit Terms. As of June 30, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	1,014
Active Employees	<u>2,129</u>
Total	<u><u>3,143</u></u>

Total OPEB Liability. The District’s total OPEB liability of \$41,870,157 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021, and update procedures were used to determine the total OPEB liability as of June 30, 2022.

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Actuarial Assumptions and Other Inputs:

Valuation Date: June 30, 2021

Measurement Date: June 30, 2022

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Discount Rate	3.69%
Salary Increases	Salary increase rates used in the July 1, 2020, actuarial valuation of the FRS for Regular Class members; 3.4 percent – 7.8 percent, including inflation.
Retirement Age	Retirement rates used in the July 1, 2020, actuarial valuation of the FRS for K-12 Instructional and non-K-12 Instructional Regular Class members. They are based on the results of a statewide experience study covering the period 2013 through 2018.
Mortality	Mortality tables used in the July 1, 2020, actuarial valuation of the FRS for K-12 Instructional and non-K-12 Instructional Regular Class members. These rates were taken from adjusted Pub-2010 mortality tables published by SOA with generational mortality improvements using scale MP-2018. Adjustments to reference tables are based on the results of a statewide experience study covering the period 2013 through 2018.
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.45 percent, followed by 5.75 percent and gradually decreasing to an ultimate trend rate of 3.75.
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in the per capita health costs.

Changes to the Total OPEB Liability. Below are the details regarding the total OPEB liability for the period from June 30, 2022, to June 30, 2023:

	<u>Amount</u>
Balance at June 30, 2022	\$ 52,031,827
Changes for the year:	
Service Cost	1,324,194
Interest on Total OPEB Liability	1,002,793
Changes of Assumptions or Other Inputs	(10,234,263)
Benefit Payments	<u>(2,254,394)</u>
Net Change in Total OPEB Liability	<u>(10,161,670)</u>
Balance at June 30, 2023	<u>\$ 41,870,157</u>

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The changes of assumptions and other inputs were based on the following:

- The discount rate changed from 1.92 percent as of the beginning of the measurement period to 3.69 percent as of June 30, 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB Liability	\$ 47,237,432	\$ 41,870,157	\$ 37,381,886

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend. The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 40,549,599	\$ 41,870,157	\$ 43,407,049

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2023, the District recognized OPEB expense of \$707,045. On June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 517,110	\$ 628,009
Change of Assumptions and Other Inputs	6,093,356	13,314,953
Benefits Paid After the Measurement Date	2,277,155	-
Total	\$ 8,887,621	\$ 13,942,962

The total amount reported as deferred outflows of resources related to OPEB, totaling \$2,277,155 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be

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included as a reduction of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2024	\$ (1,619,942)
2025	(1,564,794)
2026	(1,063,537)
2027	(1,019,423)
2028	(417,904)
Thereafter	<u>(1,646,896)</u>
Total	<u>\$ (7,332,496)</u>

NOTE X – OTHER INFORMATION

A. SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District’s State revenue sources for the 2022-23 fiscal year:

<u>Sources</u>	<u>Amount</u>
Florida Education Finance Program	\$ 20,730,851
Categorical Educational Program - Class Size Reduction	19,276,131
Motor Vehicle License Tax (Capital Outlay and Debt Service)	1,658,827
Voluntary Prekindergarten Program	1,184,080
Workforce Development	1,135,207
School Recognition	1,003,385
Gross Receipts Tax (Public Education Capital Outlay)	756,138
Miscellaneous	<u>1,096,245</u>
Total	<u>\$ 46,840,864</u>

Accounting policies relating to certain State revenue sources are described in Note I.E.1.

B. RISK MANAGEMENT PROGRAMS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; third party injuries and/or property damage and natural disasters. The District is a member of the South Central Educational Risk Management Program (SCERMP), a consortium under which seven district school boards have established a public entity risk sharing-pool for Property, General Liability, Automobile Liability, Workers' Compensation, Government Crime and other coverage deemed necessary by the members of the SCERMP. Section 1001.42(12) (k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The interlocal agreement and bylaws of SCERMP provide that risk of loss is transferred to the consortium. SCERMP is self-sustaining through member contributions (premiums) and purchased insurance coverage through commercial companies for claims in excess of specified amounts. Member school boards are also subject to supplemental contributions in the event of a deficiency except to the extent that the deficiency results from a specific claim against a member school board in excess of the coverage available, then such deficiency is solely the responsibility of that member school board.

The Board of Directors for SCERMP is composed of superintendents/finance directors or an authorized representative of all participating districts. Relation Insurance Services serves as the third-party administrator, insurance broker, and fiscal agent for SCERMP.

Property damage coverage is managed by SCERMP by purchase of excess property coverage through commercial insurance carriers for property loss claims in excess of \$100,000 (except named wind and flood). The named wind/hurricane deductible is 5 percent of replacement cost value with a minimum of \$100,000 per occurrence and a maximum of \$25,000,000 per occurrence. The deductible for all other wind events is \$100,000. Special hazard flood area deductibles are \$500,000 per building and \$500,000 contents plus \$100,000-time element per occurrence. The flood deductible outside a special flood hazard area is \$100,000. SCERMP's purchased excess property loss limit during the 2022-23 fiscal year was \$100 million.

Workers' compensation claims are limited based on a per claim self-insured retention. The self-insured retention for the 2022-23 fiscal year was \$1 million. SCERMP purchases excess liability coverage through a commercial insurance carrier, which covers workers' compensation losses in excess of the self-insured retention. Employers' liability is included subject to a maximum of \$2,000,000 per occurrence. There were no significant reductions in insurance coverage during the fiscal year.

The District is protected by Section 768.28, Florida Statutes, under the doctrine of sovereign immunity, as it is now written, as it may be amended by the Legislature at future dates, which effectively limits the amount of liability of governmental entities for tort claims to \$200,000 per claim and \$300,000 per occurrence.

During the 2022-23 fiscal year, the Board provided health and prescription insurance through purchased commercial insurance. Dental and vision coverage were also provided through purchased commercial insurance under a separate agreement.

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

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C. SIGNIFICANT COMMITMENTS

Encumbrances

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

The following is a schedule of encumbrances as of June 30, 2023:

Major Funds					
General	Capital Projects - Local Capital Improvement Tax	Capital Projects - Other Capital Projects	Special Revenue - Federal Education Stabilization Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 631,644	\$ 30,457,269	\$ 12,332,618	\$ 1,384,816	\$ 269,257	\$ 45,075,604

Construction Contracts

Encumbrances include the following construction contract commitments remaining as of June 30, 2023:

Project		Contract Amount	Completed to Date	Balance Committed
Instructional Center Administrative Board Room Renovations	Architect	\$ 578,211	\$ 431,995	\$ 146,216
Instructional Center Administrative Board Room Renovations	Contractor	5,791,238	4,786,820	1,004,418
Jensen Beach Elementary School Replacement	Architect	1,349,411	1,297,627	51,784
Jensen Beach Elementary School Replacement	Contractor	24,659,921	22,645,033	2,014,888
Palm City Elementary School Replacement	Architect	1,262,624	1,223,403	39,221
Palm City Elementary School Replacement	Contractor	31,707,944	20,383,448	11,324,496
South Fork High School Athletic Complex	Architect	923,832	848,443	75,389
South Fork High School Athletic Complex	Contractor	26,960,000	9,127,570	17,832,430
Stuart Middle School	Architect	929,160	856,089	73,071
Administration/Media/Food Svc Buildings (Old)/ IC Admin	Contractor	1,005,682	962,483	43,199
SMS Administration/Media/Food Svc Buildings (NEW)	Contractor	18,421,387	5,699,328	12,722,059
Total		\$ 113,589,410	\$ 68,262,239	\$ 45,327,171



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District School Board of Martin County, Florida
Required Supplementary Information - Schedule of Changes in the District's Total
Other Postemployment Benefits Liability and Related Ratios

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 1,324,194	\$ 1,312,621	\$ 1,065,449	\$ 1,202,488	\$ 1,167,839	\$ 1,331,272
Interest	1,002,793	1,137,243	1,314,598	1,745,521	1,695,732	1,501,975
Difference between expected and actual experience *	-	671,470	-	(1,212,201)	-	-
Changes in assumptions and other inputs	(10,234,263)	4,718,438	3,649,755	(5,920,096)	(387,213)	(4,356,893)
Benefit Payments	(2,254,394)	(1,826,811)	(1,890,873)	(1,904,213)	(1,946,032)	(2,288,964)
Net change in total OPEB liability	<u>(10,161,670)</u>	<u>6,012,961</u>	<u>4,138,929</u>	<u>(6,088,501)</u>	<u>530,326</u>	<u>(3,812,610)</u>
Total OPEB liability - beginning	<u>52,031,827</u>	<u>46,018,866</u>	<u>41,879,937</u>	<u>47,968,438</u>	<u>47,438,112</u>	<u>51,250,722</u>
Total OPEB liability - ending	<u>\$ 41,870,157</u>	<u>\$ 52,031,827</u>	<u>\$ 46,018,866</u>	<u>\$ 41,879,937</u>	<u>\$ 47,968,438</u>	<u>\$ 47,438,112</u>
Covered-employee payroll	\$ 94,638,800	\$ 91,882,330	\$ 121,922,430	\$ 99,240,446	\$ 93,440,036	\$ 90,498,824
Net OPEB liability as a percentage of covered-employee payroll	44.24%	56.63%	37.74%	42.20%	51.34%	52.42%

No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes of Assumptions:

The discount rate was changed from 1.92 percent as of the beginning of the measurement period to 3.69 percent as of June 30, 2022.

District School Board of Martin County, Florida
Required Supplementary Information - Schedule of Changes in Net Pension and Related
Ratios Early Retirement Plan
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability					
Interest	\$ 393,487	\$ 410,481	\$ 413,757	\$ 423,734	\$ 450,442
Difference between expected and actual experience	(212,944)	(58,214)	211,472	77,234	(267,516)
Changes of assumptions	-	-	-	-	-
Benefit payments, including refunds of member contributions	(688,167)	(665,020)	(673,883)	(690,849)	(646,195)
Net change in total pension liability	<u>(507,624)</u>	<u>(312,753)</u>	<u>(48,654)</u>	<u>(189,881)</u>	<u>(463,269)</u>
Total pension liability - beginning	<u>7,498,390</u>	<u>7,811,143</u>	<u>7,859,797</u>	<u>8,049,678</u>	<u>8,512,947</u>
Total pension liability - ending (a)	<u>\$ 6,990,766</u>	<u>\$ 7,498,390</u>	<u>\$ 7,811,143</u>	<u>\$ 7,859,797</u>	<u>\$ 8,049,678</u>
Plan fiduciary net position					
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	(1,308,264)	2,234,386	497,713	521,580	709,653
Benefit payments, including refunds of member contributions	(688,167)	(665,020)	(673,883)	(690,849)	(646,195)
Administrative expense	(14,564)	(30,682)	(24,694)	(16,217)	(13,500)
Other	-	60,219	-	-	-
Net change in plan fiduciary net position	<u>(2,010,995)</u>	<u>1,598,903</u>	<u>(200,864)</u>	<u>(185,486)</u>	<u>49,958</u>
Plan fiduciary net position - beginning	<u>9,798,049</u>	<u>8,199,146</u>	<u>8,400,010</u>	<u>8,585,496</u>	<u>8,535,538</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,787,054</u>	<u>\$ 9,798,049</u>	<u>\$ 8,199,146</u>	<u>\$ 8,400,010</u>	<u>\$ 8,585,496</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (796,288)</u>	<u>\$ (2,299,659)</u>	<u>\$ (388,003)</u>	<u>\$ (540,213)</u>	<u>\$ (535,818)</u>
Plan fiduciary net position as a percentage of the total pension liability	111.39%	130.67%	104.97%	106.87%	106.66%
Covered payroll*	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability (asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

*There are no active participants in the Plan

District School Board of Martin County, Florida
Required Supplementary Information - Schedule of Changes in Net Pension and Related Ratios
Early Retirement Plan
Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Interest	\$ 452,951	\$ 465,541	\$ 351,561	\$ 519,582
Difference between expected and actual experience	148,344	(50,552)	27,805	-
Changes of assumptions	-	-	2,327,539	-
Benefit payments, including refunds of member contributions	(647,633)	(640,176)	(628,886)	(615,802)
Net change in total pension liability	<u>(46,338)</u>	<u>(225,187)</u>	<u>2,078,019</u>	<u>(96,220)</u>
Total pension liability - beginning	<u>8,559,285</u>	<u>8,784,472</u>	<u>6,706,453</u>	<u>6,802,673</u>
Total pension liability - ending (a)	<u>\$ 8,512,947</u>	<u>\$ 8,559,285</u>	<u>\$ 8,784,472</u>	<u>\$ 6,706,453</u>
Plan fiduciary net position				
Contributions - employer	\$ 700,000	\$ 1,200,000	\$ 1,200,000	\$ 400,000
Net investment income	762,784	64,392	170,867	776,328
Benefit payments, including refunds of member contributions	(647,633)	(640,176)	(628,886)	(615,802)
Administrative expense	(5,000)	(15,500)	(13,750)	(6,750)
Other	-	-	-	-
Net change in plan fiduciary net position	<u>810,151</u>	<u>608,716</u>	<u>728,231</u>	<u>553,776</u>
Plan fiduciary net position - beginning	<u>7,725,387</u>	<u>7,116,671</u>	<u>6,388,440</u>	<u>5,834,664</u>
Plan fiduciary net position - ending (b)	<u>\$ 8,535,538</u>	<u>\$ 7,725,387</u>	<u>\$ 7,116,671</u>	<u>\$ 6,388,440</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (22,591)</u>	<u>\$ 833,898</u>	<u>\$ 1,667,801</u>	<u>\$ 318,013</u>
Plan fiduciary net position as a percentage of the total pension liability	100.27%	90.26%	81.01%	95.26%
Covered payroll*	\$ -	\$ -	\$ -	\$ -
Net pension liability (asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A

District School Board of Martin County, Florida
Required Supplementary Information - Schedule of Employer Contributions
Early Retirement Plan
Last 10 Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ -	\$ 27,430	\$ 21,100	\$ 15,825	\$ 9,537	\$ 10,597
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 27,430</u>	<u>\$ 21,100</u>	<u>\$ 15,825</u>	<u>\$ 9,537</u>	<u>\$ 10,597</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule of Contributions

Valuation Date: July 1, 2021
Note: Actuarially determined contribution rates are calculated as of July 1, which is one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Dollar
Remaining Amortization Period	Amortized over an open 5-year period
Asset Valuation Method	5-year smoothed market
Inflation	2.5%
Salary Increases	Not applicable; there are no active participants
Investment Rate of Return	5.5% per year compounded annually, net investment expenses
Retirement Age	Not applicable; there are no active participants
Mortality	Mortality rates are the same as used in the July 1, 2019 actuarial valuation of the Florida Retirement System for K-12 Instructional Regular Class members. These rates were taken from adjusted Pub-2010 mortality tables published by SOA with generational mortality improvements using scale MP-2018. Adjustments to reference tables are based on the results of a statewide experience study covering the period of 2013 through 2018.

District School Board of Martin County, Florida
Required Supplementary Information - Schedule of Employer Contributions
Early Retirement Plan
Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 207,988	\$ 252,718	\$ 637,322	\$393,798
Contributions in relation to the actuarially determined contribution	700,000	1,200,000	1,200,000	400,000
Contribution deficiency (excess)	<u>\$ (492,012)</u>	<u>\$ (947,282)</u>	<u>\$ (562,678)</u>	<u>\$ (6,202)</u>
 Covered-employee payroll	 N/A	 N/A	 N/A	 N/A
 Contributions as a percentage of covered-employee payroll	 N/A	 N/A	 N/A	 N/A

Other Information:

(1) For years ended 6/30/2013, 6/30/2012, and 6/30/2011, contribution requirements have been met by application of the credit balance. Contribution requirements decreased in the early 2000's. Following that decline, the District contributed more than was required for years ending 2003 and 2004, which resulted in establishing a credit balance. No contributions were required for years 2006 through 2009 and the credit balance accumulated interest during that period. Contribution requirements returned after the economic downturn of 2008 and the District started applying the credit balance to satisfy the funding contributions beginning with the fiscal year ending June 30, 2010. The credit balance was fully exhausted during the year ending June 30, 2013.

(2) For the year ended 6/30/2018 through 6/30/2022, the contribution deficiency reflected expected administrative expenses paid directly by the General Fund (outside of the trust)

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District School Board of Martin County, Florida
Required Supplementary Information - Schedule of Investment Returns
Early Retirement Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	9.09%	-14.05%	28.29%	5.84%	5.95%	7.9%	10.3%	1.0%	3.0%	14.6%

District School Board of Martin County, Florida
Required Supplementary Information - Schedule of the District's Proportionate Share of
Net Pension Liability
Florida Retirement System Pension Plan⁽¹⁾

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's portion of the FRS net pension liability	0.236024430%	0.237662060%	0.229236201%	0.215217107%	0.226861414%
District's proportionate share of the FRS net pension liability	\$ 87,820,054	\$ 17,952,667	\$ 99,354,348	\$ 74,117,775	\$ 68,331,834
District's covered payroll ⁽²⁾	\$ 115,028,624	\$ 112,408,963	\$ 115,736,635	\$ 104,820,835	\$ 104,152,309
District's proportionate share of the FRS net pension liability as a percentage of its covered payroll	76.35%	15.97%	85.85%	70.71%	65.61%
FRS Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes all salaries and wages paid to employees enrolled in the FRS Defined Benefit Plan and Defined Contribution Plan.

(3) Changes of Assumptions. In 2022, the long-term expected rate of return was decreased from 6.8 percent to 6.7 percent.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	0.227195853%	0.229067379%	0.238509596%	0.242692440%	0.245973665%
\$	67,203,009	\$ 57,839,693	\$ 30,806,713	\$ 15,026,044	\$ 42,343,015
\$	101,594,431	\$ 98,856,889	\$ 95,231,581	\$ 96,352,260	\$ 96,886,990
	66.15%	58.51%	32.35%	15.59%	43.70%
	83.89%	84.88%	92.00%	96.09%	88.54%

District School Board of Martin County, Florida
Required Supplementary Information - Schedule of the District Contributions
Florida Retirement System Pension Plan⁽¹⁾

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required FRS contribution	\$ 11,252,951	\$ 10,071,592	\$ 9,053,898	\$ 7,616,503	\$ 6,673,283
FRS contributions in relation to the contractually required contribution	<u>(11,252,951)</u>	<u>(10,071,592)</u>	<u>(9,053,898)</u>	<u>(7,616,503)</u>	<u>(6,673,283)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll ⁽²⁾	\$ 127,090,613	\$ 115,028,624	\$ 112,408,963	\$ 115,736,635	\$ 104,820,835
FRS contributions as a percentage of covered payroll	8.85%	8.76%	8.05%	6.58%	6.37%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes all salaries and wages paid to employees enrolled in the FRS Defined Benefit Plan and Defined Contribution Plan.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 6,465,368	\$ 5,914,467	\$ 5,586,173	\$ 5,815,067	\$ 5,394,342
<u>(6,465,368)</u>	<u>(5,914,467)</u>	<u>(5,586,173)</u>	<u>(5,815,067)</u>	<u>(5,394,342)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 104,152,309	\$ 101,594,431	\$ 98,856,889	\$ 95,231,581	\$ 96,352,260
6.21%	5.82%	5.65%	6.11%	5.60%

District School Board of Martin County, Florida
Required Supplementary Information - Schedule of the District's Proportionate Share of
Net Pension Liability

Health Insurance Subsidy Pension Plan⁽¹⁾

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's portion of the HIS net pension liability	0.315475406%	0.317255765%	0.334277124%	0.311837114%	0.318813073%
District's proportionate share of the HIS net pension liability	\$ 33,413,884	\$ 38,916,189	\$ 40,814,692	\$ 34,891,452	\$ 33,743,534
District's covered payroll ⁽²⁾	\$ 115,028,624	\$ 112,408,963	\$ 115,736,635	\$ 104,820,835	\$ 104,152,309
District's proportionate share of the HIS net pension liability as a percentage of its covered payroll	29.05%	34.62%	35.27%	33.29%	32.40%
HIS Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Changes of Assumptions. In 2022, the municipal bond rate used to determine total pension liability was increased from 2.16 percent to 3.54 percent and the election assumption for vested terminated members was updated from 20 percent to 50 percent to reflect recent experience.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
0.318610851%	0.320228973%	0.313878780%	0.324298459%	0.333494683%
\$ 34,067,342	\$ 37,321,360	\$ 32,010,698	\$ 30,322,698	\$ 29,035,097
\$ 101,594,431	\$ 98,856,889	\$ 95,231,581	\$ 96,352,260	\$ 96,886,990
33.53%	37.75%	33.61%	31.47%	29.97%
1.64%	0.97%	0.50%	0.99%	1.78%

District School Board of Martin County, Florida
Required Supplementary Information - Schedule of the District Contributions
Health Insurance Subsidy Pension Plan⁽¹⁾

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required HIS contribution	\$ 2,107,208	\$ 1,908,892	\$ 1,864,832	\$ 1,926,282	\$ 1,731,601
HIS contributions in relation to the contractually required contribution	<u>(2,107,208)</u>	<u>(1,908,892)</u>	<u>(1,864,832)</u>	<u>(1,926,282)</u>	<u>(1,731,601)</u>
HIS contribution deficiency (excess)	<u> </u>	<u> </u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll ⁽²⁾	\$ 127,090,613	\$ 115,028,624	\$ 112,408,963	\$ 115,736,635	\$ 104,820,835
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.65%

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes all salaries and wages paid to employees enrolled in the FRS Defined Benefit Plan and Defined Contribution Plan.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,728,931	\$ 1,686,181	\$ 1,641,378	\$ 1,199,840	\$ 1,110,937
<u>(1,728,931)</u>	<u>(1,686,181)</u>	<u>(1,641,378)</u>	<u>(1,199,840)</u>	<u>(1,110,937)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 104,152,309	\$ 101,594,431	\$ 98,856,889	\$ 95,231,581	\$ 96,352,260
1.66%	1.66%	1.66%	1.26%	1.15%



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Sherrill F. Norman, CPA
Auditor General

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Martin County District School Board as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 30, 2024, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a

combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** as Financial Statement Finding No. 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. The District is responsible for preparing a corrective action plan to address the audit finding included in our auditor's report. The District's response and **CORRECTIVE ACTION PLAN** were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
January 30, 2024
Audit Report No. 2024-119

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major Federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor’s report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major Federal programs:

Assistance Listing Numbers:	Name of Federal Program or Cluster:
10.553, 10.555, 10.559, and 10.582	Child Nutrition Cluster
84.027 and 84.173	Special Education Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$1,188,380

Auditee qualified as low risk auditee? No

SECTION II – FINANCIAL STATEMENT FINDING

SIGNIFICANT DEFICIENCY

FINANCIAL REPORTING

Finding Number	2023-001
Opinion Units	Government-Wide Business-Type Activities and Major Enterprise Fund - Extended Day Care Program
Financial Statements Account Titles	Various
Fund Name	Extended Day Care Program
Adjustment Amounts	Government-Wide Business-Type Activities and Major Enterprise Fund – Extended Day Care Program: To eliminate the financial statement out-of-balance of \$392,418, increased (debited) Government-Wide Business-Type Activities and Major Enterprise Fund – Extended Day Care Program expenses by \$392,418. Additionally, to properly report pension-related balances and transactions in the business-type activities and major enterprise fund, increased (debited) deferred outflows of resources – pensions by \$639,495, (credited) deferred inflows of resources – pensions by \$128,083, (credited) long-term liabilities: portion due after one year by \$1,845,530, and (debited) Extended Day Care Program expenses by \$17,121, and reduced (debited) beginning net position by \$1,316,997.
Statistically Valid Sample	Not Applicable
Prior Year Finding	Not Applicable
Finding	District procedures need improvement to ensure that business-type account balances and transactions are properly reported on the annual financial report (AFR).
Criteria	<p>Section 1010.01, Florida Statutes, requires that SBE rules incorporate the requirements of law and accounting principles generally accepted in the United States (GAAP). State Board of Education (SBE) Rule 6A-1.0071, Florida Administrative Code, and related instructions from the Florida Department of Education prescribe the exhibits and schedules that should be prepared as part of the District AFR. GAAP require that:</p> <ul style="list-style-type: none">• The account balances on the business-type activities and major enterprise fund statement of net position present total assets and deferred outflows of resources that equal total liabilities, deferred inflows of resources, and net position.• The long-term liabilities and associated expenses directly related to and expected to be paid from the proprietary funds be reported in the business-type activities and major enterprise fund.
Condition	District personnel implemented a change in accounting principle by attempting to transfer the Extended Day Care Program account balances and transactions from a governmental fund to an enterprise fund. However, the transfer did not comply with GAAP as the District omitted Program expenses from the government-wide business-type activities and major enterprise fund and caused the liabilities, deferred inflows, and net position of those activities and enterprise fund to exceed assets and deferred outflows. In addition, the District did not properly allocate and report in the government-wide business-type activities and major enterprise

fund the portion of the District's net pension liability and associated expenses related to and expected to be paid from the Program.

Cause

In response to our inquiry, District personnel indicated that reporting errors occurred because they did not always understand the financial information that should be reported and District review procedures did not detect the errors.

Effect

Reporting errors such as these may cause financial statement users to misunderstand District financial activities and incorrectly assess the District's financial position.

We expanded our audit procedures to determine the adjustments necessary and District personnel accepted these adjustments, ultimately decreasing the business-type activities and major enterprise fund net position from \$671,186 to negative \$1,055,350. However, our audit procedures cannot substitute for management's responsibility for proper financial reporting.

Recommendation

The District should improve procedures to ensure that financial information is properly reported. Such improvements should include appropriate training for employees responsible for compiling that information for the AFR, including those responsible for reviewing and approving the information, to detect and correct reporting errors and ensure the accuracy of the AFR.

District Response

The District concurs with the auditor's position and will ensure that financial statements, account balances, and transactions are adequately reported. In addition, making sure our accounting practices align with generally accepted accounting principles of the United States. The District has taken proactive steps to address the net pension liability. We have decided to consult with an actuary to ensure this liability is appropriately allocated to the Extended Day Care Program. The District understands the importance of responsibly managing our pension liability, and consulting with an actuary will provide transparency and accuracy in the allocation process.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.

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APPENDIX C

CERTAIN BASIC DOCUMENTS

Master Lease-Purchase Agreement
Form of Second Amended and Restated Lease Schedule No. 2005
Assignment of Lease Agreement
Form of Third Amendment to Assignment of Lease Agreement
Master Trust Agreement
Form of Series 2024 Supplemental Trust Agreement
Ground Lease Agreement
Form of First Amendment to Ground Lease Agreement
Assignment Of Ground Lease

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MASTER LEASE-PURCHASE AGREEMENT

by and between

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

and

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

Dated as of December 1, 2005

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MASTER LEASE-PURCHASE AGREEMENT

THIS MASTER LEASE-PURCHASE AGREEMENT, is made and entered into as of December 1, 2005 (the "Lease Agreement"), by and between **MARTIN SCHOOL BOARD LEASING CORPORATION**, a single-purpose, not-for-profit corporation organized and existing under the laws of the State of Florida (the "Corporation"), and the **SCHOOL BOARD OF MARTIN COUNTY, FLORIDA**, a school board duly organized and existing under the laws of the State of Florida (the "Board"), acting as the governing body of the Martin County School District;

WITNESSETH:

In consideration of the mutual covenants hereinafter contained and for other valuable consideration, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

SECTION 1.01. DEFINITIONS. The capitalized words and terms used herein shall have the meanings assigned to such words and terms in Exhibit A attached hereto, unless the context clearly requires some other meaning.

SECTION 1.02. RULES OF CONSTRUCTION. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Lease Agreement, refer to this Lease Agreement.

ARTICLE II

RECITALS

SECTION 2.01. STATUS AND POWERS OF CORPORATION. The Corporation is a not-for-profit corporation duly organized and existing pursuant to Chapter 617, Florida Statutes, and is authorized to purchase and to sell or lease or otherwise dispose of property. Pursuant to such authority, the Corporation is authorized to undertake and perform the actions and duties more particularly described herein.

SECTION 2.02. STATUS AND POWERS OF BOARD. The Board is a school board of the State of Florida and is authorized by the laws and Constitution of the State of Florida, particularly the Act, to lease-purchase and acquire real and personal property for the common benefit and in furtherance of its public purposes.

SECTION 2.03. PURPOSE OF AGREEMENT. In order to provide for its governmental and proprietary needs and in furtherance of its public purposes, the Board desires from time to time to lease Projects from the Corporation. The Corporation is able and willing, for adequate consideration, to lease such Projects to the Board.

SECTION 2.04. RELATED AGREEMENTS. The parties hereto acknowledge, approve of, and consent to the terms of the following documents:

- (a) the Assignment of Lease Agreement, pursuant to which the Corporation assigns by outright assignment all of its right, title and interest in this Lease Agreement to the Trustee, other than its rights of indemnification, its right to enter into Lease Schedules from time to time and its obligations provided in Section 6.03 of this Lease Agreement;
- (b) the Ground Lease(s), pursuant to which the Board has or will demise the Premises to the Corporation and granted a leasehold estate in the portions of the Projects on or being part of the Premises and not otherwise excluded thereunder;
- (c) the Assignment(s) of Ground Lease Agreement, pursuant to which the Corporation by outright assignment assigns all of its right, title and interest in the Ground Lease(s) to the Trustee; and
- (d) the Trust Agreement pursuant to which the Trustee, the Board and the Corporation agree to implement this Lease Agreement by providing from time to time for the delivery of Series of Certificates to finance or refinance the Projects, for the administration of certain funds, accounts and subaccounts for the benefit of the Owners and, under the circumstances contemplated in such Trust Agreement and in this Lease Agreement, the exercise by the Trustee of certain remedies for the benefit of the Owners.

SECTION 2.05. CONSTRUCTION OF THIS LEASE AGREEMENT. For all purposes of this Lease Agreement, reference to the "assignee" of the Corporation means the Trustee acting on behalf of the Owners of the Certificates issued pursuant to the Trust Agreement.

ARTICLE III

ACQUISITION OF PROJECTS; BOARD TO BE AGENT OF CORPORATION

SECTION 3.01. DEPOSIT OF MONEYS; LEASE SCHEDULES. (a) In order to induce the Board to lease a Project from the Corporation and to assure the Board that the moneys needed to pay the Costs of such Project and Costs of Issuance relating to such Project will be available without delay, the Corporation and the Board, simultaneous with the delivery of a Lease Schedule relating to such Project by the Board, shall cause to be deposited with the Trustee, the proceeds of the Series of Certificates which shall finance the acquisition, construction and installation of such Project. Such proceeds shall be deposited in such funds, accounts and subaccounts established pursuant to the Trust Agreement as shall be described in the Lease Schedule relating to such Project and the Supplemental Trust Agreement pursuant to which such Series of Certificates are authorized to be issued.

(b) Whenever the Board, in its discretion, determines to lease a Project hereunder, it shall prepare and submit to the Corporation a Lease Schedule relating to such Project. Such Lease Schedule shall be in substantially the form set forth as Exhibit C hereto. The Corporation shall have no obligation to acquire, construct or install, or cause to be acquired, constructed or installed pursuant to Section 3.03 hereof, any portion of a Project until the Corporation has been furnished with a Lease Schedule describing such Project and complying with the provisions of the following paragraph.

(c) Each Lease Schedule submitted by the Board to the Corporation shall be accompanied by the following items:

- (i) A certified copy of a resolution duly adopted by the Board authorizing the lease-purchase of the Project described in the Lease Schedule, the Lease Schedule and the Supplemental Trust Agreement relating to the Series of Certificates for which such Lease Schedule was established;
- (ii) A certificate of the Chairman of the Board reaffirming the Board's covenants, representations and warranties made hereunder, except as modified by the Lease Schedule, and stating no default has occurred and is continuing under this Lease Agreement;
- (iii) An executed copy of the applicable Ground Lease relating to the Project described in the Lease Schedule;
- (iv) An executed copy of the Supplemental Trust Agreement relating to the issuance of the Series of Certificates which shall fund the Project described in the Lease Schedule;

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

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

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

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

(b) The Corporation and the Board agree that they will assure that each Project will be acquired, constructed and installed in accordance with the Plans and Specifications. The Corporation and the Board further agree that each Project will be acquired, constructed and installed in accordance with the Project Budget and the Project Schedule relating thereto, which shall be provided in the Lease Schedule for such Project. The Board may, at any time prior to the Completion Date for a Project, make modifications to such Project and substitute items or components constituting a portion of

such Project, subject to the provisions of this Section 3.03(b), if (i) the Board files with the Trustee, as assignee of the Corporation, a certificate of an Authorized Officer of the Board notifying the Trustee of such modification, addition or substitution, identifying the portion of such Project which is modified, added or substituted, and certifying that after such modification, addition or substitution, amounts on deposit in the subaccount of the Project Account relating to such Project, together with interest earnings thereon and any additional legally available sums of the Board deposited therein, will be sufficient to pay all remaining Costs of such Project, including Project Costs incurred in connection with such modification, addition or substitution and any Project Costs which shall have accrued but remain unpaid as of such date, (ii) if the modification, addition or substitution involves Equipment, either the items of substituted Equipment have a useful life equal to or greater than the useful life of the items of Equipment for which it has been substituted or the Credit Enhancer, if any, of the Certificates which shall finance the acquisition of such Equipment approves of a shorter useful life for such substituted Equipment, (iii) the Plans and Specifications, the Project Description, the Project Budget, the Project Schedule and, if necessary, the Estimated Completion Date for such amended or modified Project are each amended, as necessary, to take into account the portion of such Project which is modified, added or substituted, (iv) except as otherwise provided in Section 4.07 hereof, title to the substituted, added or modified portion of the Project shall be in the name of the Corporation, (v) if the modification or substitution involves Equipment, the substituted, added or modified Equipment shall be placed in the same Group as the Equipment for which there has been a substitution or the Credit Enhancer, if any, of the Certificates which shall finance the acquisition of such Equipment approves of the substituted or modified Equipment being placed in a different Group, and (vi) no change shall be made in the schedule of Basic Rent Payments. If the total Costs of such Project exceed the amount estimated therefor, the Board shall take the actions set forth in Section 3.05 hereof as a condition precedent to such modification, addition or substitution. The Board agrees not to lease-purchase any Equipment hereunder except to the extent consented to by the Department or otherwise permitted by applicable law.

(c) For purposes of this Lease Agreement, all materials and services in respect of which amounts are paid by the Trustee for the acquisition, construction and installation of a Project (including moneys disbursed pursuant to Section 6.04 of the Trust Agreement for Costs of Issuance) shall be deemed accepted by the Board hereunder upon execution of the corresponding Lease Schedule and the Board shall thereby be deemed to have agreed that it has received valuable consideration for the portion of the Basic Rent representing Costs of Issuance and will, subject to the provisions of Section 7.01 hereof, pay the Lease Payments in respect of same. The provisions of this Section 3.03(c) shall not in any way limit or affect the Corporation's or the Board's rights to pursue warranty or other claims arising therefrom against any contractor, vendor or supplier of labor or materials of a Project, or any portion thereof. Each Requisition executed by the Board and submitted to the Trustee shall certify that the Board has inspected and accepted the portion of the Project which is the subject of such Requisition. Execution by the Board

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Project or there is a cost overrun as a result of a substitution or modification in a Project as described in Section 3.03(b) hereof, and in either case, the amount in the subaccount of the Project Account relating thereto, together with interest earnings thereon, is not sufficient to pay such Project Costs and complete the acquisition, construction and installation of such Project, then the Board either (a) shall deposit to the credit of such subaccount of the Project Account the additional funds necessary to reduce such deficiency to zero (as certified to the Trustee in writing by an Authorized Officer of the Board), or (b) shall provide to the Corporation an amended Project Budget showing changes to such Project the result of which there is no cost deficiency and certified to the Trustee as accurate in writing by an Authorized Officer of the Board.

SECTION 3.06. WARRANTIES; DISCLAIMERS. The Board, upon execution of a Requisition for any portion of a Project, thereby shall represent, without further act, that it has (a) thoroughly inspected such portion of such Project described therein, and (b) satisfied itself that such portion of such Project is suitable for its purposes. **THE CORPORATION, NOT BEING THE VENDOR, THE DEVELOPER OR THE CONTRACTOR OF ANY PROJECT OR THE VENDOR'S AGENT, DEVELOPER'S AGENT OR CONTRACTOR'S AGENT, MAKES NO WARRANTY OR REPRESENTATIONS, EITHER EXPRESS OR IMPLIED, AS TO THE TITLE TO, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY, CAPACITY OF THE MATERIAL OR WORKMANSHIP IN ANY PROJECT OR ANY WARRANTY THAT ANY PROJECT WILL SATISFY THE REQUIREMENTS OF ANY LAW, RULE, SPECIFICATIONS OR CONTRACT WHICH PROVIDES FOR SPECIFIC MACHINERY, OPERATORS OR SPECIAL METHODS.** It is agreed that all such risks, as among the Corporation and the Board, are to be borne by the Board at its sole risk and expense, and the Board hereby agrees to look solely to the Vendors, Contractors or Developers of the Projects for all such matters.

SECTION 3.07. UNEXPENDED MONEYS. The Corporation and the Board agree that unexpended moneys remaining in a subaccount of the Costs of Issuance Account funded from a Series of Certificates, shall, upon payment in full of Costs of Issuance relating to such Series, be deposited in the subaccount of the Project Account relating to such Series and that excess moneys, if any, remaining in a subaccount of the Project Account funded from a Series of Certificates shall, on the Completion Date, be applied as a prepayment of Basic Rent Payments for such Series in accordance with Section 6.03(g) of the Trust Agreement.

SECTION 3.08. APPOINTMENT OF AGENCY. (a) The Corporation hereby appoints the Board as its agent to carry out all phases of the acquisition, construction and installation of the Projects, and the Board, as agent of the Corporation, assumes all rights, duties, responsibilities and liabilities of the Corporation regarding acquisition, construction and installation of the Projects, except as limited herein.

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of a Requisition shall constitute full approval and acceptance of the items or portions of the Project identified therein for all purposes hereunder.

(d) The Corporation and the Board further agree to assure that, where applicable, the Contractors and Developers of a Project involving construction of a Building carry appropriate performance bonds, agree to liquidated damages on a daily basis for construction and delivery delays and comply with workers' compensation laws and affirmative action standards of the Board; provided, however, that (i) this provision shall not apply to any contract the total payments on which do not exceed \$200,000 and (ii) this provision shall not prohibit or limit the Board to provide for actual damages with respect to design or construction defects. Proceeds of liquidated damages received by the Corporation or the Board shall be deposited, before the Completion Date, into the subaccount of the Project Account relating to such Project and, after the Completion Date, into the subaccount of the Interest Account relating to such Project to be held for Basic Rent Payments; provided, however, that if liquidated damages are to be imposed through withholding payment from the Contractors, then the Board shall direct the Trustee to withdraw from the subaccount of the Project Account relating to such Project an amount equal to said liquidated damages and to deposit such amount in the subaccount of the Interest Account relating to such Project.

(e) The Estimated Completion Date of a Project may be extended if the Trustee shall receive an amended Lease Schedule. The Board shall take possession of each Project, or portion thereof, upon delivery and acceptance and, where applicable, substantial completion of installation thereof. No delay in the completion of a Project, or any portion thereof, nor any extension of the Estimated Completion Date as permitted herein shall relieve the Board of its obligation to pay the Lease Payments to the extent provided herein.

(f) The Corporation and the Board shall at all times keep title to each Project and their respective interests hereunder and under the Ground Lease(s) free and clear of all liens and encumbrances of every kind whatsoever, except Permitted Encumbrances.

SECTION 3.04. PAYMENT OF COSTS OF ISSUANCE. Payment of Costs of Issuance for each Series of Certificates shall be made pursuant to Requisitions from moneys deposited with the Trustee in the subaccount of the Costs of Issuance Account established for such Series or, if amounts in such Account are not sufficient for such purpose, from the Project Account. Costs of Issuance shall be disbursed in accordance with and upon compliance with Section 6.04 of the Trust Agreement.

SECTION 3.05. LIMITATIONS ON ACQUISITION AND CONSTRUCTION. The amount of moneys available under the Trust Agreement to pay for Project Costs and Costs of Issuance for each Project is limited to an aggregate dollar amount of not more than the Maximum Cost provided in the Lease Schedule for such Project. If the Board agrees to an increase in the cost with respect to any portion of a

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(b) The Board, as agent of the Corporation, may enter into any purchase order, agreement or contract required for acquisition, construction and installation of a Project, or any portion thereof, including a turn-key Construction Contract with a Developer, upon being assured that moneys sufficient for the payment thereof are then on deposit in the subaccount of the Project Account related thereto. Each such purchase order, agreement and contract shall be executed by the Board, as agent for the Corporation, in accordance with Section 6A-2, Florida Administrative Code. The benefits of all bids received by the Board for the components of a Project shall be deemed to be assigned by the Board to Corporation. The Board shall comply with all applicable laws in letting contracts or purchase orders in regard to the acquisition, construction and installation of a Project.

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

(d) The Board, as agent of the Corporation, shall have sole responsibility for, and shall supervise, acquisition, construction and installation of each Project. The Board shall monitor the performance by each Vendor, Developer or Contractor to the extent the Board deems appropriate. The Board shall permit the Corporation, or its assignee, to inspect each Project at any and all reasonable times upon giving the Board prior notice of the inspection. The Corporation or its assignee shall comply with all rules and regulations established by the Board with respect to personal safety and security during such inspections. Notwithstanding the foregoing, the Trustee shall have no affirmative duty to inspect any Project.

(e) The Corporation hereby assigns to the Board all rights and powers to enforce and execute in its own name or the name of the Corporation such purchase orders, agreements or contracts as are required for each Project which enforcement may be at law or in equity; provided, however, that the assignment made by the Corporation herein shall not prevent the Corporation, or its assignee, from asserting said rights and powers in its own behalf following written notice to the Board. Notwithstanding the foregoing, the Trustee shall have no affirmative duty to assert such rights and powers.

(f) Except with respect to Completion Certificates, the Corporation shall not be responsible for payment of, nor shall it pay nor permit to be paid by Trustee pursuant to the Trust Agreement, any amount for a Project in excess of the amount available therefor in the subaccount of the Project Account related thereto held by Trustee pursuant to the Trust Agreement. The Board shall pay said excess amount as provided in Section 3.05 hereof.

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(g) The Corporation, or its assignee, shall have the right to inspect periodically the books and records of the Board relating to each Project, and the Board shall permit the Corporation, or its assignee, to make such inspections thereof at all reasonable times and upon reasonable notice as the Board shall deem appropriate. Notwithstanding the foregoing, the Trustee shall have no affirmative duty to make such inspections.

(h) The Board agrees that it will be the sole responsibility of the Board that each Project will be acquired, constructed and installed in accordance with the Plans and Specifications, as the same may be amended from time to time as permitted herein. The Board shall be obligated, subject to the conditions stated herein, to pay in full the Lease Payments regardless of whether such Project is acquired, constructed or installed in accordance with the Plans and Specifications.

(i) The Board shall use its best efforts to acquire, construct and install each Project by the dates set forth in the Project Schedule relating thereto. The Board hereby agrees to use its best efforts to obtain, in each Construction Contract, provisions such that if the acquisition, construction or installation of any portion of such Project has not been completed by the Contractor or Developer through the fault of such Contractor or Developer by such dates, the Board may assess liquidated damages against the Contractor or Developer for each day completion is delayed in an amount at least equal to the part of the Lease Payments associated with such portion of such Project not completed, prorated to obtain a daily rate.

(j) To the extent that a Project consists of the acquisition of Land (rather than improvements to real property), nothing in this Lease Agreement shall be construed to prohibit the acquisition of such Land by the exercise of the power of eminent domain so long as the title to such real property will ultimately vest in the Corporation and so long as such acquisition shall be permitted by applicable law. The Corporation hereby agrees to take all action reasonably requested by the Board to enable the Board to institute and prosecute successfully any eminent domain proceedings instituted by the Board.

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attributed to each Group of leased property shall be provided in the Lease Schedule relating thereto. The Board hereby agrees that it shall make all Basic Rent Payments coming due on each Basic Rent Payment Date on or prior to each such Basic Rent Payment Date in accordance with the applicable Lease Schedule and/or Hedge Agreement, subject to the provisions of Sections 4.06 and 7.01 hereof. THE BOARD SHALL NOT BUDGET AND APPROPRIATE AVAILABLE REVENUES FOR A PORTION OF THE PROJECTS LEASED PURSUANT TO THIS LEASE AGREEMENT; IT MUST BUDGET AND APPROPRIATE LEASE PAYMENTS FOR ALL OF THE PROJECTS DESCRIBED ON ALL LEASE SCHEDULES ENTERED INTO PURSUANT TO THIS LEASE AGREEMENT OR NONE OF THEM. All Basic Rent Payments shall be paid in arrears. The Board shall pay the Basic Rent due hereunder to the Trustee at its Principal Office and the Trustee shall apply same as provided in the Trust Agreement. The Board shall specify which subaccount of the Interest Account and Principal Account the Basic Rent Payments shall be deposited in; provided that all Hedge Receipts shall be deposited in a subaccount of the Interest Account. To the extent that moneys have been deposited and are available with the Trustee from the proceeds of a Series of Certificates for the purpose of paying Basic Rent relating to a Project pursuant to Section 6.01 of the Trust Agreement, the amount to be appropriated shall not be reduced but the Board shall not be required to transfer funds to the Trustee for payments of such Basic Rent, and the Board shall receive a credit against its obligation to pay such Basic Rent for such amounts on deposit with the Trustee.

(c) Each annual aggregate payment of Basic Rent due hereunder shall be for the right to possess the Projects for each Fiscal Year in which moneys have been appropriated by the Board to pay the Basic Rent coming due in such Fiscal Year, provided that the Basic Rent for the period for which a portion of the proceeds of a Series of the Certificates have been deposited with the Trustee shall be paid from such proceeds, it being hereby acknowledged that said moneys constitute special funds held by the Trustee pursuant to this Lease Agreement and the Trust Agreement to be applied for such purpose.

(d) Commencing with the first Basic Rent Payment Date for the initial Project and on each Basic Rent Payment Date thereafter during which any Projects are leased hereunder, there shall be applied as a credit (provided there are no delinquent Basic Rent Payments) against the aggregate amount of Basic Rent payable on such date for the corresponding Lease Schedule an amount which shall be stated in a report of the Trustee given to the Board pursuant to Section 6.11 of the Trust Agreement, which amount shall be equal to the sum of (i) the amount of interest and other income deposited in each subaccount of the Interest Account pursuant to Sections 6.05 and 6.10 of the Trust Agreement since the date of the previous report made by the Trustee pursuant to Section 6.11 of the Trust Agreement, (ii) the amount of moneys, if any, transferred to subaccounts of the Interest Account and Prepayment Fund pursuant to Section 6.03(g) of the Trust Agreement since the date of the previous report made by the Trustee pursuant to

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ARTICLE IV

LEASE OF PROJECTS; LEASE PAYMENTS

SECTION 4.01. LEASE OF PROJECTS. In consideration of payment by the Board to the Corporation, or its assignee, of the Lease Payments and for other valuable consideration, the Corporation hereby leases from time to time each Project to the Board upon the terms and conditions contained herein, as modified by the Lease Schedule relating to such Project. The Board may modify each Project or may substitute or dispose components or portions of a Project as provided in Sections 3.03(b), 5.13 and 5.14 hereof.

SECTION 4.02. TERM OF AGREEMENT. Effective as of the Commencement Date described in the Lease Schedule relating to each Project, the Corporation agrees to rent and lease to the Board and the Board agrees to rent and lease from the Corporation each such Project for the Initial Lease Term. The Initial Lease Term of each Project shall commence on the Commencement Date relating thereto and terminate on the Initial Lease Termination Date relating thereto. Unless this Lease Agreement is terminated pursuant to Sections 4.06, 7.01 or 7.03 hereof, this Lease Agreement will automatically be renewed on the Initial Lease Termination Date for each Project and each succeeding Renewal Term Termination Date relating thereto for the next succeeding Renewal Lease Term until all Lease Payments in regard to all the Projects shall be made and the Certificates are no longer Outstanding. Each Renewal Lease Term shall be for a period of one (1) year. The number of Renewal Lease Terms plus the Initial Lease Term for a Project shall not exceed the Maximum Lease Term described in the Lease Schedule for such Project.

SECTION 4.03. LEASE PAYMENTS. (a) For the right to use and possession of each of the Projects, the Board shall, subject to the provisions of Sections 4.06 and 7.01 hereof, pay to the Trustee, as assignee of the Corporation, the Basic Rent and the Supplemental Rent as hereinafter described.

(b) The Board agrees to pay as lease rental hereunder for each Project, the Basic Rent on or prior to the Basic Rent Payment Dates as set forth in the Lease Schedule and/or Hedge Agreement relating thereto, as the same may be modified or amended from time to time following any prepayment of Basic Rent for the lease of such Project. Basic Rent Payments consist of a Principal Component and an Interest Component which shall be stated in each Lease Schedule; provided that Hedge Obligations shall always constitute an Interest Component. The portion of Basic Rent attributable to the Interest Component shall not exceed the maximum rate permitted by Section 215.84, Florida Statutes. Each Project may be divided into Groups of leased property as described in the Lease Schedule relating thereto. The Principal Component and Interest Component

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Section 6.11 of the Trust Agreement, (iii) the amount of moneys, if any, transferred to each subaccount of the Interest Account pursuant to Section 6.07(f) of the Trust Agreement since the date of the previous report made by the Trustee pursuant to Section 6.11 of the Trust Agreement, plus (iv) the amount, if any, on deposit in each subaccount of the Principal Account and Interest Account on the date of the report made by the Trustee pursuant to Section 6.11 of the Trust Agreement which is not derived from the sources described in clauses (i), (ii) and (iii) above. In the event that the total amount of credit exceeds the Basic Rent due on the Basic Rent Payment Date for the corresponding Lease Schedule, the amount of said excess shall be applied as a credit against subsequent Basic Rent Payments for such Lease Schedule. In addition, the Basic Rent may be reduced if the Board chooses to prepay any or all of the Basic Rent. Whenever moneys in the Lease Payment Fund, including all subaccounts of the Reserve Account, shall be sufficient to pay the principal of, Amortization Installments, and interest coming due on the Certificates, moneys in the Reserve Account shall be deposited in the corresponding subaccount of the Interest Account and the Principal Account as required to pay the Certificates of such Series, and no further Basic Rent Payments shall be required hereunder. Should any Basic Rent be paid later than the Basic Rent Payment Date to which such Basic Rent pertains, such Basic Rent shall bear interest at the Overdue Rate from such Basic Rent Payment Date to and inclusive of the date of actual payment.

(e) In addition to the Basic Rent, the Board hereby agrees to pay and discharge from time to time as provided herein, as Supplemental Rent, all other amounts, liabilities and obligations which the Board assumes or agrees to pay to the Corporation, the Trustee, any Credit Enhancers, Termination Fees due any Counterparties, or the issuer of any Reserve Account Insurance Policy or Reserve Account Letter of Credit pursuant to the terms and provisions of any agreements between the Board and such parties, or to others with respect to this Lease Agreement, the Trust Agreement, any Hedge Agreement or the Projects, together with interest on any overdue amount, at the Overdue Rate to the date of actual payment. Supplemental Rent shall include, but not be limited to, any redemption premium attributable to the Certificates, the fees and expenses (including reasonable counsel fees and expenses) incurred by the Trustee pursuant to the Trust Agreement or hereunder, all fees and expenses of the Corporation relating to the lease of the Projects or to its corporate existence, and all ongoing expenses relating to the financing of the Projects. The Supplemental Rent shall be paid to Trustee for application in accordance with the terms hereof and of the Trust Agreement or, in the case of a Termination Fee, directly to the Counterparty.

(f) The Board hereby authorizes the Trustee, as assignee of the Corporation, (i) to create a Reserve Account to be held by the Trustee under the Trust Agreement and to create a separate subaccount within the Reserve Account for each Series of Certificates unless otherwise provided by the Lease Schedule relating thereto, (ii) to deposit in each subaccount of the Reserve Account either a portion of the proceeds from the sale of the Series of Certificates relating thereto or a Reserve Account Letter of Credit/Insurance

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Policy equal to the Reserve Requirement relating to such Series or combination thereof, and (iii) to use such amounts or amounts drawn on the Reserve Account Letter of Credit/Insurance Policy deposited in each subaccount of the Reserve Account as set forth in Section 6.07 of the Trust Agreement. In the event the aggregate amount of any cash, the value of any Permitted Investments and the stated amount of any Reserve Account Letter of Credit/Insurance Policy in a subaccount of the Reserve Account shall be less than the Reserve Requirement provided therefor, the Board shall pay to the Trustee (x) in the event such deficiency is due to a transfer from the Reserve Account, from moneys budgeted and appropriated as Basic Rent during the current Fiscal Year and (y) in the event such deficiency is due to a reduction in value of amounts on deposit in the Reserve Account, the Board shall pay to the Trustee, in each case as Supplemental Rent, an amount equal to such deficiency within thirty (30) days of receipt of notice of the deficiency from the Trustee. In the event the Trustee makes a draw on a Reserve Account Letter of Credit/Insurance Policy to pay debt service on a Series of Certificates, the Board shall cause the amount which the Trustee can draw upon such Reserve Account Letter of Credit/Insurance Policy to be reinstated to equal the Reserve Requirement for such Series (or its original stated amount, if the Board shall have deposited into the related subaccount of the Reserve Account a combination of cash and a Reserve Account Letter of Credit/Insurance Policy pursuant to this Section). In the event a Reserve Account Letter of Credit/Insurance Policy on deposit in a subaccount of the Reserve Account expires or is terminated, the Board shall, simultaneously with such expiration or termination, either replace such Letter of Credit/Insurance Policy with a subsequent Reserve Account Letter of Credit/Insurance Policy with a stated amount equal to that of the expired or terminated Letter of Credit/Insurance Policy or transfer to the Trustee, for deposit in such subaccount of the Reserve Account in which such Policy had been deposited, an amount of cash equal to the stated amount of such expired or terminated Letter of Credit/Insurance Policy.

(g) The Board hereby agrees to deposit with the Trustee from Available Revenues as required from time to time, any amounts required to be deposited in the Rebate Fund pursuant to Section 6.12 of the Trust Agreement. Such amounts shall be deemed Supplemental Rent hereunder. The obligation of the Board to pay such rebate requirement shall survive a Default or Event of Non-Appropriation, termination of this Lease Agreement and payment of all Outstanding Certificates and shall continue until the expiration of the period of time established by the Code during which the Internal Revenue Service could require an Owner to include the Interest Component on any Certificate in gross income for federal income tax purposes; provided, however, the Board shall be liable only for such rebate requirement which would be owing to the United States Treasury if the same became due at the time of the termination of the Lease Agreement.

(h) The Corporation and the Trustee are entitled to accept, receive and cash or deposit any payment made by the Board for any reason or purpose in any amount

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Section 7.01 hereof, shall be absolute and unconditional and without any set-off, counterclaim, abatement, deduction or defense (other than payment) whatsoever. The Board shall not make partial payment of the Basic Rent coming due on any Basic Rent Payment Date.

(c) Subject to the Board's right of Non-Appropriation pursuant to Section 7.01 hereof, the Board hereby covenants to direct its Superintendent to provide for the Lease Payments in each annual tentative Budget which shall be submitted to the Board. Except as otherwise provided in Section 7.01 hereof, the Board agrees to take such action as may be necessary to include all Lease Payments (other than Lease Payments to the extent paid from Certificate proceeds then on deposit in the Lease Payment Fund) due hereunder as a separately stated line item in its Budget and to appropriate in each Fiscal Year from Available Revenues an amount necessary to make the Lease Payments due in such Fiscal Year. During the term of this Lease Agreement, the Board will furnish to the Trustee, as assignee of the Corporation, and each Credit Enhancer a copy of the portion of each official tentative and final Budget of the Board relating to such line item within twenty (20) days after it is printed. Anything in this Lease Agreement or the Trust Agreement notwithstanding, the Board and the Corporation agree that this Lease Agreement, the Trust Agreement and all of the Board's obligations to make the Lease Payments are subject to, and can be terminated by the Board upon the happening of, an Event of Non-Appropriation as described in Section 7.01 hereof; provided, however, that the Board shall not be released from or subject to relief with respect to any obligations on its part arising or accruing prior to such termination including, without limitation, any obligation to deposit rebatable arbitrage in the Rebate Fund which may accrue prior to such termination.

(d) The Board hereby agrees that within three Business Days after the adoption or approval of either the tentative or the final Budget which does not include the full amount of the Lease Payments, it will give notice of that fact to the Trustee and each Credit Enhancer.

(e) In the event the Interest Component of a Basic Rent Payment for the lease of a Project shall be calculated on a variable rate basis, the Board agrees that, subject to Section 7.01 hereof, it shall budget for the payment of such Interest Component for each Fiscal Year an amount equal to such Interest Component which would be payable if it were calculated at the lesser of (i) one hundred twenty percent (120%) of the average interest rate on the Variable Rate Certificates during the immediately preceding six month period (or such lesser period as such Variable Rate Certificates shall have been Outstanding), or (ii) the Maximum Interest Rate relating to such Variable Rate Certificates.

SECTION 4.06. OPTIONAL PREPAYMENT; DEFEASANCE. (a) The Board shall have the option, so long as no Event of Default hereunder has occurred and is continuing, from any moneys then available for such purpose, on any Optional

whatsoever. No endorsement or statement on any check or letter of the Board shall be deemed as accord and satisfaction or otherwise recognized for any purpose whatsoever. The acceptance of any such payment shall be without prejudice to the Corporation's and Trustee's right to recover any and all amounts owed by the Board hereunder and the Corporation's and Trustee's right to pursue any other available remedy but in all events payable only from Available Revenues lawfully appropriated to the payment of amounts coming due under this Lease Agreement.

SECTION 4.04. PAYMENT IN LAWFUL MONEY; NO SET-OFF. Each Lease Payment shall be paid by the Board in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, to or upon the order of the Corporation at the Principal Office of Trustee or at such other place as the Corporation, or its assignee, shall designate. Notwithstanding any dispute between the Board and the Corporation, but in all events subject to Sections 4.05 and 7.01 hereof, the Board shall make or cause to be made each and all Lease Payments when due and shall not withhold or permit to be withheld any Lease Payments pending the final resolution of such dispute nor shall the Board assert or permit to be asserted any right of setoff, abatement or counter-claim against the obligation to make Lease Payments as set forth herein.

SECTION 4.05. SOURCE OF LEASE PAYMENTS. (a) The Board represents and warrants that for each Initial Lease Term and upon the renewal hereof for any Renewal Lease Term for the Projects the obligation of the Board to make Lease Payments hereunder, for such Fiscal Year of the Board, shall constitute a current expense of the Board and shall not in any way be construed to be a debt of the Board in contravention of any applicable constitutional, statutory or charter limitations or requirements concerning the creation of indebtedness by the Board. THE PAYMENTS DUE HEREUNDER ARE TO BE MADE ONLY FROM THE BOARD'S AVAILABLE REVENUES APPROPRIATED FOR SUCH PURPOSE AND NEITHER THE BOARD, THE DISTRICT, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY ANY SUMS DUE TO THE CORPORATION OR THE TRUSTEE HEREUNDER FROM SOURCES OTHER THAN APPROPRIATED AVAILABLE REVENUES AND THE FAITH AND CREDIT OF NEITHER THE BOARD, THE DISTRICT, NOR THE STATE OF FLORIDA NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED FOR PAYMENT OF SUCH SUMS DUE HEREUNDER AND THE OBLIGATIONS ARISING HEREUNDER DO NOT CONSTITUTE AN INDEBTEDNESS OF THE BOARD, THE DISTRICT, OR THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION OR LIMITATION.

(b) All payments of Basic Rent required to be made by the Board under this Lease Agreement shall be made when due without notice or demand, and, subject to

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Prepayment Date for the Series of Certificates relating to a Project, to prepay all or a portion of the Basic Rent relating to such Project or Group within such Project upon not less than forty-five (45) days written notice given prior to such Optional Prepayment Date to the Trustee accompanied by the deposit of the amount of such prepaid Basic Rent with the Trustee prior to the applicable Optional Prepayment Date. Optional prepayments made pursuant to this Section 4.06 may be allocated to a particular Project, or any Group of leased property within a Project. Any prepayment notice delivered pursuant to this Section 4.06(a) shall state (i) that the Board is exercising its right of prepayment pursuant to Section 4.06(a) of the Lease Agreement, (ii) the amount of such prepayment and the Lease Schedule or Lease Schedules to which it pertains, (iii) the Optional Prepayment Date to which such prepayment applies, (iv) the amount of prepayment applicable to a Project or Group within a Project and, therefore, to the Series of Certificates and maturities of such Series relating thereto, and (v) that the deposit with the Trustee of such prepaid amount constitutes an irrevocable option of the Board to prepay Basic Rent in the amount of such prepayment. Each prepayment shall be in an amount equal to a principal amount of Certificates (in denominations of \$5,000 or any whole multiple thereof in the case of Current Interest Certificates and in denominations of \$5,000 maturity value and any whole multiples thereof in the case of Capital Appreciation Certificates) to be prepaid on such Optional Prepayment Date, plus the Prepayment Premium, if any, applicable to a redemption of Certificates on the Optional Prepayment Date designated by the Board in such notice of prepayment, all as provided in the Trust Agreement. Interest on Certificates to be prepaid pursuant to an optional prepayment under this Section accrued to the Optional Prepayment Date set forth in the notice of prepayment above shall be paid by the Trustee from moneys on deposit in the account of the Prepayment Fund and the subaccount of the Interest Account which are pledged to the payment of such Certificates and from Available Revenues provided by the Board.

(b) In the event of a prepayment, in part, of Basic Rent Payments for a Project or Group within a Project, such Basic Rent Payments provided in the Lease Schedule relating thereto shall be adjusted downward by the Trustee to reflect the reduction in the Principal Component and Interest Component of the remaining Basic Rent resulting from such prepayment. Such adjustment shall be done in such manner as to match remaining payments of Basic Rent provided in such Lease Schedule with principal and interest coming due on Certificates which remain Outstanding related thereto.

(c) So long as no Event of Default has occurred and is continuing, the Board may secure the payment of Basic Rent for a Project or Group within a Project by a deposit with the Trustee, as provided in Section 12.01 of the Trust Agreement, of either (i) an amount of moneys which is sufficient to pay such Basic Rent, including the Principal Component, Interest Component and Prepayment Premium, if any, on the Basic Rent Payment Dates or Optional Prepayment Dates, if applicable, and any Supplemental Rent which may be due, or (ii) Refunding Securities, together with cash, if required, in

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

(d) In the event Refunding Certificates are issued which refund only a portion of an Outstanding Series of Certificates, the schedule of Basic Rent Payments for the corresponding Project and Group within such Project affected by such Refunding Certificates will remain the same but a credit will be given to the Board by the Trustee to take into account that payment of a portion of the Principal Component and the Interest Component which has been provided for by such refunding or defeasance of such portion of such Certificates from the issuance of said Refunding Certificates.

(e) In the event of a deposit with the Trustee of moneys and/or Refunding Securities for the purpose of paying or providing for payment of Certificates in accordance with Article XII of the Trust Agreement, all covenants, agreements and other obligations of the Board under this Lease Agreement, with respect to such Certificates shall be deemed performed except (i) those provisions hereof which by their express terms survive any such payment and defeasance and (ii) the obligation of the Board to make or cause to be made, Basic Rent Payments and Supplemental Rent payments on or for such Certificates from the moneys and/or Refunding Securities deposited pursuant to said Article XII of the Trust Agreement.

(f) In the event the Board prepays Basic Rent for a Group within a Project pursuant to Sections 4.06(a) or 4.06(c) hereof, such Prepayment shall be allocated, to the extent practicable, to maturities of Certificates relating to such Group.

SECTION 4.07. TITLE. (a) Until the date on which payment, or provision for payment as provided in Section 4.06(c) hereof, of the Lease Payments relating to a Project or Group within a Project, other than Designated Facilities, has been made, title to such Project or Group within a Project (including all substitutions thereto) upon acquisition, construction and installation thereof shall remain vested in the Corporation, subject to Permitted Encumbrances and subject to the terms of the Trust Agreement. At such time as payment, or provision for payment as provided in Section 4.06(c) hereof, of all Lease Payments relating to a Project or Group within a Project, other than Designated Facilities, has been made in full, the Board shall be considered to have exercised an option to purchase such Project or Group within a Project, as the case may be, and fee simple title to such Project or Group within a Project free and clear of all encumbrances, except Permitted Encumbrances, shall vest automatically in the Board. Title to a portion of the Project which has been substituted for pursuant to Section 5.14 hereof and a portion of a Project disposed by the Board pursuant to Section 5.13 hereof shall vest

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ARTICLE V

COVENANTS; REPRESENTATIONS AND WARRANTIES

SECTION 5.01. THE BOARD'S GENERAL COVENANTS. The Board agrees that this Lease Agreement shall continue in full force and effect, subject to the provisions relating to termination hereof, regardless of the inability or unwillingness of the Board to use any Project because of any reason whatsoever, including, but not limited to, war, act of God, war, strike, condemnation, loss or damage, defect, obsolescence or breach of warranty. The Board covenants and represents that this Lease Agreement and the performance of the Board's obligations hereunder have been duly approved, authorized, executed and delivered with all proper procedures fully complied with, and that this Lease Agreement is a valid, legal and binding obligation of the Board enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or similar laws and equitable principles. The Board further covenants and represents as follows:

(a) The Board is a duly created school board existing under the laws of the State of Florida and is the governing body of the District.

(b) There are no pending or threatened lawsuits or administrative or other proceedings contesting the authority for, authorization or performance of, or expenditure of funds pursuant to, this Lease Agreement.

(c) The Board shall only lease Projects for which it has an immediate need and for which it expects to make immediate use, which need shall not be temporary or be expected to diminish during the Maximum Lease Term related thereto, except for the Designated Facilities.

(d) Prior to leasing any Project hereunder the Board shall certify to the Trustee and the Credit Enhancer, if any, relating thereto if there are any circumstances presently known to the Board affecting the Board that could reasonably be expected to alter its foreseeable need for such Project or adversely affect its ability or willingness to budget Available Revenues for the payment of sums due hereunder.

(e) Prior to leasing any Project hereunder the Board shall review its projected revenues, expenses and anticipated Available Revenues for the Maximum Lease Term and shall not lease such Project unless it reasonably expects that it shall have on hand Available Revenues sufficient to timely make all payments as they become due under this Lease Agreement during the term this Lease Agreement is anticipated to be outstanding.

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automatically in the Board. The Corporation shall deliver any and all documents required to assure vesting of title. The Corporation hereby appoints the Board as its agent to prepare and file or record in appropriate offices such documents as may be necessary to cause record title to such Project or Group within a Project to be in the Board.

(b) Title to all Designated Facilities shall, upon acquisition thereof, vest free and clear in the Board. Even if this Lease Agreement is terminated pursuant to Sections 7.01 or 7.03 hereof prior to the time Basic Rent Payments for Designated Facilities have been made in full by the Board, the Certificate Owners shall have no rights to or remedies against the Designated Facilities.

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(f) Subject to the provisions of Section 7.01 of this Lease Agreement, the Board intends to make appropriations for payments for each Fiscal Year only from Available Revenues.

(g) All procedures required by applicable law regarding the award or negotiation of contracts relating to the acquisition, construction and installation of a Project will be complied with by the Board.

(h) At the Corporation's or the Trustee's request, the Board shall execute and deliver to the Corporation or the Trustee all instruments and do all other acts reasonably necessary to effectuate the intent of this Lease Agreement.

(i) The Board shall permit the Corporation and the Trustee, and their representatives and agents, at all reasonable times, to inspect the Projects; provided, however, that the Trustee and the Corporation are not obliged to make any inspections of the Projects.

(j) The Board shall promptly correct (or cause the Vendor, Contractor or Developer to correct) any defect in the acquisition, construction and installation of a Project or departure from the Plans and Specifications related thereto, except to the extent said Plans and Specifications are modified pursuant to the provisions hereof.

(k) The Board shall give the Trustee and each Credit Enhancer prompt written notice of any material litigation or proceedings concerning the Board or any Project and of any dispute concerning the Board or any Project if the dispute may substantially interfere with the timely acquisition, construction and installation of such Project or with the Board's ability to meet its obligations under this Lease Agreement.

(l) The Board shall commence (or cause the Contractor or Developer to commence) construction of a Project involving construction of a Building and diligently pursue construction to completion of such Project on or before the Estimated Completion Date without permitting any lien, claim, or assessment (actual or contingent) to be asserted or filed against such Project for any material, labor, or other item furnished in connection with the construction or acquisition thereof, which claim, lien, or assessment is not satisfied or transferred to bond within twenty (20) days after it is asserted or filed. At all times during the acquisition and construction of such Project, and to the extent required by applicable law, the Board shall, or shall cause the Contractor or Developer to, comply with the Florida Construction Lien Law, Chapter 713, Florida Statutes, and with all requirements imposed by all governmental authorities having jurisdiction over the acquisition and construction and by all insurance underwriters providing insurance for such Project. Except for Construction Contracts which do not exceed \$500,000 unless otherwise required by the Credit Enhancer, the Board shall cause each Contractor or Developer to obtain and deliver to the Board performance and payment bonds covering

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one hundred percent (100%) of the value or costs under each Construction Contract for the construction of such Project.

(m) In the case of a Project involving construction of a Building, the Board shall provide the Corporation, Credit Enhancer for the Certificates the proceeds of which shall be used to finance the acquisition and construction of such Project and the Trustee the following additional assurances:

(i) If requested and applicable, but only as and when available, all certificates of occupancy, footing or Corporation surveys, "as built" surveys, certificates, appraisals, reports, endorsements, and agreements, the names of all Persons with whom the Board has contracted or intends to contract with in connection with the acquisition, construction and installation of such Project, schedules of all statements for labor and materials for the acquisition, construction and installation of such Project together with copies of all statements, copies of all budget revisions concerning the acquisition, construction and installation of such Project indicating the funds required at any given time to complete such acquisition, construction and installation, and any other documents reasonably required to be furnished.

(ii) If requested, during the acquisition, construction and installation of such Project and upon completion of such acquisition, construction and installation, furnish an Architect's or Engineer's written opinion to the effect that such Project, as constructed, complies with all restrictions recorded and with all applicable governmental laws, regulations, rules, ordinances, orders and codes relating to the construction thereof.

(iii) Furnish when available, a certificate of occupancy and all other similar certificates required to be issued by any governmental agency in connection with the acquisition, construction, installation or occupancy of such Project.

(n) In the case of a Project involving construction of a Building, the Board shall continuously employ or cause to be employed a licensed Architect to supervise the acquisition, construction and installation of such Project.

(o) In the case of a Project involving construction of a Building, the Board shall continuously employ or cause to be employed a licensed Engineer to supervise the acquisition, construction and installation of such Project.

(p) Simultaneously with the acquisition of any component of a Project constituting Land, the Corporation and the Board shall amend the Lease Schedule relating thereto and the applicable Ground Lease to include a metes and bounds description of the Land so acquired.

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of such Project have been obtained, except for permits which may be obtained in the normal course without undue delay or unusual expense and which the Board hereby covenants to obtain.

(v) All utility services necessary for the construction of the Project and the operation of the Project have been extended to the Project, including, but not limited to, water, storm and sanitary sewer facilities, electricity and telephone service or sufficient amounts have been deposited in the corresponding account of the Project Fund for such purpose.

(vi) Except for drives located on the Project, the rights of way for all roads necessary for the proposed utilization of the Project have either been acquired by the appropriate governmental authority or dedicated to and accepted by the appropriate governmental authority or sufficient amounts have been deposited in the corresponding account of the Project Fund for such purpose. All such roads are improved or, if not improved, all necessary steps have been taken by the Board and the responsible governmental authority to assure their completion before the date when access to the Project via such roads will be necessary. All curb cuts and traffic signals required in connection with the operation of the Project are complete or are approved for construction by all necessary governmental authorities.

(vii) All representations, warranties, covenants and agreements made by the Board in connection with this Lease Agreement may be relied upon by the Corporation and the Trustee notwithstanding any independent investigation made on behalf of the Corporation or the Trustee.

(b) The inability of the Board to affirm the completeness and accuracy of the representations and warranties in Section 5.02(a) hereof in regard to a Requisition shall not cause the Trustee to not honor the request to pay the amounts described in such Requisition unless the Board is in default under this Lease Agreement.

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

SECTION 5.04. LIABILITY INSURANCE. The Board shall maintain or cause to be maintained, throughout the Lease Term, subject to the requirements of State law and if reasonably available from a commercial carrier, a standard comprehensive general liability insurance policy or policies in protection of the Board and the Trustee, their members, officers, agents and employees. Said policy or policies shall provide for

(q) If an Event of Default or an Event of Non-Appropriation hereunder has occurred, at the Trustee's option with the consent of the applicable Credit Enhancer, the Trustee, as assignee of the Corporation, may make, but is not required to make, any or all subsequent disbursements from a subaccount of the Project Account directly to the Vendors, Contractors or Developers of the Project related to such subaccount. The Board's execution of this Lease Agreement and the related Lease Schedules constitutes an irrevocable authorization for the Trustee to make disbursements directly to such Vendors, Contractors or Developers. In the absence of negligence or misconduct on the part of the Trustee, the Board agrees that all disbursements made to the Vendors, Contractors or Developers shall constitute full performance of the Trustee's obligations to the Board under this Lease Agreement. The Trustee's decision to make a disbursement shall not constitute a waiver of any of the provisions of this Lease Agreement and the related Lease Schedules. If the Board is in default under this Lease Agreement and the Board is unable to cure its default, the Trustee's decision to make a disbursement shall not preclude the Trustee, as assignee of the Corporation, from declaring the Board in default under this Lease Agreement.

SECTION 5.02. ADDITIONAL COVENANTS, REPRESENTATIONS AND WARRANTIES. (a) The Board represents and warrants that execution of each Requisition by the Board shall constitute an affirmation of the completeness and accuracy of the following representations and warranties as of the date of such execution:

(i) The Board has delivered to the Trustee a complete, fully executed copy of the Construction Contracts, purchase orders and agreements for the acquisition, construction and installation of the Project described in such Requisition, and such contracts, purchase orders and agreements are presently in full force and effect according to their respective terms; the Board is not in default under such contracts, purchase orders and agreements; and the Board has no knowledge of any violation of such contracts, purchase orders and agreements.

(ii) There are no governmental actions or proceedings (except actions or proceedings that are fully covered by insurance) pending or, to the Board's knowledge, threatened affecting the Board or the Project described in such Requisition, which, if adversely determined, would materially adversely impair the Board's ability to perform its obligations under this Lease Agreement.

(iii) The Board knows of no violation and has no notice of a violation of any court order or of any law, regulation, ordinance, rule, order, code or requirement of any governmental authority having jurisdiction over all or any portion of the Project described in such Requisition that may materially detrimentally affect the development and operation of such Project as planned.

(iv) In the case of a Project involving construction of a Building, all governmental permits and approvals required for the construction and installation

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indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by the acquisition, installment or operation of the Projects. Said policy or policies shall provide coverage equal to the liability limits set forth in Section 768.28, Florida Statutes, as the same may be amended from time to time, and in a minimum amount of \$100,000 for damage to property. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the Board, and may be maintained in whole or in part in the form of self-insurance by the Board, provided such self-insurance complies with the provisions of Section 5.07 hereof. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid.

SECTION 5.05. FIRE AND EXTENDED COVERAGE INSURANCE AND FLOOD INSURANCE. (a) The Board shall procure and maintain, or cause to be procured and maintained, throughout the Lease Term, subject to the requirements of State law, insurance against loss or damage to any part of the Projects by fire or lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, also cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Board, and may be maintained in whole or in part in the form of self-insurance by the Board, provided such self-insurance complies with the provisions of Section 5.07 hereof. The Net Proceeds of such insurance shall be applied as provided in Section 5.06 hereof.

(b) Flood insurance shall be separately maintained by the Board for any property included in a Project which is located in a federally designated flood plain, in such amounts per occurrence as are available at commercially reasonable costs and in minimum amounts necessary to qualify for federal disaster relief programs. In the event the Board considers flood insurance to be unavailable at commercially reasonable rates, it shall so notify the Trustee and the Credit Enhancer(s), if any, for the Project(s) to which such flood insurance relates. If such Credit Enhancer(s) identify insurance for such coverage at commercially reasonable rates, the Board shall be obligated to obtain such insurance. In the event that such Credit Enhancer(s) and the Board determine that flood insurance is unavailable at commercially reasonable rates, such flood insurance shall be maintained in whole in the form of self-insurance by the Board in compliance with the provisions of Section 5.07 hereof.

(c) The insurance required to be maintained by the Board pursuant to this Section 5.05 shall be provided by carriers rated at least "A" by S&P (a "Qualified Insurer") unless the Credit Enhancer(s), if any, for the Project(s) to which such insurance

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relates shall approve an insurer with a lower rating. If an insurer's rating falls below "A" (or, with respect to an insurer approved as aforesaid with a rating lower than "A," falls below the rating such insurer had when approved), such insurer shall be replaced with a Qualified Insurer unless the Credit Enhancer(s), if any, for the Project(s) to which such insurance relates shall approve an insurer with a lower rating.

SECTION 5.06. NET PROCEEDS OF INSURANCE; FORM OF POLICIES. Each policy of insurance obtained pursuant to or required by Section 5.05 hereof which relates to the Projects shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Owners of the Certificates. Proceeds of self-insurance maintained pursuant to Sections 5.05 and 5.07 hereof shall be paid by the Board to the Trustee for the benefit of the Owners of the Certificates. Copies of all policies of insurance required by this Lease Agreement shall be delivered to the Trustee and each Credit Enhancer. The Board shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement, and shall promptly furnish or cause to be furnished to the Trustee and each Credit Enhancer evidence of such payments. All such policies shall provide that the Trustee shall be given not less than thirty (30) days notice of each expiration, any intended cancellation and any intended reduction of the coverage provided thereby. Neither the Trustee nor any Credit Enhancer shall be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee or any Credit Enhancer.

SECTION 5.07. SELF-INSURANCE. Any self-insurance maintained by the Board pursuant to the foregoing provisions, shall comply with the following terms:

- (a) The self-insurance program shall be approved by the Insurance Consultant;
- (b) The self-insurance program shall include a sound claims reserve fund out of which each self-insured claim shall be paid, the adequacy of such fund shall be evaluated on an annual basis by the Insurance Consultant, and any deficiencies in the fund shall be remedied in accordance with the recommendations of the Insurance Consultant;
- (c) The self-insurance claims reserve fund shall be held in a bank account credited for the purpose of maintaining such self-insurance funds, which bank account may be under the control of the Board and may be commingled with other Board moneys; and
- (d) In the event the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund shall be maintained; and
- (e) The Board may obtain the required insurance coverages through a self-insured governmental pool which meets the criteria described above.

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Prepayment Date. In the event that less than all of a Project then subject to this Lease Agreement suffers such a loss, damage or destruction, the Stipulated Loss Value shall be the product of (i) the result computed by the foregoing sentence multiplied by (ii) a fraction, the numerator of which is the original Cost of the portion of such Project suffering such loss, damage or destruction and the denominator of which is the aggregate Project Cost for the entire Project then subject to this Lease Agreement, including those items suffering such loss, damage or destruction. In each case, the Stipulated Loss Value shall also include any Supplemental Rent then due hereunder. Upon payment of such Stipulated Loss Value by Board, such Stipulated Loss Value shall be deposited to the credit of the account established in the Prepayment Fund (or if more than one Series of Certificates which financed or refinanced such Project is then Outstanding to the accounts established in the Prepayment Fund relating to such Project, on a pro rata basis) for the sole benefit of the Owners of the Series of Certificates, the proceeds of which were used to finance or refinance the acquisition and construction of such Project. In the event of payment of the Stipulated Loss Value of a portion of the Project, the schedule of Basic Rent Payments in the Lease Schedule for such Project shall be adjusted downward by the Trustee to reflect the reduction in the Principal Component and Interest Component and the remaining Basic Rent resulting from such mandatory prepayment. Such adjustment shall be done in such manner as to match remaining aggregate payments of Basic Rent relating to the destroyed, damaged or condemned Project with principal of and interest coming due on the Series of Certificates which remain Outstanding, the proceeds of which were used to finance or refinance the acquisition and construction of such Project.

SECTION 5.09. PAYMENT OF TAXES. The Board will pay or cause to be paid all taxes, assessments and other governmental charges, if any, that may be levied, assessed or charged upon any Project, or any part thereof, promptly as and when the same shall become due and payable; provided, however, that the Board shall not be required to pay any such tax, assessment or charge, if the validity thereof shall concurrently be contested in good faith by appropriate proceedings, the interests of the Corporation and the Trustee shall not be in jeopardy and if the Board shall set aside, or cause to be set aside, reserves deemed by it to be adequate with respect thereto; and, provided, further, that the Board, upon the commencement of any proceedings to foreclose the lien of any such tax, assessment, or charge, will forthwith pay, or cause to be paid, any such tax, assessment or charge, unless contested in good faith as aforesaid. The Board will not suffer any Project or any part thereof, to be sold for any taxes, assessments or other charges whatsoever, or to be forfeited therefor. The Board will also pay or cause to be paid all taxes, assessments and other governmental charges which may be imposed on the Corporation or its operations as a result of the transactions, including the formation and organization of the Corporation, contemplated by this Lease Agreement.

SECTION 5.10. CARE AND USE OF PROJECTS. (a) The Board, at its expense, shall maintain each Project in good operating condition, repair and appearance, and protect same from deterioration other than normal wear and tear, shall cause each

(f) Amounts deposited into the self-insurance claims reserve fund shall not be subject to appropriation by the Board in order to apply such funds to pay claims.

SECTION 5.08. RISK OF LOSS; STIPULATED LOSS VALUES; USE OF PROCEEDS. (a) As between the Corporation and the Board, the Board hereby assumes the entire risk of loss, from any and every cause whatsoever to the Projects.

(b) Except as provided in Section 5.08(c) hereof, the Board shall cause the Net Proceeds relating to a Project of any insurance or condemnation award or of any appropriation made in connection with a self-insurance election received pursuant to Sections 5.05 and 5.07 hereof and of any title insurance award in excess of the Replacement Amount for such Project to be applied to the prompt repair, restoration or replacement of such destroyed, damaged, lost or condemned Project (which repair, restoration or replacement property shall become part of such Project). The title to all replacement portions to such Project, other than Designated Facilities, shall be in the name of the Corporation. Except as otherwise provided herein, any such Net Proceeds shall be deposited with the Trustee in the subaccount of the Project Account from which the acquisition and construction of such Project was financed and shall be disbursed by the Trustee in accordance with the Trust Agreement, provided, however, that any amounts remaining after completion of such repair, restoration or replacement shall be paid to the Board. If such Net Proceeds are insufficient to pay for such repair, restoration or replacement, the Board shall (from the Board's Available Revenues) simultaneously deposit the amount of such deficiency with the Trustee, which deficiency shall constitute Supplemental Rent. Any Net Proceeds of insurance or condemnation award or of any appropriation made in connection with self-insurance election which is equal to or less than the Replacement Amount for such Project may, at the option of the Board, be deposited to the subaccount of the Interest Account relating to Certificates which financed or refinanced such Project (or if more than one Series of Certificates which financed or refinanced such Project is then outstanding, to the Subaccounts of the Interest Account relating to such Certificates on a pro rata basis).

(c) The Board may elect not to repair, restore or replace a Project which has been destroyed, damaged, lost or condemned, or any portion thereof, with the Net Proceeds of any insurance or condemnation award or of any appropriation made in connection with a self-insurance election, by filing a certificate with the Trustee stating that (i) it has made such election, (ii) it is not in the best interests of the Board to repair, restore or replace such Project, or portion thereof, and (iii) the Board intends to abandon and cease to operate such Project, or portion thereof, damaged, destroyed, lost or condemned.

(d) The Stipulated Loss Value attributable to a loss of all of a Project shall be computed as the amount necessary to pay the Principal Component of and Interest Component on the Series of Certificates, the proceeds of which financed or refinanced the acquisition and construction of such Project, on the next succeeding Mandatory

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Project to be used in compliance with the requirements of applicable laws, ordinances and regulations and the requirements of any policy of insurance required under Sections 5.04 and 5.05 hereof; shall cause each Project to be operated by competent persons only and shall obtain, at the Board's expense, all permits and licenses, if any, required by law for the operation of each Project. The Board agrees that neither the Corporation nor the Trustee shall be responsible for latent defects, wear and tear or gradual deterioration or loss of service or use of any Project or any part thereof. The Board shall have the benefit of all warranties, contracts and rights against any Vendor, Contractor, Developer, materialmen or supplier. Neither the Corporation nor the Trustee shall be liable to the Board or anyone else for any liability, injury, claim, loss, damage or expense of any kind or nature caused directly or indirectly by the inadequacy of any Project or any item supplied by any Vendor, Contractor, Developer, materialmen or supplier or any other party, any interruption of use or loss of service or use or performance of any Project, any loss of business or other consequence or damage, whether or not resulting directly or indirectly from any of the foregoing.

(b) All obligations of the Board under this Section shall be at the Board's sole cost and expense. All costs of operation of each Project and all costs of repair and replacement of each Project resulting from ordinary wear and tear or want of care on the part of the Board shall be the sole responsibility of the Board.

SECTION 5.11. [RESERVED]

SECTION 5.12. OTHER LIENS. (a) The Board shall keep each Project and all parts thereof free from judgments and, except as to Permitted Encumbrances, free from all liens, claims, demands and encumbrances of whatsoever nature or character, to the end that each Project may at all times be maintained and preserved, and the Board shall keep each Project free from any claim or liability which might impair or impede the operation of such Project or the security granted in the Trust Estate to Certificate Owners by the Trust Agreement; provided, however, that the Board shall not be required to pay any such liens, claims or demand if the validity thereof shall concurrently be contested in good faith by appropriate proceedings, if interests of the Corporation and the Trustee shall not be in jeopardy and if the Board shall set aside or cause to be set aside reserves deemed by it to be adequate with respect thereto; and, provided, further, that the Board upon the commencement of any proceedings to foreclose the lien of any such charge or claim, will forthwith pay or cause to be paid any such charge or claim unless contested in good faith as aforesaid. The Board agrees not to lease-purchase any Equipment hereunder except to the extent consented to by the Department or otherwise permitted by applicable law.

(b) The Board shall never, under any circumstances, have the power to subject the interest of the Corporation or its assignee in the Project to any mechanic's or materialman's lien or liens of any kind.

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(c) The Board covenants and agrees with the Corporation that the Board will not permit or suffer to be filed or claimed against the interests of the Corporation and its assignee in the Project during the Lease Term any lien or claim of any kind and, if such lien be claimed or filed, it shall be the duty of the Board, within thirty (30) days after the Board shall have been given written notice of such claim being filed in the Public Records of Martin County, Florida to cause the Project to be released from such claim, either by payment or by posting of a bond or by the payment into a court of competent jurisdiction the amount necessary to relieve and release the Project from such claim or in any other manner which, as a matter of law, will result within such period of thirty (30) days in releasing the Corporation and its assignee and Corporation's and its assignee's interest or interests from such claim.

SECTION 5.13. ENCUMBRANCES OR SALES. (a) Except as permitted in this Lease Agreement and except for Permitted Encumbrances, the Board will not create or suffer to be created any mortgage, pledge, lien, charge or encumbrance upon any Project or any portion thereof, or upon any real or personal property (which is not a portion of the Project) essential to the operation of such Project. The Board will not sell or otherwise dispose of any portion of a Project or any such property essential to the proper operation of a Project, except as provided below and in Section 5.14 hereof.

(b) In the manner and subject to the conditions for disposal of property of the Board by law, the Board may sell portions of a Project, other than Equipment, for fair market value upon the following conditions:

(i) The Board shall give notice to the Trustee and the applicable Credit Enhancer, if any, of each such sale not less than thirty (30) days prior to such sale;

(ii) The Board determines pursuant to a certificate of an Authorized Officer that such portion of a Project is no longer needed for the purposes of such Project or such portion should be replaced with property having greater usefulness or value;

(iii) Such disposition shall not, in the opinion of Special Counsel, cause the Interest Component of the Basic Rent Payments received by the Owners of the Certificates to become includable in gross income of such Owners for purposes of federal income taxation; and

(iv) The Board shall use the proceeds of such sales either (A) to provide property (which shall become a part of the Project) of equal usefulness and value to the Board or (B) apply the Stipulated Loss Value (calculated in accordance with Section 5.08(d) hereof) thereof (but only if such value exceeds the corresponding Prepayment Amount) as a prepayment of Basic Rent.

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against any and all claims, demands, costs or liability claimed or asserted by any person, arising out of such receipt, application or disbursement.

SECTION 5.16. FURTHER ASSURANCES. Whenever and so often as requested so to do by the Corporation, or its assignee, the Board will promptly execute and deliver or cause to be delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully to vest in the Corporation, or its assignee, all rights, interest, powers, benefits, privilege and advantages conferred or intended to be conferred upon the Corporation by this Lease Agreement.

SECTION 5.17. REPORTING REQUIREMENTS. Upon request, the Board will furnish, or cause to be furnished, to the Corporation, or its assignee, and each Credit Enhancer detailed certified reports of audit covering the operations of the Board for said Fiscal Year showing the general funds, revenues and expenses for such period.

SECTION 5.18. CORPORATION NOT LIABLE. Neither the Corporation nor its members, officers, agents, employees, nor its assignee, shall be liable to the Board or to any other party whomsoever for any death, injury or damage that may result to any Person or property by or from any cause whatsoever in, on or about any Project. To the extent permitted and limited by applicable law and solely from Available Revenues, the Board shall indemnify or cause to be indemnified and hold the Corporation, its members, officers, agents, employees, and its assignee, harmless from, and defend or cause to be defended each of them against, any and all claims, liens and judgments for death of or injury to any Person or damage to property whatsoever occurring in, on or about any Project.

SECTION 5.19. INDEMNIFICATION DUE TO TRUSTEE AND CORPORATION. The Board shall pay, or cause to be paid, to the Trustee, as assignee of the Corporation, fees, compensation and expenses due under the Trust Agreement upon billing therefor by the Trustee, as assignee of the Corporation, provided the payment of such fees, compensation and expenses shall be agreed to in writing by the Board. In addition, to the extent permitted and limited by applicable law and solely from Available Revenues, the Board shall and hereby agrees to indemnify, or cause indemnification of, and hold, or cause to be held, the Corporation and the Trustee, as assignee of the Corporation, harmless from and against all claims, losses and damages, including reasonable legal fees and expenses, arising out of (a) the use, maintenance, condition or management of the Projects by the Board, (b) any breach or default on the part of the Board in the performance of any of its obligations under this Lease Agreement, (c) any act of negligence of the Board, or of any of its agents, contractors, servants, employees or licensees with respect to the Projects, (d) the authorization of payment of Project Costs by the Board, (e) the defense against actions or proceedings in which the validity of this Lease Agreement is or might be questioned and the payment or compromise of claims or demands asserted in any such actions or proceedings, or (f) the

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The Corporation and the Trustee (subject to the provisions of the Trust Agreement) agree to take all action within their powers required to enable the Board to sell or otherwise dispose of any such property.

SECTION 5.14. SUBSTITUTION OF EQUIPMENT. Subsequent to the Completion Date of a Project, the Board may substitute for an item of Equipment which constitutes a part of such Project other equipment by filing with the Trustee, as assignee of the Corporation, a certificate of an Authorized Officer of the Board stating that such substitute equipment (a) has the same or a greater remaining useful life than the Equipment to be substituted (determined at the time of substitution), (b) has a fair market value equal to or greater than the fair market value of the item of Equipment for which it is substituted (determined at the time substitution), (c) is free and clear of all liens and encumbrances, except the Permitted Encumbrances, (d) has been titled in the name of the Corporation, except in the case of Designated Facilities which shall be titled in the name of the Board, (e) constitutes "Equipment" under this Lease Agreement, and (f) is essential to the operation of the school system. The Board may substitute Equipment which does not meet any of the foregoing provisions if it receives the written consent of Credit Enhancer for the Certificates, the proceeds of which were used to finance the acquisition of such Equipment, to do so.

SECTION 5.15. PROSECUTION AND DEFENSE OF SUITS. (a) The Board shall promptly, upon request of the Corporation, or its assignee, from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to any Project, or any portion thereof, and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall, to the extent permitted and limited by applicable law and only from Available Revenues, indemnify or cause to be indemnified the Corporation, and its assigns, for all loss, cost, damage and expense, including reasonable attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceedings.

(b) The Board shall defend, or cause to be defended against every suit, action or proceeding at any time brought against the Corporation, or its assignee, or its or their directors, officers and employees upon any claim arising out of the receipt, application or disbursement of any moneys held by the Trustee or arising out of the construction of any Project involving the rights of the Corporation, or its assignee, or its or their directors, officers and employees under this Lease Agreement or any act or omission of the directors, officers and employees done or omitted to be done within the scope of their respective office or employment, other than an act or omission which is the result of misconduct or negligence by such parties; provided, that the Corporation, and its assignee, at their election, may appear in and defend any such suit, action or proceeding. To the extent permitted and limited by applicable law and only from Available Revenues, the Board shall indemnify or cause to be indemnified the Corporation, and its assignee,

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issuance of the Certificates. No indemnification will be made under this Section or elsewhere in this Lease Agreement for willful misconduct, gross negligence, negligence or breach of duty by the Trustee, its officers, agents, employees, successors or assigns.

SECTION 5.20. NO RECOURSE UNDER AGREEMENT. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Lease Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the payment of Lease Payments pursuant to Section 4.03 hereof or for any claim based thereon under this Lease Agreement against any member, officer, employee or agent of the parties hereto.

SECTION 5.21. RESTRICTION AGAINST PLEDGE. The Corporation shall not pledge Lease Payments or other amounts derived from the Projects or from rights of the Corporation under this Lease Agreement nor shall the Corporation encumber or place any lien upon the Projects, except as otherwise provided in this Lease Agreement, the Trust Agreement, the Assignment of Ground Lease Agreement and the Assignment of Lease Agreement.

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

SECTION 5.23. NO VIOLATION OF OTHER AGREEMENTS. (a) The Board hereby represents that neither the execution and delivery of this Lease Agreement and the Trust Agreement, nor the fulfillment of and compliance with the terms and conditions hereof and thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of terms or violation of any other agreement to which the Board is a party or by which the Board is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Board, or upon the Projects, except Permitted Encumbrances.

(b) The Corporation hereby represents that neither the execution and delivery of this Lease Agreement, the Assignment of Lease Agreement and the Trust Agreement, nor the fulfillment of and compliance with the terms and conditions hereof and thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of terms or violation of any other agreement to which the Corporation is a party or by which the Corporation is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Corporation, or upon the Projects, except Permitted Encumbrances.

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SECTION 5.24. DEBT NOT ASSUMED BY CORPORATION. The parties hereto expressly acknowledge and agree that the Corporation (and its assigns hereunder), by the entering into of this Lease Agreement and the other Financing Documents, does not assume or guarantee, or otherwise obligate itself for, or become liable for, the payment of, or contingently agree to purchase, any debt of any Person.

SECTION 5.25. CONSENT TO DISMISS. The Board acknowledges that the Corporation is a third party lease purchase financing source for the Projects and the Board hereby agrees to consent to, and to refrain from objection to, a motion made by the Corporation to be dismissed from any lawsuit brought by a third party arising out or in any way relating to this Lease Agreement with respect to any Project or the ownership, rental, possession, operation, condition, sale or return of any Project. This covenant by the Board to consent to and refrain from objection to such a motion to dismiss shall include the Corporation's assigns and their respective agents, employees, officers and directors. It is understood by and between the Corporation and the Board that this covenant is not intended to be and is not an indemnity.

SECTION 5.26. WAIVER OF LAWS. The Board shall not at any time insist upon or plead in any manner whatsoever, or claim or suffer or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may adversely affect the covenants and agreements contained in this Lease Agreement and the benefit and advantage of any such law or laws is hereby expressly waived by the Board to the extent that the Board may legally make such waiver.

SECTION 5.27. LIMITATION OR INDEMNIFICATION. The amount of indemnification provided by the Board to the Corporation in Sections 5.15, 5.18 and 5.19 shall not exceed the liability limits set forth in Section 768.28, Florida Statutes.

SECTION 5.28. [RESERVED].

SECTION 5.29. WAIVER OF DAMAGES. Neither the Corporation or the Trustee, nor their respective agents and employees, shall be liable for, and the Board waives, for each of their benefit, all claims for, damages, including but not limited to consequential damages, to person, property or otherwise, sustained by the Board or any person claiming through the Board resulting from any accident or occurrence in or upon any part of the Projects including, but not limited to, claims for damage resulting from: (a) any equipment or appurtenances becoming out of repair; (b) the Board's failure to keep any part of the Projects in repair; (c) injury done or caused by wind, water or other natural element; (d) any defect in or failure of plumbing, heating or air conditioning equipment, electric wiring or installation thereof, gas, water and steam pipes, stairs, porches, railings or walks; (e) broken glass; (f) the backing up of any sewer pipe or downspout; (g) the bursting, leaking or running of any tank, tub, washstand, water closet, waste pipe, drain or any other pipe or tank upon or about the Projects; (h) the escape of steam or hot water; (i) water, snow or ice upon the Projects; (j) the failing of any fixture,

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Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. Section 9601, et. seq.) (together with the regulations promulgated thereunder, "CERCLA"), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et. seq.) (together with the regulations promulgated thereunder, "RCRA"), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, et. seq.) (together with the regulations promulgated thereunder, "Title III"), the Clean Water Act, as amended (33 U.S.C. Section 1321, et. seq.) (together with the regulations promulgated thereunder, "CWA"), the Clean Air Act, as amended (42 U.S.C. Section 7401, et. seq.) (together with the regulations promulgated thereunder, "CAA") and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, et. seq.) (together with the regulations promulgated thereunder, "TSCA"), and any state or local similar laws and regulations and any so-called local, state or federal "superfund" or "superlien" law.

"Hazardous Materials" shall have the meaning given in Section 5.32(b).

"Laws and Regulations" shall have the meaning given in Section 5.32(b).

"Release" shall have the meaning given in Section 5.32(b).

(b) The Board has, after due inquiry, no knowledge and has not given or received any written notice indicating that a Project or the past or present use thereof or any practice, procedure or policy employed by it in the conduct of its business materially violates any applicable law, regulation, code, order, rule, judgment or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection, hazardous or toxic materials, substances or wastes, conservation, parking, architectural barriers to the handicapped, or restrictive covenants or other agreements affecting title to such Project (collectively, "Laws and Regulations"). Without limiting the generality of the foregoing, neither the Board nor to the best of its knowledge, after due inquiry, any prior or present owner, tenant or subtenant of any Project has, other than as set forth in subsections (b) and (c) of this Section 5.32 or as may have been remediated in accordance with Laws and Regulations, (i) used, treated, stored, transported or disposed of any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos Containing Materials, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, TSCA and Title III, and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the Board, of any Project or the business operations conducted by the Board thereon (collectively, "Hazardous Materials") on, from or beneath a Project, (ii) pumped, spilled, leaked, disposed of, emptied, discharged or released (hereinafter collectively referred to as "Release") any material amount of Hazardous Materials on, from or beneath a Project, or (iii) stored any material amount of petroleum products at a Project in underground

plaster or stucco; (k) damage to or loss by theft or otherwise of property of the Board or others; (l) acts or omissions of persons in the Projects, other tenants in the Projects, occupants of nearby properties, or any other persons; and (m) any act or omission of owners of adjacent or contiguous property, or of the Corporation and the Trustee, and their respective agents or employees. All property of the Board kept in the Projects shall be so kept at the Board's risk only and the Board shall save the Corporation and the Trustee, and their respective agents and employees harmless from claims arising out of damage to the same, including subrogation claims by the Board's insurance carrier.

SECTION 5.30. OFFSET STATEMENT. Within ten (10) days after written request by either the Corporation or the Board the other party shall deliver, executed in recordable form, a declaration to any Person designated by the requesting party (a) ratifying this Lease Agreement and all Lease Schedules; (b) stating the commencement and termination dates; and (c) certifying (i) that this Lease Agreement and all Lease Schedules are in full force and effect and have not been assigned, modified, supplemented or amended (except by such writings as shall be stated); (ii) that all conditions under this Lease Agreement and all Lease Schedules to be performed by the other parties have been satisfied (stating exceptions, if any), to the extent known; (iii) that no defenses or offsets against the enforcement of this Lease Agreement and all Lease Schedules by the requesting party exist (or stating those claimed); (iv) as to advance Lease Payments, if any, paid by the Board; and (v) the date to which Supplemental Rent has been paid, and such other information as the requesting party reasonably requires. Persons receiving such statements shall be entitled to rely upon them.

SECTION 5.31. NON-MERGER OF LEASEHOLD. There shall be no merger of this Lease Agreement or of the leasehold estate hereby created with the fee estate in the Premises and the Project or any part thereof by reason of the fact that the same Person may acquire or hold, directly or indirectly, this Lease Agreement or leasehold estate hereby created or any interest in this Lease Agreement or in such leasehold estate and the fee estate in the Premises and the Project or any interest in such fee estate.

SECTION 5.32. ENVIRONMENTAL MATTERS.

(a) Definitions. When used in this Section 5.32, the following terms shall have the following meanings in addition to the meanings specified elsewhere herein.

"Asbestos Containing Materials" shall mean material in friable form containing more than one percent (1%) of the asbestos varieties of (a) chrysotile (serpentine); (b) crocidolite (riebeckite); (c) amosite (cummingtonite); (d) anthophyllite; (e) tremolite; and (f) actinolite.

"Environmental Regulations" shall mean all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including, without limitation, the

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storage tanks, except as may be set forth as an exhibit to the Lease Schedule relating to such Project.

(c) Excluded from the representations and warranties in subsection (b) hereof with respect to Hazardous Materials are those Hazardous Materials in those amounts ordinarily found in or used in the maintenance of a Project, the use, treatment, storage, transportation and disposal of which has been and shall be in compliance with all Laws and Regulations.

(d) No Project located in an area of high potential incidence of radon has an unventilated basement or subsurface portion which is occupied or used for any purpose other than the Corporation or support of such Project.

(e) The Board has not received any notice from any insurance company which has issued a policy with respect to a Project or from the applicable state or local government agency responsible for insurance standards (or any other body exercising similar functions) requiring the performance of any repairs, alterations or other work, which repairs, alterations or other work have not been completed at such Project. The Board has not received any notice of default or breach which has not been cured under any covenant, condition, restriction, right-of-way, reciprocal easement agreement or other easement affecting a Project which is to be performed or complied with by it.

(f) The Board shall not use or permit a Project or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials, except, and only to the extent, if necessary to maintain such Project and then, only in compliance with all Environmental Regulations, and any state equivalent laws and regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any tenant, subtenant, licensee, guest, invitee, contractor, employee and agent, the storage, transportation, disposal or use of Hazardous Materials or the Release or threat of Release of Hazardous Materials on, from or beneath a Project excluding, however, those Hazardous Materials in those amounts ordinarily found in or used in the maintenance of such Project, the use, storage, treatment, transportation and disposal of which shall be in compliance with all Environmental Regulations. Upon the occurrence of any Release or threat of Release of Hazardous Materials, the Board shall promptly commence and perform, or cause to be commenced and performed promptly, all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials so released, on, from or beneath a Project, in compliance with all Environmental Regulations. Notwithstanding anything to the contrary contained herein, underground storage tanks shall only be permitted subject to compliance with subsection (f) hereof and only to the extent necessary to maintain the improvements on a Project.

(g) The Board shall comply with, and shall cause its tenants, subtenants, licensees, guests, invitees, contractors, employees and agents to comply with, all

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Environmental Regulations, and shall keep each Project free and clear of any liens imposed pursuant thereto (provided, however, that any such liens, if not discharged, may be bonded). The Board shall cause each tenant under any lease, and use its best efforts to cause all of such tenant's subtenants, agents, licensees, employees, contractors, guests and invitees and the guests and invitees of all of the foregoing to comply with all Environmental Regulations with respect to the Project; provided, however, that notwithstanding that a portion of this covenant is limited to the Board's use of its best efforts, the Board shall remain solely responsible for ensuring such compliance and such limitation shall not diminish or affect in any way the Board's obligations contained in subsection (h) hereof as provided in said subsection (h). Upon receipt of any notice from any Person with regard to the Release of Hazardous Materials on, from or beneath a Project, the Board shall give prompt written notice thereof to the Trustee and the Credit Enhancer, if any, for such Project, (and, in any event, prior to the expiration of any period in which to respond to such notice under any Environmental Regulation).

(h) Irrespective of whether any representation or warranty contained in this Section 5.32 is not true or correct, the Board shall, to the extent permitted by law and solely from Available Revenues, defend, indemnify and hold harmless the Trustee, the Certificateholders and the Credit Enhancers and each of its and their employees, agents, officers, directors, trustees, successors and assigns, from and against any claims, demands, penalties, fines, attorneys' fees (including, without limitation, attorneys' fees incurred to enforce this indemnification), consultants' fees, investigation and laboratory fees, liabilities, settlements (five (5) Business Days' prior notice of which the Trustee and the Credit Enhancers, as appropriate, shall have delivered to the Board), court costs, damages, losses, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, occurring in whole or in part, arising out of, or in any way related to, (1) the presence, disposal, Release, threat of Release, removal, discharge, storage or transportation of any Hazardous Materials on, from or beneath a Project, (2) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (3) any lawsuit brought or threatened, settlement reached (five (5) Business Days' prior notice of which the Trustee and the Credit Enhancers, as appropriate, shall have delivered to the Board), or governmental order relating to Hazardous Materials on, from or beneath any of the Property, (4) any violation of Environmental Regulations or subsection (f) or (g) hereof by it or any of its agents, tenants, employees, contractors, licensees, guests, subtenants or invitees, and (5) the imposition of any governmental lien for the recovery of environmental cleanup or removal costs. To the extent that the Board is strictly liable under any Environmental Regulation, its obligation to the Trustee and the Credit Enhancers and the other indemnitees under the foregoing indemnification shall likewise be without regard to fault on its part with respect to the violation of any Environmental Regulation which results in liability to any indemnitee. Its obligations and liabilities under this subsection (h) shall survive any action by the Trustee or the Certificateholders or Credit Enhancers pursuant to the terms hereof or of the Trust Agreement or the

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ARTICLE VI

ASSIGNMENT; SUBLEASING; NET LEASE; AMENDMENT

SECTION 6.01. ASSIGNMENT AND SUBLEASING BY THE BOARD.

(a) Except as provided herein, this Lease Agreement may not be assigned by the Board without the written consent of the Corporation, or its assignee and each Credit Enhancer.

(b) Notwithstanding any other provision of this Lease Agreement any Project, or portion thereof, may be subleased by the Board, subject to Permitted Encumbrances and the rights and interests of the Trustee and each Credit Enhancer, in whole or in part, without the consent of the Corporation, subject, however, to each of the following conditions:

(i) no such sublease shall in any way adversely affect or release the Board from any of its duties, obligations and covenants under this Lease Agreement including, without limitation, the obligation of the Board to make Lease Payments hereunder; and

(ii) no such sublease shall, in the opinion of Special Counsel, cause the Interest Component of the Basic Rent Payments received by the Owners of the Certificates (other than Taxable Certificates) to become includable within gross income of the Owners for purposes of federal income taxation.

(c) Nothing herein shall prohibit the Board from permitting temporary use of any Project, or portion thereof, by third parties.

(d) If an Event of Default occurs under this Lease Agreement, all proceeds of any sublease entered into by the Board pursuant to this Section shall be remitted to the Trustee and shall be credited against Basic Rent Payments to be made by the Board. Any sublease agreement must be made terminable by the Trustee in the event this Lease Agreement is terminated for any reason.

SECTION 6.02. TRANSFER OF TAX BENEFITS. Nothing herein shall be deemed to prevent the Board from entering into any agreement or making any disposition for the sole purpose of transferring to one or more corporations, partnerships or individuals federal or state income tax benefits which would be available for any Project, or portion thereof, if owned by a private person, subject, however, to each of the following conditions:

(a) no such sublease shall in any way adversely affect or release the Board from any of its duties, obligations and covenants under this Lease Agreement including, without limitation, the obligation of the Board to make Lease Payments hereunder; and

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Ground Lease(s) relating to the sale, rental or other disposal of a Project or the defeasance and the satisfaction of all Certificates.

(i) The Board shall conform to and carry out a reasonable program of maintenance and inspection of all underground storage tanks, and shall maintain, repair and replace such tanks in accordance with Laws and Regulations, including but not limited to Environmental Regulations. Any underground tanks on a Project shall be in good condition and repair and comply with all Laws and Regulations, including Environmental Regulations, except as set forth in this Section 5.32 and the Board shall take all actions to correct any violations of Laws and Regulations relating to any such tanks as set forth in this Section 5.32.

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(b) no such agreement or disposition shall, in the opinion of Special Counsel, cause the Interest Component of the Basic Rent Payments received by the Owners of the Certificates (other than Taxable Certificates) to become includable in gross income of such Owners for purposes of federal income taxation.

SECTION 6.03. TAX COVENANTS. (a) The Board and the Corporation hereby covenant that, notwithstanding any other provision of this Lease Agreement, neither of them will make any use nor permit or direct the Trustee to make any use of the proceeds of the Certificates which will cause any of the Certificates or the Lease Agreement to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(b) The Board and the Corporation hereby agree that they will make no use nor permit any use to be made of the proceeds of the Certificates, Lease Payments or any Project, or portion thereof, which would cause any of the Certificates or the Lease Agreement to be "private activity bonds" within the meaning of Section 141(a) of the Code.

(c) Except for the exercise by the Board of its right to Non-Appropriate as set forth in Section 7.01 hereof, the Board and the Corporation hereby covenant that they will comply with all provisions of the Code necessary to maintain the exclusion of the Interest Component of the Basic Rent Payments from gross income for purposes of federal income taxation, including, in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

(d) Notwithstanding the foregoing provisions contained in this Section, the Board and the Corporation may agree to entering into a Lease Schedule pursuant to which the Interest Component on the Basic Rent Payments shall not be excluded from gross income for purposes of federal income taxation; provided, however, that fact must be clearly stated on the Certificates. Provisions herein relating to the requirement to maintaining the exclusion of such Interest Component from gross income for federal income taxation purposes shall not apply to such Basic Rent Payments in such event.

SECTION 6.04. NET LEASE. The Board intends the Lease Payments hereunder to be net to the Corporation. The Board shall comply with all liabilities and pay from Available Revenues all required local, state and federal taxes, including without limitation, income, franchise, gross receipts, sales, use, documentary stamp, excise, and personal property taxes, Real Estate Taxes, assessments, licenses, impact fees, registration fees, freight and transportation charges and any other charges imposed or liabilities incurred with respect to the ownership, possession or use of the Projects, payment of Lease Payments or any other payments by the Board hereunder, and any penalties, fines or interest imposed on the Board hereunder, and any penalties, fines or interest imposed on any of the foregoing, during the term of this Lease Agreement; and the Board will pay all reasonable expenses incurred by the Corporation or the Trustee in connection with all filings or recordings of any documents relating to this Lease

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Agreement or the Corporation's or the Trustee's rights hereunder. The Corporation and the Trustee shall have the right, after reasonable written notice to the Board, to make any of the payments required of the Board under this Section with respect to the Projects, but shall not be obligated to pay the same, and may charge such payment with interest at the Overdue Rate from the date of payment, as Supplemental Rent to be paid by the Board on the next Basic Rent Payment Date.

SECTION 6.05. AMENDMENT. (a) This Lease Agreement may be amended in writing by the parties hereto or by their assignees on their behalf or in their name, without the consent of the Owners of the Certificates (but with the consent of each Credit Enhancer which is not in payment default under its municipal bond insurance policy or credit facility) thereof, for the purpose of (i) curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein, or (ii) resolving any questions arising under this Lease Agreement which the Board may deem necessary or desirable and not inconsistent with the provisions of this Lease Agreement, (iii) providing for additional security, (iv) providing for Lease Schedules, including adding to or deleting the covenants, representations and agreements contained herein as the same shall effect a particular Project, and (v) any other amendment, which in the judgment of the Board does not materially, adversely affect the interests of the Owners of the Certificates; provided, however, that no such amendment shall, in the opinion of Special Counsel, cause the Interest Component of Basic Rent Payments to become includable in gross income of the recipients thereof for purposes of federal income taxation; and provided, further, that the parties hereto or their assignees may rely in entering into any such amendment pursuant to this Section upon the opinion of Special Counsel stating that the requirements of this sentence have been met with respect to such amendment.

(b) In addition to the amendments authorized to be made pursuant to Section 6.05(a) hereof, this Lease Agreement may also be amended upon approval of a majority of aggregate principal amount of the Owners of Certificates then Outstanding or, upon the approval of the Credit Enhancers of the Certificates for which they have provided a Credit Facility and/or municipal bond insurance policy if such Certificates represent a majority of the Certificates then Outstanding; provided that no such amendment shall impair the right of any Owners to receive his proportionate share of any Basic Rent Payment in accordance with his Certificate unless approved by the Owners of all Certificates then Outstanding.

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shall mean, whenever they are used in this Lease Agreement any one or more of the following events:

(a) Failure by the Board to pay any Basic Rent Payment required to be paid hereunder on the Basic Rent Payment Date to which such Basic Rent Payment pertains, other than as a result of an Event of Non-Appropriation; or

(b) Failure by the Board to pay any Supplemental Rent required to be paid hereunder at the time specified herein and the continuation of said failure to the next occurring Basic Rent Payment Date, other than as a result of an Event of Non-Appropriation; or

(c) The Board fails to return possession of all the Projects, other than Designated Facilities, to the Corporation, or its designee or assignee, subsequent to an Event of Non-Appropriation as required by Section 7.01 hereof; or

(d) Failure by the Board to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 7.02(a) hereof, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Board and each Credit Enhancer by the Corporation, or its assignee, unless the Corporation, or its assignee, or each Credit Enhancer have agreed in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Corporation, or its assignee, or the Credit Enhancers will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Board within the applicable period and diligently pursued until the default is corrected; or

(e) Any representation of the Board hereunder or in a Lease Schedule shall prove to have been false in any materially adverse respect at the time same was made, subject to the right of the Board to cure such misrepresentation in the manner set forth in Section 7.02(d) hereof; or

(f) A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Board in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator, (or similar official) of the Board or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) days; or

(g) The Board shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent

ARTICLE VII

EVENT OF NON-APPROPRIATION; EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. EVENT OF NON-APPROPRIATION. (a) As provided herein, this Lease Agreement shall initially terminate at the end of the Initial Lease Term relating to a Project, but shall automatically be renewed for all Renewal Lease Terms relating thereto; provided, that such automatic renewal shall not occur and this Lease Agreement shall terminate as of the end of the current Initial or Renewal Lease Term if the Board does not approve a tentative Budget and a final Budget in accordance with State law which appropriates sufficient funds from Available Revenues for such purpose to continue making Lease Payments in full for the next succeeding Renewal Lease Term for all Projects Leased hereunder beyond the end of the Initial Lease Term or the last Renewal Lease Term for which Lease Payments had been budgeted and appropriated (an "Event of Non-Appropriation"); provided, further, that in the event the Board's tentative or final Budget for such ensuing Renewal Lease Term is not enacted prior to the expiration of the then current Initial Lease Term or Renewal Lease Term relating to a Project, the Lease Term relating thereto shall be deemed renewed pending the enactment of such tentative Budget and final Budget and the Board shall be liable for any Lease Payments coming due during such period but only if the tentative Budget and final Budget makes available to the Board moneys which may legally be used to make the Lease Payments coming due during such period. Upon the occurrence of an Event of Non-Appropriation, the Board will not be obligated to pay Lease Payments beyond the then current Fiscal Year but will not be relieved of any obligations arising or accruing prior to such Event of Non-Appropriation including, without limitation, any obligation to deposit rebateable arbitrage in the Rebate Fund which may accrue prior to such Event of Non-Appropriation. The Board must deliver notice of the Event of Non-Appropriation to the Corporation, each Credit Enhancer and the Trustee within at least three Business Days thereof.

(b) If an Event of Non-Appropriation shall occur, the Board shall peaceably return possession of each Project to the Corporation, or its assignee or designee, within thirty (30) Business Days after the date on which such Event of Non-Appropriation occurs. The obligation to return the Projects shall survive the termination of this Lease Agreement. Under no circumstances shall the failure of the Board to appropriate sufficient moneys to pay Lease Payments constitute a Default or Event of Default hereunder or require payment of a penalty, or in any way limit the right of the Board to purchase or utilize, buildings, facilities or equipment similar in function to the property leased hereunder.

SECTION 7.02. EVENTS OF DEFAULT. The following shall be "Events of Default" under this Lease Agreement and the terms "Events of Default" and "Default"

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to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Board or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of any of the foregoing.

SECTION 7.03. REMEDIES ON DEFAULT. Upon the happening of an Event of Default as described in Section 7.02 hereof, the Corporation, or its assignee, may exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement, including, without limitation:

(i) Except in the case of an Event of Default under Section 7.02(c) hereof, without terminating this Lease Agreement, to re-enter and take possession of the Projects, or any portion thereof, other than Designated Facilities, and exclude the Board from using the same until the Default is cured; or

(ii) Except in the case of an Event of Default under Section 7.02(c) hereof, without terminating this Lease Agreement, to re-enter and take possession of the Projects, or any portion thereof, other than Designated Facilities, and sell, lease or sublease such Projects, or any portion thereof, in accordance with applicable law, for the account of the Board, holding the Board liable for the difference between (i) the purchase price, rent and other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease, and (ii) the Lease Payments and other amounts currently payable by the Board under and pursuant to this Lease Agreement; provided, however, that prior to termination of this Lease Agreement, the Projects, or any portion thereof, may be sold, re-let or otherwise disposed of only to such Person or Persons as shall not adversely affect the exclusion of the Interest Component on the Basic Rent Payments from gross income for purposes of federal income taxation; or

(iii) Except in the case of an Event of Default under Section 7.02(c) hereof, to take whatever action at law or in equity that may appear necessary or desirable to collect the Lease Payments then due and thereafter to become due during the term of this Lease Agreement, or enforce performance and observance of any obligation, agreement or covenant of the Board under this Lease Agreement; or

(iv) To terminate this Lease Agreement, if it has not been previously terminated pursuant to Section 7.01 hereof, and require the Board to surrender and transfer possession of all the Projects to the Corporation or its assignee, in which event the Board shall take all actions necessary to authorize, execute and deliver to the Corporation or its assignee all documents necessary to vest in the Corporation or its assignee all of the Board's interest in and to the Projects, and to discharge any lien created by or pursuant to this Lease Agreement in order that the

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Corporation or its assignee may sell or re-lease the Projects in accordance with applicable law; and shall upon request by the Corporation or its assignee, remove any Equipment from the Board's property to such location within the State of Florida as is specified by the Corporation or its assignee; or

(v) To terminate this Lease Agreement, if it has not been previously terminated pursuant to Section 7.01 hereof, and, without notice or demand, enter into and upon the property of the Board, or any part thereof, and repossess and retake the Projects and thereby restore the Corporation or its assignee, or its assignee, to its former possessory estate as owner and expel the Board and remove its effects forcefully, if necessary, without being taken or deemed to be guilty of any manner of trespass in order that the Corporation or its assignee may sell or re-lease the Projects in accordance with applicable law, and thereupon this Lease Agreement shall terminate and upon such termination the Board shall have no further possessory right whatsoever in the Projects; and the Board shall be responsible for the payment of damages in an amount equal to the Lease Payments which would have accrued hereunder, calculated on a daily basis, for any period during which the Board fails to surrender the Projects or for any other loss suffered by the Corporation or its assignee as a result of the Board's failure to surrender the Projects, all without prejudice to any remedy which might otherwise be available to the Corporation or its assignee for arrears of Lease Payments or for any breach of the Board's covenants herein contained.

SECTION 7.04. PROCEEDS OF SALE OR RE-LETTING. Moneys received by the Corporation, or its assignee, from the sale or re-letting of the Projects, or any portion thereof, as a result of an Event of Non-Appropriation or an Event of Default shall be the absolute property of the Corporation, or its assignee, and the Board shall have no right thereto. In the event that moneys received by the Corporation, or its assignee, from the sale or other disposition of a Project, including moneys or damages received pursuant to Section 7.03(b) hereof, exceed the amount necessary to pay the principal of and interest due on the Certificates which financed the acquisition and construction thereof to the date of payment thereof, together with all other amounts owing in regard to such Project, including Trustee fees and expenses (including, without limitation, the reasonable fees and expenses of Trustee's counsel), amounts owing in regard to any Ground Lease relating to such Project and any outstanding fees, expenses and other amounts due the Credit Enhancers, the Corporation, or its assignee, shall pay such surplus to the Board. Neither notice of sale or notice to pay rent or to deliver up possession of the Projects given pursuant to law nor any proceeding in unlawful detainer taken by the Corporation, or its assignee, shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of an Event of Default by the Board shall be or become effective by operation of law, or otherwise, unless and until the Corporation, or its assignee, shall have given written notice to the Board of the election

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ARTICLE VIII

ADMINISTRATIVE PROVISIONS

SECTION 8.01. PRESERVATION AND INSPECTION OF DOCUMENTS. All documents received by the Corporation, or its assignee, or the Board under the provisions of this Lease Agreement shall be retained in their respective possessions and shall be subject at all reasonable times to the inspection of the other party hereto and its assigns, agents and representatives, any of whom may make copies thereof.

SECTION 8.02. PARTIES OF INTEREST. Nothing in this Lease Agreement, expressed or implied, is to or shall be construed to confer upon or to give to any person or party other than the Corporation, and its assignee, the Credit Enhancers, the Trustee and the Board any rights, remedies or claims under or by reason of this Lease Agreement or any covenants, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Lease Agreement contained by or on behalf of the Corporation or the Board shall be for the sole and exclusive benefit of the Corporation, and its assignee, the Board, the Credit Enhancers and the Trustee.

SECTION 8.03. NO RECOURSE UNDER AGREEMENT. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Lease Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the payment of the Lease Payments or for any claim based thereon under this Lease Agreement against any member, officer, employee or agent of the parties hereto.

SECTION 8.04. NOTICES. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or deposited in the United States mail with postage fully prepaid

If to the Corporation: Martin School Board Leasing Corporation
c/o School Board of Martin County, Florida
500 East Ocean Blvd.
Stuart, Florida 34994
Attention: Superintendent

If to the Board: School Board of Martin County, Florida
500 East Ocean Blvd.
Stuart, Florida 34994
Attention: Superintendent

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on the part of the Corporation, or its assignee, to terminate this Lease Agreement as a result of such Event of Default.

SECTION 7.05. APPOINTMENT OF CORPORATION AS AGENT. The Board hereby irrevocably appoints the Corporation, and its assignee, as the agent and attorney-in-fact of the Board to enter upon and sell or re-let the Projects in accordance with the terms hereof upon the happening of an Event of Default or an Event of Non-Appropriation. To the greatest extent permitted by applicable law and only from Available Revenues, the Board hereby exempts and agrees to save harmless, the Corporation, and its assignee, from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and the sale or letting of the Projects. The Board hereby waives any and all claims for damages caused, or which may be caused, by the Corporation, or its assignee, in taking possession of the Projects, for all claims for damages that may result from the destruction of or injury to the Projects, and all claims for damages to or loss of any property belonging to the Board that may be in or upon the Projects. The Board agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Corporation, or its assignee, to enter and sell or re-let the Projects in accordance with the terms hereof. Notwithstanding the foregoing, the Board shall not be responsible for any costs incurred by the Corporation, or its assignee, to make the Projects suitable for reletting.

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

SECTION 7.07. REMEDIES NOT EXCLUSIVE. No remedy herein or by law conferred upon or reserved to the Corporation, and its assignee, is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy, and every remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise may be exercised without exhausting and without regard to any other remedy conferred or by any law.

SECTION 7.08. STATUS QUO ANTE. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and then discontinued or abandoned, then, and in every such case, the Corporation, and its assignee, and the Board shall be restored to its and their former position and rights and remedies as if no such suit, action or proceedings had been brought or taken.

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If to the Trustee: Wells Fargo Bank, National Association
7077 Bonneval Road, Suite 400
Jacksonville, Florida 32216
Attention: Corporate Trust Services

The parties hereto, by notice given hereunder, may, respectively, designate different addresses to which subsequent notices, certificates or other communications will be sent. A copy of all notices to one party to this Lease Agreement shall be transmitted to the other party to this Lease Agreement, and to the Trustee.

SECTION 8.05. BINDING EFFECT. This Lease Agreement shall inure to the benefit of and shall be binding upon the Corporation and the Board and their respective successors and assigns.

SECTION 8.06. SEVERABILITY. If any one or more of the covenants, stipulations, promises, agreements or obligations provided in this Lease Agreement on the part of the Corporation or the Board to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant, stipulation, promise, agreement or obligation shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this Lease Agreement.

SECTION 8.07. HEADINGS. Any headings preceding the text of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience or reference and shall not constitute a part of this Lease Agreement, nor shall they affect its meaning, construction or effect.

SECTION 8.08. APPLICABLE LAW. This Lease Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

SECTION 8.09. CORPORATION AND BOARD REPRESENTATIVES. Whenever under the provisions of this Lease Agreement the approval of the Corporation or the Board is required or the Corporation or the Board are required to take some action at the request of the other, such approval of such request may be given for the Corporation by an Authorized Officer of the Corporation and for the Board by an Authorized Officer of the Board, and any party hereto shall be authorized to rely upon any such approval or request.

SECTION 8.10. FURTHER ASSURANCES. The Corporation and the Board agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of any Project hereby leased or for carrying out the expressed intention of this Lease Agreement.

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SECTION 8.11. CERTIFICATE OF OFFICERS. Every certificate with respect to compliance with a condition or covenant provided for in this Lease Agreement may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless the Person providing the certificate knows that the certificate or representations with respect to the matters upon which the certificate may be based are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

SECTION 8.12. BUSINESS DAYS. Any act or thing required to be done or exist on any date set forth herein which does not constitute a Business Day in any year shall be deemed to be done or to exist on such date if such act or thing is done or exists on the next date which constitutes a Business Day.

SECTION 8.13. EFFECT OF DISSOLUTION OF CORPORATION. In the event the Corporation for any reason shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants, stipulations, obligations and agreements contained in this Lease Agreement by or on behalf of or for the benefit of the Corporation shall bind or inure to the benefit of the successor or successors of the Corporation from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the term "Corporation" as used in this Lease Agreement shall include such successor or successors.

SECTION 8.14. MEMORANDUM. Simultaneously with the execution of this Lease Agreement, the Corporation and the Board shall each execute, acknowledge and deliver a Memorandum of Lease Agreement with respect to this Lease Agreement for recording in the Public Records of Martin County, Florida. Said Memorandum of Lease shall be substantially in the form of Exhibit D hereto and shall not in any circumstances be deemed to change or otherwise to affect any of the obligations or provisions of this Lease Agreement.

SECTION 8.15. RADON GAS. Section 404.056, Florida Statutes, requires that the following notification be given: "RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."

SECTION 8.16. COUNTERPARTS. This Lease Agreement may be executed in several counterparts, each of which together with a counterpart executed by each of the other parties hereto shall constitute a single original and shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Agreement to be executed in their respective names by their duly Authorized Officers as of the date first above written.

MARTIN SCHOOL BOARD LEASING CORPORATION, as Lessor

(SEAL)

By: Arrie Shukailo
President

Attest:

Sarah A. Hiley
Secretary

SCHOOL BOARD OF MARTIN COUNTY, FLORIDA, as Lessee

(SEAL)

By: Arrie Shukailo
Chairman

Attest:

Sarah A. Hiley
Superintendent/Secretary

EXHIBIT A

DEFINITIONS

EXHIBIT A

DEFINITIONS

"Accreted Value" of a Capital Appreciation Certificate means the original principal amount thereof payable from the Principal Component of Basic Rent Payments plus interest payable from the Interest Component of Basic Rent Payments accrued thereon on the basis of a 360-day year consisting of twelve 30-day months compounded semi-annually on each Payment Date commencing on the Payment Date next succeeding the dated date of such Capital Appreciation Certificates to the date of maturity or redemption prior to maturity of such Capital Appreciation Certificates on the date of determination. The Accreted Value with respect to any date other than a Payment Date is the Accreted Value on the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates plus the percentage of the Accreted Value on the next succeeding Payment Date derived by dividing the number of days from the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the date of determination by the total number of days from the next succeeding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the next succeeding Payment Date.

"Act" means Chapters 1001, 1010 and 1013, Florida Statutes (or any successor provisions), and other applicable provisions of law.

"Amortization Installment" means an annual amount designated as such by the Trust Agreement, such amount to be included in the Basic Rent Payments and to be deposited by the Trustee to the credit of the Principal Account for the purpose of paying Term Certificates.

"Architect" means, with respect to a Project involving the construction of a Building, the architect or firm of architects appointed to perform the duties of the Architect in accordance with Section 5.01 of the Lease Agreement. The Architect may be an employee of the Board, the Developer or the Contractor.

"Assignment of Lease Agreement" means the Assignment of Lease Agreement, dated as of December 1, 2005, by and between the Corporation and the Trustee, as now or hereafter supplemented or amended.

"Assignment(s) of Ground Lease Agreement" means the Assignment of Ground Lease Agreement, dated as of December 1, 2005, from the Corporation to the Trustee, as now or hereafter supplemented or amended and any other Assignment of

Ground Lease Agreement thereafter delivered by the Corporation to the Trustee pursuant to the terms of a Ground Lease executed and delivered in connection with a Lease Schedule.

"**Authorized Officer**," when used with respect to the Corporation, means the President, Vice President, Secretary or Treasurer of the Corporation or their deputies or assistants or any other officer of the Corporation who is designated by the Board of Directors of the Corporation as an Authorized Officer for purposes of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board of Directors of the Corporation and filed with the Trustee. The term "Authorized Officer," when used with respect to the Board, means the Chairman, Vice Chairman, the Superintendent or his designee or any other officer or employee of the Board designated by the Board as an Authorized Officer for purposes of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board and filed with the Trustee.

"**Available Revenues**" means the moneys and revenues of the Board legally available under the Act to make the Lease Payments. "Available Revenues" may include, but not be limited to, PECO Funds, FEPF, the Capital Outlay Millage and school impact fees.

"**Basic Rent**" or "**Basic Rent Payment**" means (i) the Basic Rent payments set forth in the Lease Schedules, as the same may be adjusted pursuant to the terms of the Lease Agreement and (ii) Hedge Obligations.

"**Basic Rent Payment Date**" means the dates on which Basic Rent becomes due as described in the Lease Schedules. Such Basic Rent Payment Dates shall occur on each December 15 and June 15 unless a Lease Schedule states otherwise; provided, however, payments of Basic Rent shall be made at the time indicated in Section 4.03 of the Lease Agreement.

"**Board**" means the School Board of Martin County, Florida, and any successor thereto.

"**Budget**" means the annual budget of revenues and expenses and capital expenditures required to be adopted by the Board for each Fiscal Year pursuant to the laws of the State. "Budget" shall include the Board's continuation Budget, tentative Budget and its final Budget.

"**Buildings**" means, in regard to a Project, the structures to be financed or refinanced from a disbursement from the Project Account and leased to the Board as part of a Project pursuant to the terms of the Lease Agreement and Trust Agreement and which is more particularly described in the Lease Schedule relating to such Project, as the

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"**Costs of Issuance**" means, in regard to a Series of Certificates and Lease Schedule related thereto, all costs and expenses related to the execution, sale and delivery of such Series of Certificates and execution and delivery of such Lease Schedule, including, but not limited to, costs paid or incurred by the Board, the Corporation or the Trustee for filing costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, financing discounts, legal fees and charges and reimbursements, financial and other professional consultant fees and charges and reimbursements, auditors fees and charges and reimbursements, costs of rating agencies or credit ratings, fees for execution, registration, transportation and safekeeping of the Certificates, credit enhancement premiums and charges and fees in connection with the foregoing.

"**Costs of Issuance Account**" means the account by that name established under Section 6.02 of the Trust Agreement.

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

"**Credit Bank**" shall mean as to any particular Series of Certificates, the Person (other than an Insurer) providing a letter of credit, a line of credit or another credit or liquidity enhancement facility, as designated in the Lease Schedule relating to such Certificates.

"**Credit Enhancer**" means, with regard to a Series of Certificates, any Insurer or Credit Bank that provides a municipal bond insurance policy or Credit Facility, respectively, with regard to such Series of Certificates.

"**Credit Facility**" shall mean as to any particular Series of Certificates, a letter of credit, a line of credit or another credit or liquidity enhancement facility (other than a municipal bond insurance policy issued by an Insurer), as designated in the Lease Schedule relating to such Certificates.

"**Current Interest Certificates**" means Certificates so designated by the Trust Agreement and on which the interest on which is payable to the Owner thereof on the Payment Dates with respect thereto.

"**Department**" means the Department of Education of the State of Florida.

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

"**Developer**" means, with respect to a Project, the Person or Persons which shall enter into a Construction Contract with the Board to construct such Project, or portion thereof, on a "turn-key" basis.

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same may be modified or changed from time to time in accordance with the terms of the Lease Agreement and Trust Agreement.

"**Business Day**" means any day other than a Saturday or Sunday or a day on which the Trustee is authorized by law to be closed.

"**Capital Appreciation Certificates**" means the Certificates so designated by the Trust Agreement, which may be either Serial Certificates or Term Certificates and which shall bear interest payable at maturity or redemption.

"**Capital Outlay Millage**" means the revenues received by the Board from the levy of an ad valorem tax against non-exempt assessable property within the District and available to make Lease Payments pursuant to applicable law.

"**Certificate**" or "**Certificates**" means the certificates of participation prepared and delivered by the Trustee pursuant to the Trust Agreement.

"**Certificate Register**" means the books of the Trustee for registration of the ownership of the Certificates pursuant to Section 4.06 of the Trust Agreement.

"**Closure Date**" means, in regard to a Project, the date provided in the Lease Schedule relating thereto.

"**Code**" means the Internal Revenue Code of 1986, as amended, and all regulations and rules applicable thereto.

"**Commencement Date**" means, with respect to a Project, the date set forth in the Lease Schedule relating thereto.

"**Completion Certificates**" means Certificates issued for purposes of completing a Project pursuant to Section 4.12 of the Trust Agreement.

"**Completion Date**" shall have, in regard to a Project, the meaning ascribed thereto in Section 6.03(g) of the Trust Agreement.

"**Construction Contract**" means a contract entered into between the Board on behalf of the Corporation and the Contractor or Developer providing for the terms upon which the Contractor or Developer shall construct and install a Project, or portion thereof.

"**Contractor**" means, with respect to a Project, the Person or Persons appointed by the Board on behalf of the Corporation to act in such capacity.

"**Corporation**" means Martin School Board Leasing Corporation, a single-purpose, not-for-profit corporation organized and existing under the laws of the State, and any successor thereto.

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"**District**" means the School District of Martin County, Florida, and any successor thereto.

"**Engineer**" means, with respect to a Project involving the construction of a Building, the professional engineer or firm of engineers appointed to perform the duties of the Engineer in accordance with Section 5.01 of the Lease Agreement. The Engineer may be an employee of the Board, the Contractor or the Developer.

"**Equipment**" means, in regard to a Project, the items of personal property to be financed or refinanced by disbursements from the Project Account and leased to the Board pursuant to the terms and provisions of the Lease Agreement and which are more particularly described in the Lease Schedule relating to such Project, or any substitutions thereof or additions thereto made in accordance with the provisions of the Lease Agreement. "Equipment" shall include Designated Facilities.

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

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

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

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

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

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

"**Ground Lease**" means the Ground Lease Agreement, dated December 1, 2005, from the Board to the Corporation, as the same may be amended from time to time and any other Ground Lease Agreement or Supplement to the Ground Lease Agreement delivered in connection with a Lease Schedule.

"**Group**" means, in regard to a Project, the group or groups of leased property which shall constitute a portion of such Project as described in the Lease Schedule related thereto.

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"Hedge Agreement" shall mean an interest rate exchange agreement, an interest rate swap agreement, a forward purchase contract, a put option contract, a call option contract, collar cap or other functionally similar agreement, or any other financial product which is used by the Board as a hedging device with respect to its obligation to pay the Interest Portion of Basic Lease Payments represented by any of the Outstanding Certificates, entered into between the Board and a Counterparty and designated by the Board as a "Hedge Agreement" for the purposes of the Trust Agreement and Lease Agreement.

"Hedge Obligations" shall mean the regularly scheduled periodic amounts required to be paid by the Board on the related notional amount under a Hedge Agreement, determined in accordance with a formula set forth in the Hedge Agreement (similar to payment of interest on the related notional amount), which may be net of Hedge Receipts, but excluding Termination Fees.

"Hedge Receipts" shall mean amounts received by the Board on the related notional amount from a Counterparty under a Hedge Agreement, which may be net of any Hedge Obligations, but excluding any Termination Fees, indemnification obligations, or other fees payable by the Counterparty.

"Initial Lease Term" means, in regard to a Project, the initial term of the lease of such Project from the Corporation to the Board pursuant to the terms of the Lease Agreement, which Initial Lease Term shall commence on the Commencement Date and shall end on the next succeeding June 30.

"Initial Lease Termination Date" means, in regard to a Project, the last day of the Initial Lease Term.

"Insurance Consultant" means a recognized, independent insurance company or broker, selected by the Board, that has actuarial personnel experienced in the area of insurance for which the Board is to be self insured.

"Insurer" means such Person which shall be in the business of insuring or guaranteeing the payment of the principal of and interest on municipal securities.

"Interest Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Interest Component" means the portion of each Basic Rent Payment constituting interest as set forth in the Lease Schedules.

"Land" means, in regard to a Project, (1) the real property to be financed or refinanced by a disbursement from the Project Account, which shall be selected by the Board in the manner required by law, and (2) the leasehold interest of the Corporation in the Premises, if any, acquired pursuant to a Ground Lease, which, in either case, shall be

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"Maximum Lease Term" means, in regard to a Project, the maximum term of the lease of such Project as provided in the Lease Schedule relating thereto.

"Moody's" or "Moody's Investors Service" means Moody's Investors Service, or any successor thereto.

"Net Proceeds," when used with respect to any insurance or condemnation award, means the amount of gross proceeds from such insurance or condemnation award remaining after payment of all expenses incurred in the collection of such gross proceeds.

"Optional Prepayment Date" means the date on which the moneys deposited by the Board pursuant to the exercise of a prepayment option under Section 4.06 of the Lease Agreement shall be applied to the redemption of a Series of Certificates in accordance with the Lease Schedule and Supplemental Trust Agreement relating thereto.

"Outstanding," when used with reference to Certificates means, as of a particular date, all Certificates theretofore issued under the Trust Agreement, except:

- (1) Certificates theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (2) Certificates which have been paid or provision for payment has been made in accordance with Section 12.01 of the Trust Agreement; and
- (3) Certificates in exchange for or in lieu of which other Certificates have been issued.

"Overdue Rate" means a rate of interest equal to the highest rate of interest which any of the Outstanding Certificates shall bear.

"Owner" or "Certificate Owner" or "Owner of Certificates" or any similar term, when used with respect to the Certificates means any Person who shall be the registered owner of any Outstanding Certificate.

"Payment Dates" means, with respect to the interest due on the Current Interest Certificates (other than Variable Rate Certificates), January 1 and July 1 of each year and, with respect to the principal of the Current Interest Certificates, July 1 in each of the years set forth in the Supplemental Trust Agreements relating to such Series of Certificates. With respect to Capital Appreciation Certificates, the Payment Date shall be July 1 in the years of maturity set forth in the Supplemental Trust Agreements relating to such Series of Certificates. The Payment Dates for Variable Rate Certificates shall be established in the Supplemental Trust Agreement authorizing the issuance of such Certificates.

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leased to the Board as part of such Project pursuant to the terms of the Lease Agreement and which is more particularly described in the Lease Schedule relating thereto, to the extent identified and acquired by the Corporation on the Commencement Date.

"Lease Agreement" means the Master Lease-Purchase Agreement, dated as of December 1, 2005, by and between the Corporation, as lessor, and the Board, as lessee, including all Lease Schedules, as now or hereafter amended, modified or supplemented.

"Lease Payment Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Lease Payments" means, collectively, the Basic Rent, the Supplemental Rent and all other amounts owing under the Lease Agreement which are payable by the Board for the lease of the Projects pursuant to the Lease Agreement.

"Lease Schedule" means the Lease Schedule, the form of which is attached to the Lease Agreement as Exhibit C, which shall authorize the lease of a Project to the Board in accordance with the terms of the Lease Agreement.

"Lease Term" means, in regard to a Project, the term of the lease of such Project, pursuant to the provisions of the Lease Agreement and Lease Schedule relating thereto, which Lease Term shall commence on the first day of the Initial Lease Term and shall be equal to the Maximum Lease Term of such Project unless the Lease Agreement is earlier terminated in accordance therewith in which case the Lease Term shall end on such date of termination.

"Letter of Instructions" means the Letter of Instructions attached to each Supplemental Trust Agreement authorizing the issuance of a Series of Certificates as required by Section 6.12 of the Trust Agreement.

"Mandatory Prepayment" means the mandatory prepayment by the Board of all or a portion of the Lease Payments pursuant to Sections 3.07 and 5.08 of the Lease Agreement.

"Mandatory Prepayment Date" means, in regard to a Series of Certificates, the date on which such Certificates shall be redeemed pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.

"Maximum Cost" means, in regard to a Project, the maximum cost of such Project which shall be stated in the Lease Schedule relating thereto.

"Maximum Interest Rate" means, with respect to any particular Series of Variable Rate Certificates, a numerical rate of interest, which shall be set forth in the Supplemental Trust Agreement authorizing the issuance of such Certificates, that shall be the maximum rate of interest such Certificates may at any time bear.

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"PECO Funds" means moneys received by the Board from the Public Education Outlay and Debt Service Fund which are permitted by the Act to be used for payment of Lease Payments.

"Permitted Encumbrances" means, in regard to a Project:

- (1) the Lease Agreement and any liens and encumbrances created or permitted thereby;
- (2) the Assignment of Lease Agreement and any liens and encumbrances created or permitted thereby;
- (3) the Trust Agreement and liens and encumbrances created or permitted thereby;
- (4) any Ground Lease and Assignment of Ground Lease Agreement applicable thereto and any liens and encumbrances created or permitted thereby;
- (5) subject to the provisions of Section 5.01(l) of the Lease Agreement, any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in accordance with the provisions of the Lease Agreement;
- (6) (a) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law; (b) any liens for taxes, assessments, levies, fees, water and sewer rents or charges and other government and similar charges, which are not due and payable or which are not delinquent or the amount or validity of which are being contested and execution thereon is stayed; (c) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances and irregularities in the title to any property which do not materially and adversely impair the use of such property or materially and adversely affect the value thereof; (d) rights reserved to or vested in any municipality or public authority to control or regulate any property or to use such property in any manner; and (e) landlord's liens;
- (7) any mortgage and security interest in a Project, or portion thereof, granted by the Corporation to the Trustee for the benefit of the Owners of the Series of Certificates, the proceeds of which financed or refinanced the acquisition and construction of such Project, pursuant to Section 7.07 of the Trust Agreement; and
- (8) any other liens or encumbrances permitted by the Lease Schedule relating to such Project.

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

(1) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

- (i) Farmers Home Administration ("FmHA"): Certificates of beneficial ownership.
- (ii) Federal Housing Administration ("FHA"): Debentures.
- (iii) General Services Administration: Participation Certificates.
- (iv) Government National Mortgage Association ("GNMA" or "Ginnie Mae"): GNMA - guaranteed mortgage backed bonds; GNMA - guaranteed pass-through obligations (participation certificates).
- (v) U.S. Maritime Administration: Guaranteed Title XI financing.
- (vi) U.S. Department of Housing and Urban Development ("HUD"): Local Authority Bonds; Project Notes.

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following (non-full faith and credit) U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

- (i) Federal Home Loan Bank System: Senior debt obligations (Consolidated debt obligations).
- (ii) Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"): Participation Certificates (Mortgage-backed securities); Senior debt obligations.
- (iii) Federal National Mortgage Association ("FNMA" or "Fannie Mae"): Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal).
- (iv) Student Loan Marketing Association ("SLMA" or "Sallie Mae"): Senior debt obligations.

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(a) Repos must be between the Board or Trustee and a dealer bank or securities firm satisfying the following criteria: (1) Primary dealers on the Federal Reserve reporting dealer list which fall under the jurisdiction of the Securities Investor Protection Corporation ("SIPC") and which are rated "A" or better by S&P and Moody's, or (2) banks rated "A" or better by S&P and Moody's.

(b) The written Repo contract must include the following:

- (i) Securities which are acceptable for transfer are:
 - (a) Obligations described in paragraph (1) above.
 - (b) Obligations described in paragraph (2) above, and obligations issued or guaranteed by FNMA or FHLMC.
- (ii) The term of the Repo may be up to 30 days.
- (iii) The collateral must be delivered to the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
- (iv) The Trustee has perfected first priority security interest in the collateral.
- (v) The collateral is free and clear of third party liens and in the case of SIPC brokers was not acquired pursuant to a Repo or reverse Repo.
- (vi) Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate the collateral.
- (vii) Valuation of collateral.
 - (a) The securities must be valued by the dealer bank or securities firm, as applicable, weekly, marked-to-market at current market price plus accrued interest.
 - (b) The value of collateral must be equal to 104% of the amount of cash transferred by the Board or Trustee to the dealer bank or security firm under the Repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the Board or Trustee, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

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(v) Resolution Funding Corp. (REFCORP): Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

(vi) Farm Credit System: Consolidated systemwide bonds and notes.

(4) Money Market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's Ratings Group ("S&P") of AAAM-G; AAA-m; or AA-m, and if rated by Moody's, Aaa, Aa1 or Aa2,

(5) Certificates of deposit secured at all times by collateral described in (1) and or (2) above. Certificates of deposit must have a one year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated "A-1+" or better by S&P and "Prime-1" by Moody's. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation, including the Bank Insurance Fund and the Savings Association Insurance Fund.

(7) Investment agreements, including guaranteed investment contracts ("GIC's"), acceptable to the Credit Enhancer.

(8) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P.

(9) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.

(10) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1+" by S&P.

(11) Repurchase agreements ("Repos") providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Board or Trustee (buyer/lender), and the transfer of cash from the Board or Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Board or Trustee in exchange for the securities at a specified date.

Repos must satisfy the following criteria:

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(c) A legal opinion which must be delivered to the Board and Trustee stating that the Repo meets guidelines under state law for legal investment of public funds.

(12) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If, however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, securities referred to in paragraph (1) above, or AAA rated pre-refunded municipals to satisfy this condition.

(13) Units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Section 218, Florida Statutes, or any similar common trust fund which is established pursuant to State law as a legal depository of public funds.

(14) Other forms of investments approved in writing by the Credit Enhancers, Standard & Poor's Corporation and Moody's Investors Service.

"Person" means an individual, corporation, partnership, association, joint stock company, trust, unincorporated organization, government or political subdivision.

"Plans and Specifications" means, in regard to a Project, the Board's plans and specifications for such Project, on file or to be on file with the Board, as the same may be amended from time to time in accordance with the Lease Agreement.

"Pledged Accounts" means, in regard to each Series of Certificates, the separate account, if any, established in the Prepayment Fund, and separate subaccounts, if any, established in the Project Account, Costs of Issuance Account, Capitalized Interest Account, the Reserve Account, the Principal Account and the Interest Account at the time such Series shall be issued.

"Premises" means, in regard to a Project, the parcels of real property leased by the Board to the Corporation pursuant to the Ground Lease, which real property shall be described in an exhibit to the Ground Lease.

"Prepayment Amount" means, in regard to a Project, the amount set forth in the Lease Schedule relating thereto.

"Prepayment Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Prepayment Premium" means the amount of prepayment premium, if any, due on any Optional Prepayment Date. The amount of such prepayment premium shall be calculated in accordance with the Trust Agreement.

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"**Prepayment Price**" means, with respect to any Certificate or portion thereof, the principal amount or portion thereof, plus the applicable Prepayment Premium, if any, payable upon prepayment thereof pursuant to such Certificate or the Trust Agreement.

"**Principal Account**" means the account by that name established under Section 6.02 of the Trust Agreement.

"**Principal Component**" means the portion of each Basic Rent Payment constituting principal as set forth in the Lease Schedules.

"**Principal and Interest Requirements**" means the respective amounts which are required in each Fiscal Year to provide for:

- (1) the interest payable on all Certificates then Outstanding, which is payable on each interest Payment Date in such Fiscal Year,
- (2) the principal on all Serial Certificates then Outstanding, which is payable upon the maturity of the Serial Certificates in such Fiscal Year, and
- (3) the Amortization Installment for all Term Certificates then Outstanding, which is payable for such Fiscal Year.

In determining the amount of the Principal and Interest Requirements for any Fiscal Year, if interest on the Certificates is payable from the proceeds of such Certificates or from other amounts set aside irrevocably for such purpose at the time such Certificates are issued, interest on such Certificates shall be included in Principal and Interest Requirements only in proportion to the amount of interest payable in the then current Fiscal Year from amounts other than amounts so funded to pay such interest. For purposes of this definition, all amounts payable on a Capital Appreciation Certificate shall be considered a principal payment due in the year of its maturity or earlier mandatory redemption.

"**Principal Office**" means the designated corporate trust office of the Trustee which shall initially be in Jacksonville, Florida, or the designated corporate trust office of any successor Trustee.

"**Project**" shall mean the Land, the Buildings, and/or the Equipment, as described in the Lease Schedule relating thereto, as the same may be amended or modified from time to time in accordance with the terms of the Lease Agreement.

"**Project Account**" means the account by that name established under Section 6.02 of the Trust Agreement.

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"**Real Estate Taxes**" shall mean all real estate taxes, public and governmental charges and assessments, including all extraordinary or special assessments, or assessments against any of the personal property included in the Projects, all costs, expenses and attorneys' fees incurred by Lessor in contesting or negotiating with public authorities as to any of same and all sewer and other similar taxes and charges.

"**Rebate Fund**" means the fund by that name established under Section 6.02 of the Trust Agreement.

"**Record Date**" means the 15th day of the month preceding any Payment Date (whether or not a Business Day).

"**Refunding Certificates**" means Certificates issued for purposes of refunding Outstanding Certificates pursuant to Section 4.13 of the Trust Agreement.

"**Refunding Securities**," except as otherwise provided by Supplemental Trust Agreement, means the investments set forth in paragraphs 1 and 9 of the definition of Permitted Investments.

"**Renewal Lease Term**" means, in regard to a Project, the period commencing on the day after the last day of the Initial Lease Term and ending on the following June 30. Thereafter, "Renewal Lease Term" shall refer to each succeeding one (1) year term commencing on the day after the last day of the previous Renewal Lease Term and ending on the following June 30.

"**Renewal Term Termination Date**" means, in regard to a Project, the termination date for the then current Renewal Lease Term which shall be the last day of such Renewal Lease Term.

"**Request and Authorization**" means a request and authorization from the Corporation and the Board to the Trustee to authenticate and deliver Certificates in accordance with the terms thereof and of the related Supplemental Trust Agreement, and substantially in the form attached to the Trust Agreement as Exhibit C.

"**Requisition**" means a requisition of the Board to receive amounts from the Project Fund to pay Project Costs or Costs of Issuance in the form attached to the Lease Agreement as Exhibit B.

"**Reserve Account**" means the account by that name established under Section 6.02 of the Trust Agreement.

"**Reserve Account Letter of Credit/Insurance Policy**" means the irrevocable letter or line of credit, insurance policy, surety bond or guarantee agreement issued by a Qualified Financial Institution in favor of the Trustee which is to be deposited into a

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"**Project Budget**" means, in regard to a Project, the budget for expenditure of moneys in the subaccount in the Project Account established for such Project as set forth in the Lease Schedule relating thereto.

"**Project Costs**" or "**Costs of the Project**" means, in regard to a Project, all costs of payment of, or reimbursement for, acquisition, construction and installation of such Project, including but not limited to, architectural and engineering costs and costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs and sales and use taxes and the cost of title insurance, and, in addition, Costs of Issuance to the extent that the amounts on deposit in the Costs of Issuance Account are insufficient to pay all Costs of Issuance in full. Project Costs shall specifically include any portion of the total costs of such Project or any portion thereof paid by the Board from funds other than proceeds of the Certificates prior to the Closing Date for which the Board seeks reimbursement by filing a Requisition with the Trustee in the manner required by Section 6.03 of the Trust Agreement.

"**Project Description**" means, in regard to a Project, the description of such Project as set forth in the Lease Schedule relating thereto.

"**Project Fund**" means the fund by that name established under Section 6.02 of the Trust Agreement.

"**Project Schedule**" means, in regard to a Project, the timetable for disbursements from the subaccount of the Project Account established therefor for acquisition, construction, delivery and installation of the components of such Project as set forth in the Lease Schedule relating thereto.

"**Purchasers**" means the original purchasers of a Series of Certificates.

"**Qualified Financial Institution**" means (1) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America; or (2) the Government National Mortgage Foundation or any successor thereto or the Federal National Mortgage Foundation or any successor thereto; provided that, for each such entity delineated in clauses (1) and (2), its unsecured or uncollateralized long-term debt obligations, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such entity, have been assigned a credit rating by Moody's of "Aa" or better or by S&P of "AA" or better.

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subaccount of the Reserve Account in order to fulfill the Reserve Requirement relating thereto.

"**Reserve Requirement**" means, in regard to a subaccount established in the Reserve Account to secure a Series of Certificates, such amounts, if any, as shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Series and in the Lease Schedule relating thereto, provided such Requirement not exceed the lesser of (1) the maximum Principal and Interest Requirements on account of the Outstanding Certificates of the Series secured by such subaccount in the current or any subsequent Fiscal Year, (2) one hundred twenty-five percent (125%) of the average annual Principal and Interest Requirements on account of the Outstanding Certificates of the Series secured by such subaccount in the current or any subsequent Fiscal Years, and (3) ten percent (10%) of the proceeds of such Series of Certificates.

"**S&P**" or "**Standard & Poor's**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

"**Serial Certificates**" means the Certificates designated as Serial Certificates pursuant to the Trust Agreement.

"**Series**" means all the Certificates delivered on original issuance in a simultaneous transaction and identified pursuant to Section 4.01 of the Trust Agreement and the Supplemental Trust Agreement authorizing the issuance of such Certificates as a separate Series, regardless of variations in maturity, interest rate and other terms.

"**Special Counsel**" shall mean Nabors, Giblin & Nickerson, P.A., Tampa, Florida, or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the exemption of the interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"**State**" means the State of Florida.

"**Stipulated Loss Value**" means an amount calculated in accordance with Section 5.08 of the Lease Agreement.

"**Superintendent**" means the Superintendent of the District, or such Person as shall be authorized to act on his or her behalf.

"**Supplemental Rent**" shall have the meaning set forth in Section 4.03(e) of the Lease Agreement.

"**Supplemental Trust Agreement**" means any supplement to or amendment to the Trust Agreement entered into in accordance with Article XI of the Trust Agreement.

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"Taxable Certificates" means Certificates for which the Interest Component of the Basic Rent Payments relating thereto shall be includable in gross income for purposes of federal income taxation.

"Term Certificates" means those Certificates designated as Term Certificates pursuant to the Supplemental Trust Agreement authorizing the issuance thereof which are subject to mandatory redemption by Amortization Installments.

"Termination Date" means the date on which the Lease Agreement terminates pursuant to the terms thereof.

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

"Trust Agreement" means the Master Trust Agreement, dated as of December 1, 2005, between the Corporation and the Trustee, as now and hereafter amended, modified or supplemented by Supplemental Trust Agreements.

"Trust Estate" means all right, title and interest of the Trustee in and to the property and interests therein described in Section 3.03 of the Trust Agreement.

"Trustee" means Wells Fargo Bank, National Association, or its successor in interest as the Trustee under the Trust Agreement.

"Variable Rate Certificates" means Certificates issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term thereto at the date of issue.

"Vendor" means, with respect to a Project, the Person or Persons appointed by the Board to sell Equipment relating to such Project.

FORM OF REQUISITION FOR PAYMENT OF PROJECT COSTS

Date: _____
Requisition Number: _____
Total Disbursement Requested: \$ _____
Certificates: [State Series of Certificates] (the "Certificates")
Lease Schedule No. _____ (the "Lease Schedule")
Account or Subaccount of Project Account:
To: _____ (the "Trustee")

The School Board of Martin County, Florida (the "Board"), consistent with the terms of the Master Trust Agreement, dated as of December 1, 2005, as supplemented (the "Trust Agreement"), among the Board, the Trustee and the Martin School Board Leasing Corporation (the "Corporation"), requests a disbursement from the above-described account or subaccount of the Project Account in the aggregate amount set forth above, for payment or reimbursement of Project Costs incurred for the acquisition, construction and installation of a portion of the Project described in the Lease Schedule.

Capitalized terms used in this Requisition shall have the same meaning ascribed to them in the Trust Agreement.

The Board does hereby direct and instruct the Trustee to pay such Project Costs to the Vendor, Contractor or Developer pursuant to the attached invoices, bills and statements (or if indicated below, to reimburse the Board for payment of the attached summary of invoices, bills and statements or to transfer moneys to the Board in order for it to pay such invoices, bills and statements) from moneys in the above-described account or subaccount of the Project Account, as follows:

Amount Payee Description of Project Cost Payment Instructions

(insert itemized list)

To induce the Trustee to approve this Requisition and disburse such moneys from the above-described account or subaccount of the Project Account, the undersigned certifies as follows:

- 1. The portions of the Project described in the Lease Schedule which are described in this Requisition have been thoroughly inspected and accepted by the Board in accordance with the terms of the Lease Agreement.
2. Attached hereto is a summary of each invoice and bill of sale for each item of Equipment specified on Schedule I attached hereto which constitutes a portion of the Project described in the Lease Schedule to be reimbursed hereby.
3. There are no liens against any such portion of the Project to be reimbursed hereby, other than Permitted Encumbrances.
4. To date, the Board has timely complied with all its obligations under the Lease Agreement.
5. All funds previously disbursed by the Trustee for Project Costs from the above-described account or subaccount of the Project Account have been applied in accordance with the Requisitions requesting same and the amounts requested herein are to be used to pay for Project Costs which have not been previously paid for with disbursements from the above-described account or subaccount of the Project Account or included in previous Requisitions submitted by the Board to the Trustee.
6. The following constitutes an itemized list of the attachments to this certificate:

- 7. The amount remaining in the above-described account or subaccount of the Project Account will, after payment of the amount set forth in this Requisition, be sufficient to pay all remaining applicable Project Costs relating to the Lease Schedule as currently estimated.
8. According to our records, the aggregate dollar amount disbursed for Project Costs relating to the Lease Schedule (including the amount requested in this Requisition) is \$ _____.
9. Execution of this Requisition shall constitute an affirmation of the completeness and accuracy of the representations and warranties contained in Section 5.02 of the Lease Agreement as of the date of execution hereof.

SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

By: _____
Title: _____

SCHEDULE I

SCHEDULE II

DESCRIPTION OF EQUIPMENT

DESCRIPTION OF DESIGNATED FACILITIES

Exhibit B- Schedule I-1

Exhibit B- Schedule II-1

SCHEDULE III

SCHEDULE IV

DESCRIPTION OF BUILDINGS

DESCRIPTION OF LAND
FORM OF REQUISITION
FOR PAYMENT OF COSTS OF ISSUANCE

Date:

Requisition Number:

Total Disbursement Requested: \$

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

Lease Schedule No.

Account or Subaccount of Costs of Issuance Account:

To: _____, as Trustee (the "Trustee")

The School Board of Martin County, Florida (the "Board"), consistent with the terms of the Master Trust Agreement, dated as of December 1, 2005, as supplemented (the "Trust Agreement"), among the Board, the Trustee and the Martin School Board Leasing Corporation (the "Corporation"), requests a disbursement from the above-described account or subaccount of the Costs of Issuance Account in the aggregate amount set forth above, for payment or reimbursement of Costs of Issuance relating to the Certificates.

Capitalized terms used in this Requisition shall have the same meaning ascribed to them in the Trust Agreement.

The Board does hereby direct and instruct the Trustee to pay the Costs of Issuance to the Person indicated below pursuant to the attached invoices (or if indicated below, to reimburse the Board for payment of the attached invoices or to transfer moneys to the Board in order for it to pay such invoices) from moneys in the above-described account or subaccount of the Costs of Issuance Account, as follows:

Amount	Payee	Description of Project Cost	Payment Instructions
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7. Execution of this Requisition shall constitute an affirmation of the completeness and accuracy of the representations and warranties contained in Section 5.02 of the Lease Agreement as of the date of execution hereof.

SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

By: _____
Title: _____

To induce the Trustee to approve this Requisition and disburse such moneys from the above-described account or subaccount of the Costs of Issuance Account, the undersigned certifies as follows:

- Attached hereto is an invoice for such Costs of Issuance.
- To date, the Board has timely complied with all its obligations under the Lease Agreement.
- All funds previously disbursed by the Trustee for Costs of Issuance relating to the Certificates from the above-described account or subaccount of the Costs of Issuance Account have been applied in accordance with the Requisitions requesting same and the amounts requested herein are to be used to pay for Costs of Issuance relating to the Certificates which have not been previously paid for with disbursements from such account or subaccount of the Costs of Issuance Account or included in previous Requisitions submitted by the Board to the Trustee.
- The following constitutes an itemized list of the attachments to this certificate:

(insert itemized list)
- The amount remaining in the above-described account or subaccount of the Costs of Issuance Account, will, after payment of the amount set forth in this Requisition, be sufficient to pay all remaining applicable Costs of Issuance as currently estimated.
- According to our records, the aggregate dollar amount disbursed for Costs of Issuance relating to the Certificates (including the amount requested in this Requisition) is \$ _____.

Exhibit B- Schedule IV-2

Exhibit B- Schedule IV-3

EXHIBIT C

FORM OF LEASE SCHEDULE

Schedule No. _____
to the
Master Lease-Purchase Agreement,
dated as of _____, 20____,
between
Martin School Board Leasing Corporation
(the "Corporation")
and
School Board of Martin County, Florida (the "Board")

THIS LEASE SCHEDULE NO. _____ (the "Lease Schedule") is hereby entered into under and pursuant to that certain Master Lease-Purchase Agreement, dated as of December 1, 2005 (the "Lease Agreement"), pursuant to which the Corporation has agreed to lease-purchase to the Board and the Board has agreed to lease-purchase from the Corporation, subject to the terms and conditions of the Lease Agreement, the Series _____ Project as herein described. All defined terms not otherwise defined herein shall have the respective meanings therefor set forth in the Lease Agreement. Reference to "Lease Agreement" herein shall include the terms of this Lease Schedule.

- Series _____ Project.** The leased property, which is described in Section 6 of this Lease Schedule (the "Series _____ Project"), and has a Maximum Cost of \$ _____, shall be acquired, constructed and installed, and lease-purchased, by the Board from the Corporation pursuant to the terms of the Lease Agreement.
- Commencement Date; Lease Term; Other Definitions.** For purposes of this Lease Schedule and the Lease Agreement:
 - The Commencement Date for the Series _____ Project is _____.
 - The Initial Lease Termination Date of the lease of the Series _____ Project shall be _____. The Maximum Lease Term shall commence on the Commencement Date hereof and terminate on _____.
 - The Estimated Completion Date is _____.
- Certificates of Participation.**

Exhibit C-1

- The Certificates of Participation issued under the Trust Agreement and related to this Lease Schedule are identified as "Certificates of Participation (School Board of Martin County, Florida Master Lease Program, Series _____) Evidencing an Undivided Proportionate Interest of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Martin County, Florida" (the "Series _____ Certificates").
- The Credit Enhancer for the Series _____ Certificates shall be _____.
- The Reserve Requirement for the Series _____ Subaccount established in the Reserve Account under the Trust Agreement shall be _____.
- The Optional Prepayment Date shall be _____.
- The Closure Date of the Series _____ Subaccount of the Project Account established for the Series _____ Certificates, for purposes of Section 6.03(g) of the Trust Agreement, shall be _____.
- The Prepayment Amount relating to the Series _____ Subaccount of the Project Account established for the Series _____ Certificates, for purposes of Section 6.03(g) of the Trust Agreement, shall be _____.

4. **Basic Rent.** The Basic Rent payable by the Board to the Corporation with respect to the Series _____ Project under the Lease Agreement is described in Schedule A attached hereto.

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

- Deposit to Series _____ Subaccount of Project Account established for Series _____ Certificates
- Deposit to Series _____ Subaccount of Costs of Issuance Account established for Series _____ Certificates
- Deposit to Series _____ Subaccount of Capitalized Interest Account established for Series _____ Certificates
- Deposit to Series _____ Subaccount of the Interest Account established for Series _____ Certificates

Exhibit C-2

Deposit to Series ___ Subaccount of Reserve
Account established for Series
Certificates

(SEAL)

SCHOOL BOARD OF MARTIN COUNTY,
FLORIDA

By: _____
Title: _____
Date: _____
Attest: _____

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

7. Designated Facilities. The Designated Facilities for the Series ___ Project is attached hereto as part of Schedule B.

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

9. Other Documents. The documents required by Section 3.01(c) of the Lease Agreement to be submitted with this Lease Schedule are attached hereto as Schedule D.

10. Assignment of Lease Agreement. The Corporation hereby acknowledges that all Lease Payments and its rights, title and interest in this Lease Schedule and, with certain exceptions, the Lease Agreement have been simultaneously assigned to the Trustee pursuant to the Assignment of Lease Agreement.

11. Other Permitted Encumbrances.

12. Special Terms and Conditions for Lease Schedule.

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

MARTIN SCHOOL BOARD LEASING CORPORATION

(SEAL)

By: _____
Title: _____
Date: _____
Attest: _____

Exhibit C-3

Exhibit C-4

SCHEDULE A

SCHEDULE B

BASIC RENT SCHEDULE

PROJECT DESCRIPTION, PROJECT BUDGET, PROJECT SCHEDULE AND DESIGNATED FACILITIES

<u>Basic Rent Payment Date</u>	<u>Interest Component</u>	<u>Principal Component</u>	<u>Total Basic Rent Payment</u>	<u>Remaining Principal Component</u>
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[Provide Basic Rent Schedule for each Group within Project]

SCHEDULE C

SCHEDULE D

DESCRIPTION OF THE LAND

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

Exhibit C- Schedule C-1

Exhibit C- Schedule D-1

EXHIBIT D

MEMORANDUM OF LEASE AND NOTICE OF OPTION

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SECOND AMENDED AND RESTATED LEASE SCHEDULE NO. 2005

Second Amended and Restated Schedule No. 2005
to the
Master Lease-Purchase Agreement,
dated as of December 1, 2005,
between
Martin School Board Leasing Corporation
(the "Corporation")
and
The School Board of Martin County, Florida (the "Board")

THIS SECOND AMENDED AND RESTATED LEASE SCHEDULE NO. 2005 (the "Amended and Restated Lease Schedule") hereby amends and restates in its entirety Amended and Restated Lease Schedule No. 2005, dated as of October 1, 2014, between the Board and the Corporation (the "Prior Lease Schedule") to that certain Master Lease-Purchase Agreement, dated as of December 1, 2005, between the Board and the Corporation (the "Master Lease Agreement"). The Master Lease Agreement, together with this Amended and Restated Lease Schedule, is herein collectively referred to as the "Lease Agreement." This Amended and Restated Lease Schedule is hereby entered into under the Lease Agreement pursuant to which the Corporation has agreed to lease-purchase to the Board and the Board has agreed to lease-purchase from the Corporation, subject to the terms and conditions of the Lease Agreement, the Series 2005 Project as herein described. All capitalized terms not otherwise defined herein shall have the respective meanings therefor set forth in the (i) Lease Agreement or (ii) the Master Trust Agreement, dated as of December 1, 2005, among the Board, the Corporation and the Trustee, as supplemented by the Series 2024 Supplemental Trust Agreement (the "Series 2024 Supplemental Trust Agreement"), dated as of May 1, 2024, among the Board, the Corporation and the Trustee (collectively, the "Trust Agreement").

1. Findings. The Board and the Corporation hereby find and determine that:
 - (a) The Board has heretofore executed and delivered the Lease Agreement pursuant to which it has established a master lease-purchase program.
 - (b) The Board has heretofore leased the Series 2005 Project from the Corporation in accordance with the terms of the Lease Agreement.
 - (c) The Board has heretofore caused the Series 2014A Certificates to be executed, authenticated and delivered by the Trustee in connection with the refinancing of a portion of the costs of acquisition and construction and the Board's leasing of the Series 2005 Project.

(d) The Board and the Corporation deem it in their best interests to restructure the Basic Rent Payments due under the Prior Lease Schedule by issuing Refunding Certificates for the purpose of refunding, on a current basis, the outstanding Series 2014A Certificates maturing on July 1 in the years [2025 and 2027 through 2031, inclusive] (collectively, the "Refunded Certificates").

(e) In order to accomplish such refunding, the Board and the Corporation hereby agree to cause the issuance of the Series 2024 Certificates pursuant to the Trust Agreement.

(f) The Board and the Corporation further agree to use a portion of the proceeds of the Series 2024 Certificates to (i) prepay the Refunded Certificates pursuant to the terms of the Master Trust Agreement (including, particularly, Articles V and XII thereof) and an Escrow Deposit Agreement, dated [CLOSING DATE], 2024 (the "Escrow Deposit Agreement"), between the Board and Computershare Trust Company, N.A., as Escrow Agent, in order to restructure and reduce certain Basic Rent Payments payable under the Prior Lease Schedule as aforesaid and (ii) pay costs associated with the issuance of the Series 2024 Certificates. The portion of the proceeds of the Series 2024 Certificates to be applied to the refunding of the Refunded Certificates shall be deposited into an escrow deposit trust fund established pursuant to the Escrow Deposit Agreement and shall constitute the deposit of prepaid Basic Rent Payments by the Board.

(g) The deposit of the prepaid Basic Rent Payments into the escrow deposit trust fund shall be in an amount sufficient to pay the principal of, prepayment premium, if any, and interest on the Refunded Certificates, as the same become due or are prepaid prior to maturity. The Lease Agreement will secure the payment of Supplemental Rent and any deficiency in the prepaid Basic Rent Payments on deposit in the escrow deposit trust fund relating to the Refunded Certificates.

(h) In consideration for the deposit of such prepaid Basic Rent Payments with the Escrow Agent, the Board and the Corporation agree to enter into this Amended and Restated Lease Schedule, whereby the Board will continue to lease the Series 2005 Project and agree to make Basic Rent Payments sufficient to pay the principal of and interest on the Series 2024 Certificates and the Series 2014A Certificates maturing on July 1 in the years [2024 and 2026] (collectively, the "Outstanding Series 2014A Certificates") that are not refunded in connection with the issuance of the Series 2024 Certificates.

2. Series 2005 Project. The leased property, which is described in Section 7 of this Amended and Restated Lease Schedule (the "Series 2005 Project"), had a Maximum Cost of \$39,957,000 (plus any investment earnings), was acquired, constructed and

(f) There shall be no Prepayment Amount relating to the Series 2005 Subaccount of the Project Account for purposes of Section 6.03(f) of the Master Trust Agreement.

(g) For purposes of Sections 5.08(c) and (d) of the Lease Agreement, Net Proceeds of any insurance or condemnation award relating to the Series 2005 Project shall be allocated to the Series 2024 Certificates, on a pro rata basis with the Outstanding Series 2014A Certificates in accordance with Section 14 below.

5. Basic Rent. The Basic Rent payable by the Board to the Corporation with respect to the Series 2005 Project under the Lease Agreement is described in Schedule A attached hereto. The Basic Rent Payment Dates with respect to the Outstanding Series 2014A Certificates and Series 2024 Certificates shall be on the June 15 and December 15 prior to each January 1 and July 1 payment set forth in said Schedule A. The obligation to make Basic Rent Payments in regard to the Refunded Certificates shall remain in effect to the extent of any deficiency in prepaid Basic Rent Payments deposited in the escrow deposit trust fund established by the Escrow Deposit Agreement for the Refunded Certificates.

6. Use of Certificate Proceeds. (a) The net proceeds of the Series 2014A Certificates (excluding the underwriting discount of \$73,141.51) were disbursed as follows:

Deposit to the Series 2014A Subaccount of the Costs of Issuance Account established for the Series 2014A Certificates	\$242,522.37*
Deposit to escrow fund as prepaid Basic Rent for the Series 2005 Certificates	\$31,937,754.87

*\$58,269.64 of which was wired directly to AGM at closing.

(b) The proceeds of the Series 2024 Certificates (excluding the underwriting discount of \$[UW DISCOUNT]) shall be disbursed as follows:

Deposit to the Series 2024 Subaccount of the Costs of Issuance Account established for the Series 2024 Certificates	[\$COI DEPOSIT]*
Deposit to Escrow Fund as prepaid Basic Rent for the Refunded Certificates	[\$ESCROW DEPOSIT]

* \$ _____ of which shall be wired directly to BAM at closing.

installed, and shall be lease-purchased, by the Board from the Corporation pursuant to the terms of the Lease Agreement.

3. Commencement Date; Lease Term; Other Definitions. For purposes of this Amended and Restated Lease Schedule and the Lease Agreement:

(a) The Commencement Date for the Series 2005 Project was December 15, 2005.

(b) The Initial Lease Termination Date of the lease of the Series 2005 Project was June 30, 2006. The Maximum Lease Term shall commence on the Commencement Date hereof and shall terminate on June 30, 2031.

(c) The Estimated Completion Date was February 1, 2007.

4. Certificates of Participation.

(a) The Certificates of Participation issued under the Trust Agreement and related to this Amended and Restated Lease Schedule are identified as the (i) the Outstanding Series 2014A Certificates, and (ii) "Refunding Certificates of Participation (School Board of Martin County, Florida Master Lease Program), Series 2024 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 Martin County, Florida" (the "Series 2024 Certificates").

(b) The Credit Enhancer for the Outstanding Series 2014A Certificates is Assured Guaranty Municipal Corp. ("AGM"). The Credit Enhancer for the Series 2024 Certificates maturing on July 1 in the years 20__ through 20__, inclusive (collectively, the "Insured Series 2024 Certificates"), shall be Build America Mutual Assurance Company ("BAM"). [The Series 2024 Certificates maturing on July 1, 20__ shall not be subject to credit enhancement.]

(c) The Reserve Requirement for the Outstanding Series 2014A Certificates and the Series 2024 Certificates under the Trust Agreement shall be zero (\$0.00).

(d) [The Optional Prepayment Date for the Outstanding Series 2014A Certificates maturing on July 1, 2026 shall be any date on or after July 1, 2024.] There is no Optional Prepayment Date for the Outstanding Series 2014A Certificates maturing on July 1, 2024 or the Series 2024 Certificates.

(e) The Closure Date of the Series 2005 Subaccount of the Project Account for purposes of Section 6.03(f)(ii) of the Master Trust Agreement was March 31, 2007.

7. The Series 2005 Project. The Project Description, Project Budget and Project Schedule for the Series 2005 Project are attached hereto as Schedule B.

8. Designated Facilities. The Designated Facilities for the Series 2005 Project are attached hereto as part of Schedule B.

9. The Land. A description of the Land, including any Ground Lease, 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 each site on which the Series 2005 Project is located shall be the lesser of (i) \$1,000,000 per each Series 2005 Project site or (ii) the amount agreed upon by the Board and the Credit Enhancer.

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 and Assignment of Ground Lease. The Corporation hereby acknowledges that all Lease Payments and its rights, title and interest in this Amended and Restated Lease Schedule and, with certain exceptions, the Lease Agreement have been assigned to the Trustee pursuant to the Assignment of Lease Agreement, dated as of December 1, 2005, as supplemented and amended pursuant to the Third Amendment to Assignment of Lease Agreement between the Corporation and the Trustee, dated as of May 1, 2024 and that all of its rights, title and interest in the Ground Lease Agreement, dated as of December 1, 2005, as amended by a First Amendment to Ground Lease Agreement, dated as of May 1, 2024 (the "Ground Lease"), each between the Board and the Corporation have been assigned to the Trustee pursuant to an Assignment of Ground Lease, dated as of December 1, 2005.

13. Other Permitted Encumbrances. Those encumbrances set forth in the title policies delivered in connection with any Series 2005 Project site.

14. Section 5.08(c) and (d) of the Master Lease Agreement Not Applicable. Notwithstanding the provisions set forth in Sections 5.08(c) and (d) of the Lease Agreement, the Board may elect not to repair, restore or replace the Series 2005 Project or any portion thereof which has been destroyed, damaged or lost or condemned, with the Net Proceeds of any insurance or condemnation award, by filing a certificate with the Trustee stating that (i) the Board has made such an election and (ii) it is not in the best interests of the Board to repair, restore or replace such Series 2005 Project or portion thereof. Upon such an election, if the Net Proceeds are not greater than the amount of the Basic Rent Payments coming due in the current and immediately following fiscal year under this Amended and Restated Lease Schedule, then such amounts shall be used first, to pay the Interest Component of the Series 2024 Certificates and the Outstanding Series 2014A Certificates, on a pro rata basis, for the next two interest Payment Dates and then to pay

Outstanding Series 2014A Certificates Basic Rent Schedule					
Basic Rent Payment Date	Principal Component	Interest Component	Basic Rent Payment	Annual Basic Rent Payment	Remaining Principal Component

Schedule A-2

Series 2024 Certificates Basic Rent Schedule					
Basic Rent Payment Date	Principal Component	Interest Component	Basic Rent Payment	Annual Basic Rent Payment	Remaining Principal Component

Schedule A-3

BASIC RENT SCHEDULE BY GROUP

[Not Applicable]

Schedule A-4

SCHEDULE B

**PROJECT DESCRIPTION, PROJECT BUDGET,
PROJECT SCHEDULE AND DESIGNATED FACILITIES**

PROJECT DESCRIPTION AND SCHEDULE

Anderson Middle School. Anderson Middle School is located at 7000 SW Atlantic Ridge Drive, in the south-central area of the District. The school consists of three two-story classroom buildings and two single-story buildings with a current student capacity of 1,201 and a recommended student capacity of 1,035 for grades 6-8. The facilities generally include middle school and ESE part-time and full-time classrooms, science, music and art labs, media center, food services facilities, administration facilities and vocational and physical education facilities in approximately 156,000 gross square feet of space. The school opened in August 2006.

Schedule B-1

ESTIMATED PROJECT BUDGET

Anderson Middle School

Construction	\$34,500,000
Equipment, Fees, Permits & Surveys	<u>5,457,000</u>
Total	\$39,957,000

ESTIMATED DRAWDOWN SCHEDULE

Date	Amount
December, 2005	\$7,797,735*
January, 2006	2,980,943
February, 2006	4,323,201
March, 2006	4,243,110
April, 2006	3,682,750
May, 2006	4,371,775
June, 2006	3,519,484
July, 2006	2,668,651
August, 2006	2,257,720
September, 2006	1,525,347
October, 2006	1,125,347
November, 2006	522,918
December, 2006	312,673
January, 2007	312,672
February, 2007	<u>312,673</u>
Total	\$39,957,000

*All of which represents reimbursable project costs paid to the District on the date of closing.

Schedule B-2

Schedule B-3

DESIGNATED FACILITIES

All equipment components not constituting fixtures of the educational facilities described under the heading "PROJECT DESCRIPTION AND SCHEDULE" above.

EXHIBIT A TO SCHEDULE B

EDUCATIONAL PLANT SURVEY EXCERPTS RELATED TO THE SERIES 2005 PROJECT COMPONENTS

Schedule B-4

Exhibit A to Schedule B-1

SCHEDULE C

SCHEDULE D

DESCRIPTION OF THE LAND

TRACT "A", TRES BELLE P.U.D. PLAT NO. 1, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 16, PAGE 4, PUBLIC RECORDS OF MARTIN COUNTY, FLORIDA.

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

1. Resolution of the School Board. (See Tab ___)
2. Certificate of School Board. (See Tab ___)
3. Ground Lease Agreement. (See Tab ___)
4. Series 2024 Supplemental Trust Agreement. (See Tab ___)
5. Memorandum of Lease and Notice of Option with respect to Series 2005 Project. (See Tab ___)
6. Memorandum of Ground Lease with respect to Series 2005 Project. (See Tab ___)

Schedule C-1

Schedule D-1



INSTR # 1904351 \$78.00
OR BK 02104 PG 0249
Pgs 0249 - 257 (9pgs)
RECORDED 01/20/2006 09:59:49 AM
MARSHA EWING
CLERK OF MARTIN COUNTY FLORIDA
RECORDED BY L Wood

This document prepared by:

John R. Stokes, Esq.
Nabors, Giblin & Nickerson, P.A.
2502 Rocky Point Drive, Suite 1060
Tampa, Florida 33607

ASSIGNMENT OF LEASE AGREEMENT

by and between

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

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee**

Dated as of December 1, 2005

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ASSIGNMENT OF LEASE AGREEMENT

THIS ASSIGNMENT OF LEASE AGREEMENT, is made and entered into as of December 1, 2005, by and between **MARTIN SCHOOL BOARD LEASING CORPORATION**, a single purpose, not-for-profit corporation duly organized and validly existing under the laws of the State of Florida (the "Corporation") and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association with corporate trust powers duly qualified to enter into this Assignment of Lease Agreement, not in its individual capacity but solely as trustee (the "Trustee");

WITNESSETH:

In the joint and initial exercise of their powers, in consideration of the mutual covenants herein contained, and for other valuable consideration, the parties hereto recite and agree as follows:

SECTION 1. RECITALS. (a) The Corporation and the Board have entered into the Master Lease-Purchase Agreement, dated as of December 1, 2005 (which, together with all amendments and Lease Schedules thereto now or hereinafter entered into, including, without limitation, Lease Schedule No. 2005, dated as of December 1, 2005, shall be referred to herein as the "Lease Agreement"), between the Corporation and the Board, whereby the Corporation has agreed to lease to the Board, and the Board has agreed to lease from the Corporation, the Projects, as described in the Lease Agreement.

(b) The Certificates shall be issued from time to time in order to finance or refinance the acquisition, construction and installation of the Projects and the proceeds of the Certificates shall be deposited with the Trustee and shall be held and applied in accordance with the Trust Agreement.

(c) Pursuant to the Lease Agreement, the Board is obligated to make certain Lease Payments to the Corporation, or its assignee. In order to secure the Certificates, the Corporation is willing to assign and transfer its rights and interests under the Lease Agreement to the Trustee for the benefit of the Owners of the Certificates.

(d) Each of the parties hereto has authority to enter into this Assignment of Lease Agreement, and has taken all actions necessary to authorize its officer to enter into it.

(e) The capitalized words and terms used in this Assignment of Lease Agreement, but not otherwise defined herein, shall have the meanings assigned to such words and terms in Exhibit A to the Lease Agreement.

SECTION 2. ASSIGNMENT. The Corporation, for good and valuable consideration received, does hereby irrevocably sell, assign and transfer to the Trustee,

by absolute and outright assignment, for the benefit of the Owners of the Certificates, all of its right, title and interest in the Lease Agreement (other than the right to receive indemnification pursuant to the Lease Agreement, the right to enter into Lease Schedules from time to time and its obligations provided in Section 6.03 of the Lease Agreement), including its right to receive Lease Payments from the Board under the Lease Agreement and its right to use, sell and re-let the Projects (under the circumstances contemplated by the Lease Agreement), and the right to exercise such rights and remedies as are conferred on the Corporation by the Lease Agreement. All rights of the Corporation in each Lease Schedule shall be assigned to the Trustee upon execution and delivery thereof by absolute and outright assignment. The Lease Payments shall be applied, and the rights so assigned shall be exercised, by the Trustee as provided in the Trust Agreement. Except for any Lease Schedules which are hereafter attached to the Lease Agreement and hereafter assigned by the Corporation to the Trustee pursuant to an amendment to this Assignment of Lease Agreement, the sale, assignment and conveyance of the rights, title and interest of the Corporation under and to the Lease Agreement are immediately complete and effective for all purposes.

SECTION 3. ACCEPTANCE. The Trustee hereby accepts such assignment in trust for the purpose of securing payment of the Certificates and securing the rights of the Owners of the Certificates issued pursuant to the Trust Agreement.

SECTION 4. CONDITIONS. This Assignment of Lease Agreement shall confer no rights and impose no duties upon the Trustee beyond those expressly provided in the Trust Agreement. The obligations of the Corporation under the Lease Agreement are expressly not assigned to nor accepted by the Trustee.

SECTION 5. REPRESENTATIONS AND AGREEMENTS. (a) With respect to the sale, assignment and conveyance of the rights, title and interest of the Corporation under the Lease Agreement, the Corporation represents, warrants and covenants to and with the Trustee, for the benefit of the Owners of the Certificates, that:

(i) The Corporation is a single-purpose, not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State of Florida, with corporate powers and authority to own its property and carry on its business as now being conducted.

(ii) The Corporation is duly qualified to transact business and hold property and is in good standing in the State of Florida and wherever necessary to perform its obligations under the Lease Agreement, the Trust Agreement and this Assignment of Lease Agreement.

(iii) The Corporation has full power, authority and legal right to enter into and perform its obligations under the Lease Agreement, the Trust Agreement and this Assignment of Lease Agreement; and the execution, delivery and performance of the Lease Agreement, the Trust Agreement and this Assignment of

Lease Agreement by the Corporation have been duly authorized by all necessary corporate actions on the part of the Corporation, do not require any stockholder approval or the approval or consent of any trustee or holder of any indebtedness or obligations of the Corporation or any other Person or such required approvals and consents have heretofore been duly obtained.

(iv) The execution, delivery and performance of the Lease Agreement, the Trust Agreement and this Assignment of Lease Agreement do not contravene any provision of any Articles of Incorporation or Bylaws of the Corporation, and do not and will not conflict with, violate or result in any breach of or constitute a default under any indenture, mortgage, contract, agreement or instrument to which the Corporation is a party or by which it or any of its property is bound or any constitutional or statutory provision, or order, rule, regulation, decree or ordinance of any federal or state court, government or governmental body having jurisdiction over the Corporation or any of its properties and by which the Corporation or any of its property is bound.

(v) To the Corporation's knowledge, the Lease Agreement and the Trust Agreement are in full force and effect and the Corporation is not in default thereunder; and, the Lease Agreement, the Trust Agreement and this Assignment of Lease Agreement are legal, valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with their respective terms, all such enforcement being subject to certain laws relating to bankruptcy, reorganizations, moratoriums and creditors' rights generally and to the exercise of judicial discretion in accordance with general principles of equity.

(vi) The Corporation has complied, and will at all times hereafter comply, with and duly perform its obligations under the Lease Agreement, the Trust Agreement and this Assignment of Lease Agreement.

(vii) There is no pending, or to the knowledge of the Corporation, threatened, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency in any way affecting the ability of the Corporation to perform its obligations under the Lease Agreement, the Trust Agreement or this Assignment of Lease Agreement.

(viii) The Lease Agreement and the lease rights thereunder being herein assigned are free and clear of all claims, liens, mortgages, security interests and encumbrances arising through any act or omissions of the Corporation or any Person claiming by, through or under it, except the rights of the Board under the Lease Agreement and encumbrances permitted thereunder, including the Permitted Encumbrances.

(h) From and after the date of delivery to the Trustee of this Assignment of Lease Agreement, the Corporation shall have no further rights or interest under the Lease

Agreement with respect to same or in any Lease Payments (except any rights of indemnification of the Corporation under the Lease Agreement, the Corporation's right to enter into Lease Schedules from time to time and the Corporation's obligations under Section 6.03 of the Lease), the Projects or other moneys due with respect thereto or to become due under the Lease Agreement.

(c) The Corporation agrees to execute and deliver to the Trustee, upon request by the Trustee or the Owners of a majority in principal amount of the Certificates or any Credit Enhancer, any documents deemed necessary by the Trustee or such Owners or any Credit Enhancer to evidence further the assignment and conveyance herein made with respect to the Lease Agreement including, without limitation, any amendments hereto necessary or desirable to assign to the Trustee any Lease Schedules executed and delivered after the date hereof.

(d) The Corporation hereby irrevocably constitutes and appoints the Trustee, or its successors or assigns, as its lawful attorney, with full power of substitution and resubstitution, to collect and to sue on behalf of the Corporation in the name of the Corporation or otherwise in any court for any Lease Payments or other amounts due under the Lease Agreement, or any part thereof, to withdraw or settle any claims, suits or proceedings pertaining to or arising out of the Lease Agreement or pertaining to the Projects upon any terms, all without the assent of the Corporation; and, further, to take possession of and to endorse in the name of the Corporation any instrument for the payment of moneys received on account of the Lease Payments or other amounts due under the Lease Agreement.

(e) The Corporation has authorized and directed the Board to pay to the Trustee, its successors and assigns, all Lease Payments and all other amounts due and payable under the Lease Agreement.

(f) In order to secure payment of the Certificates, the Corporation hereby authorizes the Trustee to take possession of the Projects, and title thereto in accordance with the provisions of the Trust Agreement and Lease Agreement, and sell or relet such Projects, or any portion thereof, in the circumstances described in the Trust Agreement.

SECTION 6. NON-RECOURSE. The parties hereto agree that the assignment contained in this Assignment of Lease Agreement shall be non-recourse with respect to the Corporation, and the Corporation shall have no liability hereunder to the Trustee or the Owners of any Certificates, with respect to the occurrence of an Event of Default or Event of Non-Appropriation by the Board under the Lease Agreement.

SECTION 7. NO INDIVIDUAL LIABILITY. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Assignment of Lease Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no

recourse shall be had for the assignment effected by Section 2 hereof or for any claim based thereon under this Assignment of Lease Agreement against any member, officer, employee or agent of the parties hereto.

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

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

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

(SEAL)

WITNESS:
Name: John R. Stakes
Print: John R. Stakes
Name: Thomas E. Jeffers
Print: THOMAS E. JEFFERS

MARTIN SCHOOL BOARD LEASING CORPORATION, as Lessor
By: Lorie Shekailo
Name: Lorie Shekailo
Title: President
Address: 500 East Ocean Boulevard
Stuart, Florida 34994

Attest:

Name: John R. Stakes
Print: John R. Stakes
Name: Thomas E. Jeffers
Print: THOMAS E. JEFFERS

By: Sara A. Wilcox
Name: Sara A. Wilcox
Title: Secretary
Address: 500 East Ocean Boulevard
Stuart, Florida 34994

(SEAL)

Name: Michael Baldwin
Print: Michael Baldwin
Name: D. Brent Wilcox
Print: D. Brent Wilcox

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee
By: Christopher Lacey
Name: Christopher Lacey
Title: Vice President
Address: 7077 Bonneval Road, Suite 400
Jacksonville, Florida 32216

STATE OF FLORIDA)
) SS:
COUNTY OF MARTIN)

The foregoing Assignment of Lease Agreement was acknowledged before me this 14th day of December 2005, by Lorie Shekailo and Dr. Sara A. Wilcox, the President and Secretary, respectively, of the MARTIN SCHOOL BOARD LEASING CORPORATION. Such person(s) did not take an oath and:

- is/are personally known to me.
- produced a current Florida driver's license as identification.
- produced _____ as identification.

(SEAL)



Rosemarie P. Taylor
Name:
Notary Public, State of Florida
My Commission Expires:

STATE OF FLORIDA)
) SS:
COUNTY OF MARTIN)

The foregoing Assignment of Lease Agreement was acknowledged before me this 14th day of December 2005, by Christopher Tracy, Vice President of Wells Fargo Bank, National Association. Such person(s) did not take an oath and:

- is/are personally known to me.
- produced a current Florida driver's license as identification.
- produced TL 20-115-67-242-0 as identification.

(SEAL)



Rosamaria P. Taylor
Name:
Notary Public, State of Florida
My Commission Expires:

This document prepared by:
Ritesh S. Patel, Esq.
Nabors, Giblin & Nickerson, P.A.
2502 Rocky Point Drive
Suite 1060
Tampa, Florida 33607

**THIRD AMENDMENT TO
ASSIGNMENT OF LEASE AGREEMENT**

by and between

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

and

**COMPUTERSHARE TRUST COMPANY, N.A.,
as successor Trustee**

Dated as of May 1, 2024

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**THIRD AMENDMENT TO
ASSIGNMENT OF LEASE AGREEMENT**

THIS THIRD AMENDMENT TO ASSIGNMENT OF LEASE AGREEMENT, is made and entered into as of May 1, 2024, by and between the **MARTIN SCHOOL BOARD LEASING CORPORATION**, a not-for-profit corporation duly organized and validly existing under the laws of the State of Florida (the "Corporation") and **COMPUTERSHARE TRUST COMPANY, N.A.**, a national banking association with corporate trust powers duly qualified to enter into this Third Amendment to Assignment of Lease Agreement, not in its individual capacity, but solely as successor trustee (the "Trustee").

WITNESSETH:

In the joint and initial exercise of their powers, in consideration of the mutual covenants herein contained, and for other valuable consideration, the parties hereto recite and agree as follows:

SECTION 1. RECITALS. (a) The Corporation and The School Board of Martin County, Florida (the "Board") have entered into the Master Lease-Purchase Agreement, dated as of December 1, 2005 (which, together with all amendments, supplements and Lease Schedules thereto, shall be referred to herein as the "Lease Agreement"), between the Corporation and the Board, whereby the Corporation has agreed to lease to the Board, and the Board has agreed to lease from the Corporation, the Projects, as described in the Lease Agreement.

(b) The Corporation and Trustee have entered into the Assignment of Lease Agreement, dated as of December 1, 2005, as amended and supplemented as hereinafter described (the "Assignment Agreement"), which Assignment Agreement has been recorded at Official Records Book 2104, page 249, of the Public Records of Martin County, Florida.

(c) The Corporation and Trustee have amended the Assignment Agreement to acknowledge Amended and Restated Lease Schedule No. 2005 by entering into the First Amendment to Assignment of Lease Agreement, dated as of October 1, 2014 (the "First Amendment to Assignment Agreement"), which First Amendment to Assignment Agreement has been recorded in the Official Records Book 2745, page 1646, of the Public Records of Martin County, Florida.

(d) The Corporation and Trustee have amended the Assignment Agreement to acknowledge Lease Schedule No. 2021 by entering into the Second Amendment to Assignment of Lease Agreement, dated as of July 1, 2021 (the "Second Amendment to Assignment Agreement"), which Second Amendment to Assignment Agreement has been

recorded in the Official Records Book 3241, page 1101, of the Public Records of Martin County, Florida.

(e) The Corporation and Trustee deem it necessary to further amend the Assignment Agreement to acknowledge Second Amended and Restated Lease Schedule No. 2005 by entering into this Third Amendment to Assignment of Lease Agreement (the "Third Amendment to Assignment Agreement").

(f) Certificates (as defined in the Lease Agreement) shall be issued from time to time in order to finance and refinance the acquisition, construction and installation of the Projects and the proceeds of the Certificates shall be deposited with the Trustee and shall be held and applied in accordance with the Master Trust Agreement.

(g) Pursuant to the Lease Agreement, the Board is obligated to make certain Lease Payments to the Corporation, or its assignee. In order to secure the Certificates, the Corporation is willing to assign and transfer its rights and interests under the Lease Agreement to the Trustee for the benefit of the Owners of the Certificates.

(h) Each of the parties hereto has authority to enter into this Third Amendment to Assignment Agreement, and has taken all actions necessary to authorize its officer to enter into it.

(i) The capitalized words and terms used in this Third Amendment to Assignment Agreement, but not otherwise defined herein, shall have the meanings assigned to such words and terms in Exhibit A to the Lease Agreement or in the Master Trust Agreement.

SECTION 2. ASSIGNMENT. The Corporation, for good and valuable consideration received, does hereby irrevocably sell, assign and transfer to the Trustee, for the benefit of the Owners of the Certificates, all of its right, title and interest in the Lease Agreement, as amended and supplemented by Second Amended and Restated Lease Schedule No. 2005 (other than the right to receive indemnification pursuant to the Lease Agreement, the right to enter into Lease Schedules from time to time and its obligations provided in Section 6.03 of the Lease Agreement), including its right to receive Lease Payments from the Board under the Lease Agreement, its right to use, sell and re-let the Projects (under the circumstances contemplated by the Lease Agreement), and the right to exercise such rights and remedies as are conferred on the Corporation by the Lease Agreement. All rights of the Corporation in each Lease Schedule shall be assigned to the Trustee upon execution and delivery thereof. The Lease Payments shall be applied, and the rights so assigned shall be exercised, by the Trustee as provided in the Master Trust Agreement. Except for any Lease Schedules which are hereafter attached to the Lease Agreement and hereafter assigned by the Corporation to the Trustee pursuant to an amendment to the Assignment Agreement, the sale, assignment and conveyance of the

rights, title and interest of the Corporation under and to the Lease Agreement are immediately complete and effective for all purposes.

SECTION 3. ACCEPTANCE. The Trustee hereby accepts such assignment in trust for the purpose of securing payment of the Certificates and securing the rights of the Owners of the Certificates issued pursuant to the Trust Agreement.

SECTION 4. CORPORATION'S REPRESENTATIONS, WARRANTIES, AND COVENANTS. The Corporation hereby confirms that the representations, warranties, and covenants of the Corporation set forth in Section 5 of the Assignment Agreement are true and correct and in full force as of the date hereof.

SECTION 5. CONFLICTS; ASSIGNMENT AGREEMENT TO CONTINUE IN FORCE. Except as herein expressly amended and supplemented, the Assignment Agreement and all the terms and provisions thereof are and shall remain in full force and effect; provided, however, that in the event of a conflict between the terms of this Third Amendment to Assignment Agreement and the Assignment Agreement, the terms of this Third Amendment to Assignment Agreement shall govern.

SECTION 6. COUNTERPARTS. This Third Amendment to Assignment Agreement may be executed in counterparts, and each of said counterparts shall be deemed an original for all purposes of this Third Amendment to Assignment Agreement. All of such counterparts taken together shall be deemed to be one and the same instrument.

SECTION 7. LAW. This Third Amendment to Assignment Agreement shall be construed under the laws of the State of Florida.

[Remainder of page intentionally left blank]

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

STATE OF FLORIDA)
) SS:
COUNTY OF MARTIN)

MARTIN SCHOOL BOARD LEASING CORPORATION, as Lessor

ATTEST:

Witness:
Print Name:
Address:
Witness:
Print Name:
Address:

By:
Name: Jennifer Russell
Title: President
Address: 500 East Ocean Boulevard
Stuart, Florida 34994

The foregoing Third Amendment to Assignment of Lease Agreement was acknowledged before me by means of physical presence or online notarization, this day of May, 2024, by Jennifer Russell and Michael Maine, the President and Secretary/Treasurer, respectively, of the MARTIN SCHOOL BOARD LEASING CORPORATION, who are personally known to me or who have produced as identification.

[Notary Seal]

(Signature of person taking acknowledgment)

(Name typed, printed or stamped)

(Title or rank)

(Serial number, if any)

ATTEST:

Witness:
Print Name:
Address:
Witness:
Print Name:
Address:

By:
Name: Michael Maine
Title: Secretary/Treasurer
Address: 500 East Ocean Boulevard
Stuart, Florida 34994

COMPUTERSHARE TRUST COMPANY, N.A., as successor Trustee

ATTEST:

Witness:
Print Name:
Address:
Witness:
Print Name:
Address:

By:
Name:
Title:
Address: 1505 Energy Park Drive
St. Paul, Minnesota 55108

STATE OF MINNESOTA)
) SS:
COUNTY OF RAMSEY)

The foregoing Third Amendment to Assignment of Lease Agreement was acknowledged before me by means of physical presence or online notarization, this day of 2024, by of Computershare Trust Company, N.A., who is personally known to me or who has produced as identification.

[Notary Seal]

(Signature of person taking acknowledgment)

(Name typed, printed or stamped)

(Title or rank)

(Serial number, if any)

MASTER TRUST AGREEMENT

by and among

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee**

and

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

and

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

Dated as of December 1, 2005

***Securing*
Certificates of Participation
(School Board of Martin County, Florida Master Lease Program)
Evidencing an Undivided Proportionate Interest of Owners thereof in
Basic Rent Payments to be made under a Master Lease-Purchase Agreement
by the School Board of Martin County, Florida**

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THIS MASTER TRUST AGREEMENT, is made and entered into as of December 1, 2005, by and among WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association with corporate trust powers qualified to accept trusts of the type herein set forth (the "Trustee"), MARTIN SCHOOL BOARD LEASING CORPORATION, a single-purpose, not-for-profit corporation duly organized and existing under Chapter 617, Florida Statutes (the "Corporation"), and the SCHOOL BOARD OF MARTIN COUNTY, FLORIDA, a school board duly organized and existing under the laws of the State of Florida (the "Board"), acting as the governing body of the Martin County School District (the "District").

WITNESSETH:

WHEREAS, the Board deems it in the best interests of the District to lease-purchase certain real and/or personal property from time to time by entering into a master lease-purchase agreement, dated as of December 1, 2005 (the "Lease Agreement"), between the Corporation, as lessor, and the Board, as lessee; and

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

WHEREAS, the relationship between the Corporation and the Board under the Lease Agreement is to be a continuing one and Projects may be added to the Lease Agreement from time to time in accordance with the terms thereof and of the Lease Schedules describing such Projects; and

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

WHEREAS, the Trustee has agreed to deliver a Series of Certificates pursuant to and upon receipt of a Request and Authorization from the Corporation and the Board; and

WHEREAS, as of the date hereof, the Corporation will assign to the Trustee, by outright assignment, all of its right, title and interest in and to the Lease Agreement and

the Lease Payments (as defined herein), other than its rights of indemnification, its right to enter into Lease Schedules (as defined herein) from time to time and its obligations provided in Section 6.03 of the Lease Agreement, pursuant to an Assignment of Lease Agreement, dated as of December 1, 2005, between the Corporation and the Trustee; and

WHEREAS, the Board and the Corporation will enter into a Ground Lease, dated as of December 1, 2005 (the "Ground Lease"); whereby the Board has or will demise the Premises (as defined herein) to the Corporation in accordance with the terms thereof; and

WHEREAS, on the date hereof, the Corporation will assign to the Trustee all of its right, title and interest in and to the estate created and granted under the Ground Lease, pursuant to an Assignment of Ground Lease Agreement, dated as of December 1, 2005, between the Corporation and the Trustee; and

WHEREAS, the proceeds of the sale of each Series of Certificates will be deposited with the Trustee and such funds shall be held and disbursed pursuant to the terms of this Trust Agreement in order to, among other things, fund the acquisition, construction and installation of a Project or to refund other Certificates; and

WHEREAS, the Board may provide that a Credit Enhancer (as defined herein) may issue a letter of credit, insurance policy, guarantee or other instrument to secure the payment of the principal of and interest on a Series of Certificates; and

WHEREAS, each Series of Certificates (other than any Completion Certificates for such Series) shall be secured independently from each other Series of Certificates in accordance with the provisions hereof;

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein contained and for other valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. DEFINITIONS. The capitalized terms used herein shall have the meanings, for the purpose of this Trust Agreement, ascribed to them in Exhibit A attached hereto unless the context clearly requires some other meaning. The term "Agreement" or "Trust Agreement" as used herein shall mean this Trust Agreement unless the context clearly requires some other meaning.

SECTION 1.02. RULES OF CONSTRUCTION. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neutral genders. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this Trust Agreement, refer to this Trust Agreement.

ARTICLE II

RECITALS AND REPRESENTATIONS

SECTION 2.01. LEASE AGREEMENT. The Corporation and the Board have entered into the Lease Agreement, and intend to enter into Lease Schedules from time to time, whereby the Corporation has agreed to lease the Projects from time to time to the Board and the Board has agreed to lease the Projects from time to time from the Corporation and to make Lease Payments therefor in accordance with the terms thereof.

SECTION 2.02. ASSIGNMENT OF LEASE AGREEMENT AND LEASE SCHEDULES. The Corporation has assigned and transferred to the Trustee by outright and absolute assignment all its rights, title and interest under (A) the Lease Agreement, other than (i) its rights of indemnification thereunder, (ii) its right to enter into Lease Schedules from time to time, and (iii) its obligations under Section 6.03 of the Lease Agreement and (B) the Ground Lease(s) pursuant to the terms and provisions hereof and of the Assignment of Ground Lease Agreement related to such Ground Lease(s), and, in consideration of such assignment and the execution of this Trust Agreement, the Trustee has agreed herein to authenticate and deliver Series of Certificates from time to time hereunder.

SECTION 2.03. REPRESENTATIONS. In the Lease Agreement, the Corporation has agreed to cause the acquisition, construction and installation of each Project pursuant to the Plans and Specifications relating thereto as provided in the corresponding Lease Schedule, and the Board, as the agent of the Corporation, will be responsible for the letting of contracts and agreements for the acquisition, construction and installation of each such Project and for supervising the acquisition, construction and installation of each such Project.

SECTION 2.04. DESCRIPTION AND ESTIMATED COST OF THE PROJECT. The description of each Project to be acquired, constructed and leased by the Board from the Corporation pursuant to the terms and provisions of the Lease Agreement and the estimated Cost of such Project shall be as set forth in the Lease Schedule relating thereto.

SECTION 2.05. CONDITIONS PRECEDENT SATISFIED. Each party hereto represents with respect to itself that all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the execution and delivery of this Trust Agreement have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto each represents as to itself that it is now duly empowered to execute and deliver this Trust Agreement.

(c) All right, title and interest of the Trustee under the Assignment of Lease Agreement and Assignment of Ground Lease Agreement(s);

(d) Any moneys received by the Trustee which are derived from the exercise by the Trustee, as assignee of the Corporation, of any of the remedies under this Trust Agreement, the Lease Agreement, the Ground Lease(s) or any mortgage agreement entered into pursuant to the terms hereof; and

(e) All property which by the express provisions of this Trust Agreement, the Lease Agreement or the Ground Lease(s) is required to be subject to the lien hereof, and any additional property that may from time to time hereafter expressly be made subject to the lien hereof by the Trustee, the Corporation or the Board or anyone authorized to act on their behalf;

PROVIDED, HOWEVER, that in each case any portion of the Trust Estate which is derived from the sale, re-letting or other disposition of a Project, moneys and damages received in relation to such Project and any cash, securities and investments in any Pledged Accounts relating to such Project shall be utilized solely for the benefit of the Owners of Certificates which financed or refinanced such Project and for whose benefit such Pledged Accounts were established.

SECTION 3.04. TRUST ESTATE FOR BENEFIT OF CERTIFICATE OWNERS. (a) Subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Corporation and the Board hereby declare, and the Trustee acknowledges, that the Trust Estate shall secure the payment of the principal of, Prepayment Premium, if any, and interest on the Outstanding Certificates, which represent an undivided proportionate interest in the Basic Rent Payments under the Lease Agreement.

(b) The Trustee shall be entitled to and shall, subject to the provisions of Article IX hereof and after being provided with indemnity acceptable to it, take all steps, actions and proceedings reasonably necessary, in its judgment, to enforce all of the rights of the Corporation in and under the Lease Agreement and the Ground Lease(s) for the benefit of the Owners of the Certificates.

(c) If the Certificates shall be paid, or provision for payment shall be made, and all other payments due hereunder shall be made as provided in Article XII hereunder, the Trust Estate shall terminate and the Owners of the Certificates shall have no right thereto, except as otherwise provided herein.

ARTICLE III

APPOINTMENT OF TRUSTEE; DECLARATION OF TRUST

SECTION 3.01. APPOINTMENT OF TRUSTEE. In consideration of the recitals hereinabove set forth and for other valuable consideration, the Corporation and the Board hereby appoint the Trustee to receive, hold, invest and disburse the Trust Estate and to perform certain other functions, all as hereinafter provided and subject to the terms and conditions of this Trust Agreement.

SECTION 3.02. DECLARATIONS OF TRUST. (a) The Corporation, the Board and the Trustee hereby create this trust for the purpose of facilitating the lease purchase financing of the Projects and the Trustee agrees to (i) accept the assignment and transfer of the rights of the Corporation in and to the Lease Agreement (other than the right of the Corporation to be indemnified by the Board upon the occurrence of various events described therein, its right to enter into Lease Schedules from time to time and its obligations under Section 6.03 of the Lease Agreement) pursuant to the terms and provisions hereof and of the Assignment of Lease Agreement, (ii) accept the assignment and transfer of the rights of the Corporation pursuant to the terms and provisions of the Assignment(s) of Ground Lease Agreement, (iii) execute, authenticate and deliver the Certificates from time to time against receipt of the proceeds from the sale thereof, deposit such proceeds hereunder and disburse same, together with earnings thereon, in accordance with the terms and provisions hereof and of the Supplemental Trust Agreement(s) related thereto, and (iv) subject to the provisions of Article IX hereof, do all other things necessary or incidental to the terms hereof.

(b) The Trustee hereby declares that it holds and will hold the Trust Estate upon the trusts and apply the moneys held hereunder as hereinafter set forth for the use and benefit of the Owners of the Certificates as set forth herein.

SECTION 3.03. TRUST ESTATE. The Trust Estate, which shall be held for the benefit of the Owners of the Certificates from time to time Outstanding hereunder, consists of the following:

(a) All right, title and interest in the funds, accounts and subaccounts established under this Trust Agreement and the cash, securities and investments of which they are comprised (other than the Rebate Fund);

(b) All right, title and interest of the Corporation in, to and under the Ground Lease(s) and the Lease Agreement and the right to receive the Lease Payments under the Lease Agreement but excluding any rights of the Corporation to indemnification set forth therein, its right to enter into Lease Schedules from time to time and its obligations provided in Section 6.03 of the Lease Agreement;

ARTICLE IV

ISSUANCE OF CERTIFICATES

SECTION 4.01. AUTHORIZATION OF CERTIFICATES. (a) The number of Series of Certificates which may be created under this Trust Agreement is not limited. The aggregate principal amount of Certificates of each Series which may be issued, authenticated and delivered under this Trust Agreement is not limited except as set forth in the related Request and Authorization and Supplemental Trust Agreement and as restricted by the provisions of this Trust Agreement.

(b) The Certificates issuable under this Trust Agreement shall be issued in such Series as may from time to time be created in connection with a Lease Schedule. Each Series of Certificates shall be designated "Certificates of Participation (School Board of Martin County, Florida Master Lease Program), Series ____ Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Martin County, Florida." The Certificates may, if and when authorized by this Trust Agreement, be designated with such further appropriate particular designations added to or incorporated in such title for the Certificates of any particular Series as the Board may determine and as may be necessary to distinguish such Certificates from the Certificates of any other Series.

(c) Each Series of Certificates shall be issued for the purposes of (a) funding the Costs of a Project, or completing a Project as provided in Section 4.12 hereof, (b) funding a subaccount established in the Reserve Account in an amount equal to the Reserve Requirement applicable thereto, (c) capitalizing interest on such Series of Certificates, if deemed appropriate, and/or (d) paying the Costs of Issuance applicable thereto. Refunding Certificates may also be issued pursuant to Section 4.13 hereof.

(d) Each Series of Certificates, other than Variable Rate Certificates and Capital Appreciation Certificates, shall be substantially in the form set forth in Exhibit B hereto, with such appropriate variations, omissions and insertions as may be necessary or appropriate to conform to the provisions of this Trust Agreement, including any use of a book-entry only system as described in Section 4.11 hereof. The form of Variable Rate Certificates and Capital Appreciation Certificates shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Certificates. All Certificates may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Certificates may be listed or any usage or requirement of law with respect thereto.

(e) Each Series of Certificates shall be issued for such authorized purpose or purposes; shall bear such interest rate designations; and shall be payable in lawful money

of the United States of America on such dates; all as determined pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.

(f) Each Series of Certificates shall be issued in such denominations; shall be dated such date; shall bear such numbers; shall be payable at such place or places and at such time or times; shall contain such redemption provisions; shall consist of such amounts of Term Certificates, Serial Certificates, Capital Appreciation Certificates and Variable Rate Certificates; shall mature in such years and amounts; and the proceeds shall be used in such manner; all as determined pursuant to the Supplemental Trust Agreement authorizing the issuance thereof. Each Series of Certificates may be secured by a Credit Facility or municipal bond insurance policy all as shall be determined pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.

(g) The principal of the Certificates shall be payable from the Principal Component of the Basic Rent Payments on July 1 of each year, except as may otherwise be provided by Supplemental Trust Agreement. The interest on the Current Interest Certificates shall be payable semiannually from the Interest Component of Basic Rent Payments on the Payment Dates, except as otherwise provided by Supplemental Trust Agreement. The Interest Component of Capital Appreciation Certificates shall be paid at maturity or upon prior prepayment. Interest on the Certificates shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months, except as otherwise provided by Supplemental Trust Agreement. The Certificates shall be numbered in such manner as the Trustee deems appropriate.

(h) The principal of all Certificates and the Interest Component of any Capital Appreciation Certificates shall be payable at the Principal Office of the Trustee. Payment of the principal of all Certificates shall be made upon the presentation and surrender of such Certificates as the same shall become due and payable. Payment of interest on the Current Interest Certificates shall be by check or draft mailed to the Owner as of the close of business on the Record Date at his address as it appears on the Certificate Register maintained by the Trustee; except that, if and to the extent that there shall be a default in payment of interest due on such Payment Date, such defaulted interest payment shall be paid to the Owners in whose name any such Current Interest Certificates are registered at the close of business on the fifteenth day (whether or not a business day) preceding the date of payment of such defaulted interest payment; provided, however, that at the request and expense of the Owner of \$1,000,000 or more in aggregate principal amount of Outstanding Current Interest Certificates of a Series, interest shall be paid by wire transfer on the interest Payment Date to a domestic bank account designated in writing to the Trustee by said Owner at least five days prior to the Record Date prior to such interest Payment Date.

(i) Subject to the foregoing provisions of this Section, each Certificate delivered under this Trust Agreement upon transfer of or in exchange for or in lieu of any other Certificate of the same Series shall carry all the rights to interest accrued and

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(vi) A fully executed counterpart of the Assignment of Lease Agreement;

(vii) A fully executed counterpart of each Ground Lease, if any, relating to the Project to be financed from such Series of Certificates and of the Assignment of Ground Lease Agreement related thereto;

(viii) An opinion of counsel for the Corporation to the effect that (A) the Corporation has been duly organized and is validly existing as a not-for-profit corporation in good standing under the laws of the State, and the Corporation has the power and authority to execute and deliver this Trust Agreement, the Supplemental Trust Agreement relating to such Series of Certificates, the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates and the Assignment of Lease Agreement and Assignment of Ground Lease Agreement, (B) this Trust Agreement, the Supplemental Trust Agreement relating to such Series of Certificates, the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates and the Assignment of Lease Agreement and the Assignment of Ground Lease Agreement have each been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute valid and binding agreements of the Corporation enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by general principles of equity or public policy;

(ix) An opinion of counsel to the Board to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates, and (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by general principles of equity or public policy;

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unpaid, and to accrue, which were carried by such other Certificate and each such Certificate shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(j) Variable Rate Certificates must have a Maximum Interest Rate relating thereto which shall be established at the time of issuance of such Certificates. Prior to the termination of the Lease Agreement, any accelerated principal payments due to a Credit Bank in regard to Variable Rate Certificates or any interest due on such Variable Rate Certificates in excess of the interest on such Certificates to said Credit Bank shall be subordinate to the payment of Basic Rent Payments represented by the Certificates. PRIOR TO ISSUANCE OF ANY VARIABLE RATE CERTIFICATES NOTICE THEREOF SHALL BE DELIVERED TO ANY RATING AGENCY THEN RATING ANY OUTSTANDING CERTIFICATES.

SECTION 4.02. DELIVERY OF CERTIFICATES. (a) Each Series of Certificates, other than Completion Certificates and Refunding Certificates, shall be executed substantially in the form and in the manner set forth herein, but before such Series of Certificates shall be delivered by the Trustee, there shall be filed or deposited with the Trustee the following:

(i) A copy, certified by the Secretary of the Corporation, or his designee, of the resolution or resolutions of the Board of Directors of the Corporation approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease, any applicable Assignment(s) of Ground Lease Agreement, the Lease Schedule relating to the Project to be financed from such Series of Certificates, the Assignment of Lease Agreement, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates;

(ii) A copy, certified by the Secretary of the Board, or his designee, of the resolution or resolutions of the Board approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates;

(iii) An executed copy of the Request and Authorization relating to such Series of Certificates;

(iv) A fully executed counterpart of this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates;

(v) A fully executed counterpart of the Lease Agreement and the Lease Schedule relating to the Project to be financed from such Series of Certificates;

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(x) An opinion of Special Counsel to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates, and (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates and the Supplemental Trust Agreement relating to such Series of Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by general principles of equity or public policy, and (C) except for Taxable Certificates, the Interest Component of such Series of Certificates is excluded from the gross income of the Owners thereof for purposes of federal income taxation; and

(xi) An opinion of Counsel to the Trustee to the effect that such Series of Certificates have been duly executed, authenticated and delivered by the Trustee in accordance with the terms hereof.

(b) When the documents described in paragraphs (i) to (xi), inclusive, of Section 4.02(a) hereof shall have been filed with the Trustee and when the Certificates shall have been executed and authenticated as required by this Trust Agreement, the Trustee shall deliver the Certificates at one time to, or upon the order of, the Purchasers of such Series, but only upon payment to the Trustee of the purchase price of such Certificates and the accrued interest thereon, if any. The Trustee shall be entitled to rely upon the resolutions described in paragraphs (i) and (ii) of Section 4.02(a) hereof as to all matters stated therein and as to the Purchasers and purchase price of the Certificates. The Trustee and the Credit Enhancer shall be entitled to rely upon the opinions described in paragraphs (viii), (ix) and (x) of Section 4.02(a) hereof as to all matters stated therein.

SECTION 4.03. EXECUTION OF CERTIFICATES. The Certificates shall be executed with the manual or facsimile signature of an authorized officer or authorized signatory of the Trustee. In case any officer or signatory whose signature or a facsimile of whose signature shall appear on any Certificates shall cease to be such officer or such authorized signatory before the delivery of such Certificates, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Any Certificates may bear the facsimile signature of, or may be signed by, such officer or authorized signatory as at the actual time of the execution of such Certificates shall be the proper officer or signatory to sign such

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Certificates although at the dated date of such Certificates such officer may not have been such officer.

SECTION 4.04. AUTHENTICATION OF CERTIFICATES. Only such Certificates as shall have endorsed thereon a certificate of authentication substantially in the form set forth in Exhibit B hereto, manually executed by the Trustee, shall be entitled to any benefit or security under this Trust Agreement. No Certificate shall be valid or obligatory for any purpose unless and until such certificate of authentication on the Certificate shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Certificate shall be conclusive evidence that such Certificate has been duly authenticated and delivered under this Trust Agreement. The Trustee's certificate of authentication on any Certificate shall be deemed to have been duly executed if signed by an authorized officer or authorized signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Certificates that may be issued hereunder at any one time.

SECTION 4.05. EXCHANGE OF CERTIFICATES. Certificates, upon surrender thereof at the designated corporate trust office of the Trustee, together with an assignment duly executed by the Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Certificates of the same maturity and Series, of any denomination or denominations authorized by this Trust Agreement, bearing interest at the same rate, and in the same form as the Certificates surrendered for exchange.

SECTION 4.06. NEGOTIABILITY, REGISTRATION AND TRANSFER OF CERTIFICATES. (a) The Trustee shall keep or cause to be kept a Certificate Register, which shall at all times be open to inspection by the Board and the Corporation; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on the Certificate Register, of Certificates as provided herein.

(b) The transfer of any Certificate may be registered only upon the Certificate Register upon surrender thereof to the Trustee together with an assignment duly executed by the Owner or such Owner's attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such registration of transfer the Trustee shall authenticate and deliver in exchange for such Certificate a new registered Certificate or Certificates, registered in the name of the transferee, of any denomination or denominations authorized by this Trust Agreement in the aggregate principal amount equal to the principal amount of such Certificate surrendered or exchanged, of the same maturity and Series and bearing interest at the same rate.

(c) In all cases in which Certificates shall be exchanged or the transfer of Certificates shall be registered hereunder, the Trustee shall authenticate and deliver at the

earliest practicable time Certificates in accordance with the provisions of this Trust Agreement. All Certificates surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Trustee. No service charge shall be made for any registration, transfer, or exchange of Certificates, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates as a condition precedent to such registration, transfer or exchange. The Trustee shall not be required to transfer or exchange Certificates (i) during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of prepayment of Certificates and ending at the close of business on the day of such mailing, (ii) so selected for prepayment in whole or in part, or (iii) during a period beginning at the opening of business on the Record Date next preceding a date set for payment of interest and ending on such interest Payment Date.

SECTION 4.07. OWNERSHIP OF CERTIFICATES. The Trustee shall deem and treat the Person in whose name any Outstanding Certificate shall be registered upon the Certificate Register as the absolute Owner of such Certificate, whether such Certificate shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest payments with respect to such Certificate and for all other purposes, and all such payments so made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid, and neither the Corporation, the Board nor the Trustee shall be affected by any notice to the contrary.

SECTION 4.08. MUTILATED, DESTROYED, STOLEN OR LOST CERTIFICATES. (a) In case any Certificate secured hereby shall become mutilated or be destroyed, stolen or lost, the Trustee shall cause to be executed, shall authenticate and deliver, a new Certificate of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Certificate or in lieu of and in substitution for such Certificate destroyed, stolen or lost, and the Owner shall pay the reasonable expenses and charges of the Trustee in connection therewith and, in case of a Certificate destroyed, stolen or lost, the Owner shall file with the Trustee evidence satisfactory to it and that such Certificate was destroyed or lost, and of his ownership thereof, and as a condition precedent to delivery of such new Certificate the Trustee may require indemnity satisfactory to it.

(b) Every Certificate issued pursuant to the provisions of this Section in exchange or substitution for any Certificate which is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation pursuant to the terms hereof, whether or not the destroyed, lost or stolen Certificate shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Certificates duly issued under this Trust Agreement. All Certificates shall be held and owned upon the express condition that the

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foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

SECTION 4.09. TEMPORARY CERTIFICATES. (a) Until definitive Certificates are ready for delivery, there may be executed, and upon request of the Board, the Trustee shall authenticate and deliver, in lieu of definitive Certificates and subject to the same limitations and conditions, typewritten, printed, engraved or lithographed temporary Certificates, in the form of fully registered Certificates in denominations of \$5,000 or any whole multiple thereof, substantially of the tenor of the Certificates set forth in this Trust Agreement and with such appropriate omissions, insertions and variations as may be required.

(b) If temporary Certificates shall be issued, the Trustee, upon preparation of the definitive Certificates and presentation to it at its designated office of any temporary Certificate, shall cancel the same and authenticate and deliver to the Owner, without charge to such Owner, a definitive Certificate or Certificates of an equal aggregate principal amount, of the same maturity and Series and bearing interest at the same rate as the temporary Certificate surrendered. Until so exchanged, the temporary Certificates shall in all respects be entitled to the same benefit and security of this Trust Agreement as the definitive Certificates to be issued and authenticated hereunder.

SECTION 4.10. EVIDENCE OF SIGNATURES OF CERTIFICATE OWNERS AND OWNERSHIP OF CERTIFICATES. (a) Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Certificate Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(i) The fact and date of the execution by any Certificate Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions that the Persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation,

association or partnership, such certificate shall also constitute sufficient proof of his authority.

(ii) The fact of the ownership of Certificates by any Certificate Owner and the amount, the principal Payment Date and the numbers of such Certificates and the date of his ownership of the same shall be proved by the Certificate Register held by the Trustee pursuant to this Trust Agreement.

(b) Nothing contained in this Article IV shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which may seem sufficient. Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered to be done by the Board or the Trustee in pursuance of such request or consent.

SECTION 4.11. DEPOSITORY TRUST COMPANY AND BOOK ENTRY OBLIGATIONS. The Trustee is hereby authorized if so requested by the Purchasers of a Series of Certificates to take such actions as may be necessary from time to time to qualify such Series for registration in the name of Cede & Co., as nominee for The Depository Trust Company. No such arrangements with The Depository Trust Company may adversely affect the interests of any of the Owners of the Certificates; provided, however, that the Trustee shall not be liable with respect to any such arrangements it may make pursuant to this Section. The Trustee is further authorized if so requested by the Board to take such actions as may be necessary to qualify a Series of Certificates as uncertificated registered public obligations (not represented by instruments), commonly known as book-entry only obligations, provided it shall establish a system of registration therefor by Supplemental Trust Agreement. Any expenses incurred by the Trustee pursuant to this Section shall be paid by the Board.

SECTION 4.12. COMPLETION CERTIFICATES. (a) Completion Certificates may be issued to provide necessary funds to complete payment of the Costs of a Project previously financed hereunder or to finance additional property which shall be added to a Project or which shall be substituted for a portion of a Project. Except for the purposes of Section 6.03 of the Lease Agreement, such Completion Certificates, for purposes of this Trust Agreement, the Lease Agreement and any applicable Ground Lease shall constitute a part of the same Series of Certificates as the Certificates issued to pay the original Costs of the Project. Such Completion Certificates shall be executed substantially in the form and in the manner set forth herein, but before such Completion Certificates shall be delivered by the Trustee, there shall be filed or deposited with the Trustee the following:

(i) A copy, certified by the Secretary of the Corporation, or his designee, of the resolution or resolutions of the Board of Directors of the Corporation approving the form of and authorizing the execution and delivery of

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the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, the Assignment of Lease Agreement, any applicable Assignment of Ground Lease Agreement, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates;

(ii) A copy, certified by the Secretary of the Board, or his designee, of the resolution or resolutions of the Board approving the form of and authorizing the execution and delivery of the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates;

(iii) An executed copy of the Request and Authorization relating to such Completion Certificates;

(iv) A fully executed counterpart of this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates;

(v) A fully executed counterpart of the Lease Agreement and the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, the change, if any, to such Project and the additional Basic Rent Payments that would have to be made thereunder;

(vi) Fully executed counterparts of the Assignment of Lease Agreement and any applicable Assignment of Ground Lease Agreement;

(vii) A fully executed counterpart of the Ground Lease;

(viii) An opinion of counsel for the Corporation to the effect that (A) the Corporation has been duly organized and is validly existing as a not-for-profit corporation in good standing under the laws of the State, and the Corporation has the power and authority to execute and deliver this Trust Agreement, the Supplemental Trust Agreement relating to such Completion Certificates, the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, the Assignment of Lease Agreement and any applicable Assignment of Ground Lease Agreement, (B) this Trust Agreement, the Supplemental Trust Agreement relating to such Completion Certificates, the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, any applicable Assignment of Ground Lease Agreement and the Assignment of Lease Agreement have each been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution and delivery thereof by the other parties thereto,

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(xi) An opinion of Counsel to the Trustee to the effect that such Completion Certificates have been duly executed, authenticated and delivered by the Trustee in accordance with the terms hereof; and

(xii) The written consent to the issuance of the Completion Certificates by the Credit Enhancer, if any, of the Series of Certificates relating to the original Project, or if there shall not be a Credit Enhancer, written evidence that the rating, if any, from any rating agency then rating such Series of Certificates shall not be downgraded at the time of issuance of the Completion Certificates.

(b) When the documents described in paragraphs (i) to (xii), inclusive, of Section 4.12(a) hereof shall have been filed with the Trustee and when the Completion Certificates shall have been executed and authenticated as required by this Trust Agreement, the Trustee shall deliver the Completion Certificates at one time to, or upon the order of, the Purchasers of such Completion Certificates, but only upon payment to the Trustee of the purchase price of the Completion Certificates and the accrued interest thereon, if any. The Trustee shall be entitled to rely upon the resolutions described in paragraphs (i) and (ii) of Section 4.12(a) hereof as to all matters stated therein and as to the Purchasers and the purchase price of the Completion Certificates. The Trustee and the Credit Enhancer shall be entitled to rely upon the opinions described in paragraphs (viii), (ix) and (x) of Section 4.12(a) hereof as to all matters stated therein.

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

SECTION 4.13. REFUNDING CERTIFICATES. (a) Refunding Certificates may be issued under and secured by this Trust Agreement, subject to the conditions hereinafter provided in this section, at any time or times, for the purposes of (i) providing funds for refunding part or all of the Certificates (and the Basic Rent Payments related thereto) at or prior to their maturity or maturities, including the payment of any Prepayment Premium thereon and interest which will accrue on such Certificates to their date of payment, (ii) making a deposit, if necessary, to the subaccount of the Reserve Account which shall secure such Refunding Certificates, and (iii) paying the Costs of Issuance relating to said Refunding Certificates.

(b) Such Refunding Certificates shall be executed substantially in the form and manner set forth herein, but before the Refunding Certificates shall be delivered by the Trustee, there shall be filed or deposited with the Trustee the following:

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constitute valid and binding agreements of the Corporation enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or by general principles of equity or public policy;

(ix) An opinion of counsel to the Board to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates, and (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the original Project as amended to take into account the Completion Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Completion Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by general principles of equity or public policy;

(x) An opinion of Special Counsel to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates, and (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule relating to the Project to be financed from such Series of Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Series of Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by general principles of equity or public policy, (C) except for Taxable Certificates, the Interest Component of such Series of Certificates is excluded from the gross income of the Owners thereof for purposes of federal income taxation, and (D) the issuance of such Certificates will not, in and of itself, adversely affect the exclusion from gross income of the Interest Component of all other Outstanding Certificates, to the extent then excluded;

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(i) A copy, certified by the Secretary of the Corporation, or his designee, of the resolution or resolutions of the Board of Directors of the Corporation approving the form of and authorizing the execution and delivery of a revised Lease Agreement setting forth the new Basic Rent Payment Schedule to be in effect subsequent to such refunding, any necessary revisions to any applicable Ground Lease, Lease Schedule or Schedules relating to the Certificates to be refunded to take into account the Refunding Certificates, the Assignment of Lease Agreement, any applicable Assignment of Ground Lease Agreement, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates;

(ii) A copy, certified by the Secretary of the Board, or his designee, of the resolution or resolutions of the Board approving the form of and authorizing the execution and delivery of the revised Lease Agreement, any applicable Ground Lease, Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates;

(iii) An executed copy of the Request and Authorization relating to such Refunding Certificates;

(iv) A fully executed counterpart of this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates;

(v) A fully executed counterpart of the revised Lease Agreement and revised Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates;

(vi) Fully executed counterparts of the Assignment of Lease Agreement and any applicable Assignment of Ground Lease Agreement;

(vii) A fully executed counterpart of each Ground Lease, if any, relating to the Project or Projects which were financed by the Certificates to be refunded;

(viii) An opinion of counsel for the Corporation to the effect that (A) the Corporation has been duly organized and is validly existing as a not-for-profit corporation in good standing under the laws of the State, and the Corporation has the power and authority to execute and deliver this Trust Agreement, the Supplemental Trust Agreement relating to such Refunding Certificates, the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, any applicable Assignment of Ground Lease Agreement, Assignment of Lease Agreement and Ground Lease, (B) this Trust Agreement, the Supplemental Trust Agreement relating to such Refunding Certificates, the Lease

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Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, any applicable Assignment of Ground Lease Agreement, Assignment of Lease Agreement and Ground Lease have each been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute valid and binding agreements of the Corporation enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or by general principles of equity or public policy;

(ix) An opinion of counsel to the Board to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates, and (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by general principles of equity or public policy;

(x) An opinion of Special Counsel to the effect that (A) the Board is the duly organized and validly existing governing body of the District and has all necessary power and authority to execute and deliver the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates, (B) the Lease Agreement, any applicable Ground Lease, the Lease Schedule or Schedules relating to the Certificates to be refunded as amended to take into account the Refunding Certificates, this Trust Agreement and the Supplemental Trust Agreement relating to such Refunding Certificates have each been duly authorized, executed and delivered by the Board and, assuming due authorization, execution and delivery thereof by the other parties thereto and subject to the terms and conditions thereof, constitute the valid and binding agreements of the Board enforceable in accordance with their terms,

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be refunded and apply the same in the manner required by the Supplemental Trust Agreement authorizing the issuance of the Refunding Certificates.

(f) The Refunding Certificates shall be secured in the same manner and from the same Pledged Accounts as were the Certificates to be refunded in accordance with the terms hereof.

SECTION 4.14. PAYMENTS FROM TRUST ESTATE ONLY; DISTRIBUTION OF TRUST ESTATE. (a) Unless otherwise set forth in the Supplemental Trust Agreement authorizing the issuance of more than one Series of Certificates, each Certificate within a Series of Certificates executed and delivered pursuant to this Trust Agreement and each Hedge Obligation shall rank *pari passu* and be equally and ratably secured under this Trust Agreement with each other Certificate of such Series and each Hedge Obligation related thereto, but not with any Certificate of any other Series (or any Hedge Obligation related to such other Series), issued pursuant to this Trust Agreement and Outstanding other than Completion Certificates relating to such Series, without preference, priority or distinction of any such Certificate or Hedge Obligation over any other such Certificate or Hedge Obligation, except that to the extent that Basic Rent Payments available for payment to all Certificateholders, and each Hedge Obligation related thereto are less than all amounts owed with respect to all Series of Certificates and all Hedge Obligations on any Payment Date, such amounts available shall be applied on a pro-rata basis to Certificateholders of all Series in accordance with the ratio that the principal balance of each Series of Certificates Outstanding bears to the total amount of Certificates Outstanding under this Trust Agreement.

Termination Fees shall be secured by the Trust Estate subordinated to the security provided for each Series of Certificates and Hedge Obligations and payable only if and to the extent Supplemental Rent for such amounts has been received for distribution pursuant to Section 6.06(b) hereof.

(b) Except as otherwise expressly provided in Section 4.14(a) above, and elsewhere herein, all amounts payable by the Trustee with respect to a Series of Certificates, Hedge Obligations or to any Credit Enhancer who shall have issued a Credit Facility or municipal bond insurance policy securing such Series pursuant to this Trust Agreement shall be paid only from the portion of the Trust Estate derived from Basic Rent Payments made pursuant to the Lease Schedule corresponding to such Series or any related Hedge Agreement and only to the extent that the Trustee shall have actually received sufficient income or proceeds from such portion of the Trust Estate to make such payments. Each Certificateholder agrees, and each such Credit Enhancer, by its execution and delivery of a Credit Facility or municipal bond insurance policy shall be deemed to have agreed, and each Counterparty by its execution and delivery of a Hedge Agreement shall be deemed to have agreed, except as otherwise expressly provided herein, to look solely to the income of and the proceeds from such portion of the Trust Estate to the extent available for distribution to such holder, each such Credit Enhancer

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except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and by general principles of equity or public policy, (C) except in the case of Taxable Certificates, the Interest Component of the Refunding Certificates and the refunded Certificates is or will remain excluded from the gross income of the Owner thereof for purposes of federal income taxation, and (D) in the case of an advance refunding, the refunded Certificates have been defeased in accordance with the terms hereof;

(xi) An opinion of Counsel to the Trustee to the effect that such Refunding Certificates have been duly executed, authenticated and delivered by the Trustee in accordance with the terms hereof; and

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

(c) When the documents described in paragraphs (i) through (xii), inclusive, of Section 4.13(b) hereof shall have been filed with the Trustee and when the Refunding Certificates shall have been executed and authenticated, the Trustee shall deliver such Refunding Certificates to or upon the order of the Purchasers thereof, but only upon payment to the Trustee of the purchase price of such Refunding Certificates, plus accrued interest, if any. The Trustee shall be entitled to rely upon the resolutions described in paragraphs (i) and (ii) of Section 4.13(b) hereof as to all matters stated therein and as to the Purchasers and the purchase price of the Refunding Certificates. The Trustee and the Credit Enhancer shall be entitled to rely upon the opinions described in paragraphs (viii), (ix), (x), (xi) and (xii) of Section 4.13(b) hereof as to all matters stated therein.

(d) Other than for amounts required to pay Costs of Issuance or to make deposits to the Reserve Account or Interest Account, the proceeds of such Refunding Certificates and any other moneys received by the Trustee or other escrow agent acceptable to the Board for such purpose, shall be held by the Trustee or such other escrow agent in a special fund appropriately designated, to be held in trust for the sole and exclusive purpose of paying the principal of, Prepayment Premium, if any, and interest on the Certificates to be refunded, all as provided in Section 12.01 hereof.

(e) The Trustee is hereby authorized, at the direction of the Board, to remove moneys from the appropriate subaccount or subaccounts of the Principal Account, the Interest Account and the Reserve Account pledged to the payment of the Certificates to

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and each Counterparty as herein provided and that the Trustee is not personally liable to any Certificateholder, Counterparty or any such Credit Enhancer for any amounts payable under this Trust Agreement or subject to any liability under this Trust Agreement except as a result of negligence or willful misconduct by the Trustee.

ARTICLE V

PREPAYMENT

SECTION 5.01. PREPAYMENT. The terms of this Article V shall apply to the prepayment of Certificates of a Series other than Capital Appreciation Certificates and Variable Rate Certificates. The terms and provisions relating to the prepayment of Capital Appreciation Certificates and Variable Rate Certificates shall be provided by the Supplemental Trust Agreement relating to the issuance thereof.

SECTION 5.02. SELECTION OF CERTIFICATES TO BE PREPAID. (a) When Certificates are prepaid by lot, selection of Certificates for prepayment shall be in such manner as the Trustee shall determine; provided, however, that the portion of any Certificate to be prepaid shall be in the principal amount of \$5,000 or any whole multiple thereof, and that in selecting portions of Certificates for prepayment, the Trustee shall treat each such Certificate as representing that number of Certificates which is obtained by dividing the principal amount with respect to such Certificate by \$5,000.

(b) Upon any prepayment pursuant to this Article V, the Trustee shall provide the Board with, or cause to be provided, a revised schedule of Basic Rent Payments which schedule shall take into account such prepayment and shall be and become for all purposes part of the Lease Agreement.

SECTION 5.03. NOTICE OF PREPAYMENT. (a) When prepayment of Certificates is authorized or required pursuant to the provisions hereof and of any Supplemental Trust Agreement relating to such Certificates, the Trustee shall give to the Owners of Certificates to be prepaid notice, at the expense of the Board, of the prepayment of the Certificates. Such notice shall state: (i) the CUSIP numbers of all Certificates being prepaid, (ii) the original issue date of such Certificates, (iii) the maturity date, Series and rate of interest borne by each Certificate being prepaid, (iv) the prepayment date, (v) the Prepayment Price, (vi) the date on which such notice is mailed, (vii) if less than all Outstanding Certificates are to be prepaid, the certificate number (and, in the case of a partial prepayment of any Certificate, the principal amount) of each Certificate to be prepaid, (viii) that on such prepayment date there shall become due and payable upon each Certificate to be prepaid the Prepayment Price thereof, or the Prepayment Price of the specified portions of the principal thereof in the case of Certificates to be prepaid in part only, together with interest accrued thereon to the prepayment date, and that from and after such date interest thereon shall cease to accrue and be payable, and (ix) that the Certificates to be prepaid, whether as a whole or in part, are to be surrendered for payment of the Prepayment Price at the designated corporate trust office of the Trustee at an address specified. Such notice of prepayment may also state that the prepayment of such Certificates is conditioned upon the happening of

certain events and if such events do not take place, such notice of prepayment shall be of no effect and such Certificates shall not be prepaid; provided, however, notice of such cancellation shall be provided to Owners of such Certificates at least two (2) days prior to such prepayment date.

(b) Notice of such prepayment shall be given by mail, postage prepaid, not more than sixty (60) days or fewer than thirty (30) days prior to said date of prepayment, to the Owners of any Certificates to be prepaid. Such mailing shall not be a condition precedent to such prepayment, and failure to mail any such notice, or any defect in such notice as mailed, shall not affect the validity of the proceedings for the prepayment of the Certificates for which proper notice was given.

(c) In addition to the mailing of the notice described above, each notice of prepayment and payment of the Prepayment Price shall meet the following requirements; provided, however, that failure to provide such further notice of prepayment to comply with the terms of this paragraph shall not in any manner defeat the effectiveness of a call for prepayment if notice thereof is given as prescribed in Sections 5.03(a) and 5.03(b) hereof:

Each further notice of prepayment shall be sent at least two (2) days before the notice of such prepayment is given to the Owners of Certificates as provided above, by certified mail or overnight delivery service or telecopy to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Certificates and a copy of such notice of Prepayment shall be sent, by certified mail, on the date the notice of Prepayment is mailed pursuant to Section 5.03 hereof to one or more national information services which disseminate notices of prepayment of obligations such as the Certificates.

SECTION 5.04. DEPOSIT OF PREPAYMENT AMOUNT; EFFECT OF CALLING FOR PREPAYMENT. (a) On or before the date on which a notice of prepayment is mailed pursuant to Section 5.03 hereof, the Board shall deposit with the Trustee moneys or Refunding Securities or a combination thereof in an amount sufficient to pay the principal of and the Prepayment Premium, if any, and interest accruing thereon to the prepayment date of the Certificates called for prepayment.

(b) On the date fixed for prepayment, notice having been given in the manner and under the conditions hereinabove provided, the Certificates or portions thereof called for prepayment shall be due and payable at the Prepayment Price provided therefor, plus accrued interest to such date. If money or Refunding Securities, or a combination of both, sufficient to pay the Prepayment Price of the Certificates to be prepaid, plus accrued interest thereon to the date fixed for prepayment, are held by the Trustee in trust for the Owners of Certificates to be prepaid, interest on the Certificates called for 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 this Trust Agreement or to be deemed

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Outstanding; and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of the Prepayment Price thereof, plus accrued interest to the date fixed for prepayment from the moneys and/or Refunding Securities held therefor. Certificates and portions of Certificates for which irrevocable instructions to pay on one or more specified dates or to call for prepayment at the earliest prepayment date have been given to the Trustee in form satisfactory to it shall not thereafter be deemed to be Outstanding under this Trust Agreement and shall cease to be entitled to the security of or any rights under this Trust Agreement, other than rights to receive payment of the Prepayment Price thereof and accrued interest thereon to the date fixed for prepayment, to be given notice of prepayment in the manner provided in Section 5.03 hereof, and, to the extent hereinafter provided, to receive Certificates for any unpaid portions of Certificates if money or Refunding Securities, or a combination of both, sufficient to pay the Prepayment Price of such Certificates or portions thereof, together with accrued interest thereon to the date upon which such Certificates are to be prepaid, are held in separate accounts by the Trustee in trust for the Owners of such Certificates.

SECTION 5.05. PREPAYMENT OF A PORTION OF CERTIFICATES. If a portion of an Outstanding Certificate shall be selected for prepayment, the Owner thereof or his attorney or legal representative shall present and surrender such Certificate to the Trustee for payment of the principal amount thereof so called for prepayment and the Prepayment Premium, if any, on such principal amount, and the Trustee shall authenticate and deliver to or upon the order of such Owner or his legal representative, without charge therefor, for the unpaid portion of the principal amount of the Certificate so surrendered, a Certificate of the same maturity and Series and bearing interest at the same rate; provided, however, that if the Owner is a securities depository nominee, the securities depository, in its discretion, (a) may surrender such Certificate to the Trustee and request that the Trustee authenticate and deliver a new Certificate for the portion of the principal amount of the Certificate so surrendered which was not prepaid, or (b) shall make an appropriate notation on the Certificate indicating the dates and amounts of such reduction in principal.

SECTION 5.06. CANCELLATION. Certificates so prepaid, presented and surrendered shall be cancelled upon the surrender thereof.

SECTION 5.07. PURCHASE IN LIEU OF PREPAYMENT. At the option of the District, Certificates may be called for purchase for the account of the District in lieu of prepayment at a purchase price equal to the Prepayment Price that would otherwise be applicable to the prepayment of such Certificates on the date set for purchase. The notice of a purchase in lieu of prepayment pursuant to this Section 5.07 shall be sent to the Owners of the Certificates in the manner and substantially in the form of a Notice of Prepayment provided in Section 5.03 hereof with such changes as may be necessary to reflect the purchase in lieu of prepayment.

ARTICLE VI

ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND ACCOUNTS

SECTION 6.01. APPLICATION OF CERTIFICATE PROCEEDS. On the date of delivery of each Series of Certificates, the Trustee agrees to deposit the proceeds of the Certificates as provided in the Request and Authorization relating to each such Series, which shall be in substantially the form provided in Exhibit C attached hereto.

SECTION 6.02. CREATION OF FUNDS AND ACCOUNTS. (a) There is hereby established with the Trustee the following funds and accounts:

(i) The "School Board of Martin County, Florida Master Lease Project Fund." The Trustee shall maintain three separate accounts in the Project Fund: the "Project Account," the "Costs of Issuance Account" and the "Capitalized Interest Account."

(ii) The "School Board of Martin County, Florida Master Lease Lease Payment Fund". The Trustee shall maintain three separate accounts in the Lease Payment Fund: the "Principal Account," the "Interest Account" and the "Reserve Account."

(iii) The "School Board of Martin County, Florida Master Lease Prepayment Fund."

(iv) The "School Board of Martin County, Florida Master Lease Rebate Fund."

Moneys in the aforementioned funds and accounts (other than the Rebate Fund), until applied in accordance with the provisions hereof, shall be subject to a lien and charge in favor of the Owners of the Certificates and for the further security of such Owners in accordance with the terms hereof. The Trustee shall keep and hold moneys in the funds, accounts and subaccounts established pursuant to this Section separate and apart from all other funds and moneys held by it.

(b) Except as may otherwise be provided by Supplemental Trust Agreement, the Trustee shall establish, upon the issuance of any Series of Certificates, other than Completion Certificates, (i) a separate subaccount in the Project Account, the Capitalized Interest Account (if the proceeds of such Series shall be used to capitalize interest therefor), the Costs of Issuance Account, the Principal Account, the Interest Account and the Reserve Account (if proceeds of such Series shall be required to be deposited therein), and (ii) a separate account in the Prepayment Fund. Such separate account and

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subaccounts described above (the "Pledged Accounts") shall be established for the sole benefit of the Owners of the Series of Certificates for which they shall be established. The Trustee shall also establish, at the request of the Board, a separate account in the Rebate Fund for a Series of Certificates. Each such account and subaccount shall be designated by the Trustee with the Series of the Certificates to which they shall secure.

SECTION 6.03. PROJECT ACCOUNT. (a) The Trustee shall deposit into each subaccount of the Project Account (i) the proceeds from the Series of Certificates for which it was established in accordance with the Request and Authorization relating to such Series, (ii) any additional amounts deposited with the Trustee by the Board for the purpose of paying additional Project Costs in accordance with Section 3.05 of the Lease Agreement, and (iii) any Net Proceeds deposited with the Trustee by the Board pursuant to Section 5.08(b) of the Lease Agreement. Amounts in each subaccount of the Project Account shall be disbursed for Costs of the Project for which it was established and for no other purpose. Disbursements from each subaccount of the Project Account shall be made by the Trustee upon receipt of a completed Requisition requesting disbursement, duly executed by an Authorized Officer of the Board.

(b) The Trustee shall make payment for each item or portion of a Project to the Board or the designee of the Board (which may include the Vendor, Developer or Contractor of any portion of such Project) in the amount therefor by transferring such amount from the appropriate subaccount of the Project Account by wire transfer into an account (including an account of the Vendor, Developer or Contractor) designated in writing in advance by the Board, by check to the designee of the Board or by crediting such amount to a designated account of the Board for such purpose within two Business Days of the receipt of a Requisition from the Board (provided the Requisition is in compliance with the terms hereof) and receipt of any materials or instruments required by the terms hereof and of the Lease Agreement. The parties acknowledge that the Trustee, pursuant to a certificate of an Authorized Officer of the Board, may waive any noncompliance with the requirements for the disbursement of Project Account moneys. The Board agrees to indemnify and hold harmless the Trustee for any cost or expenses suffered by the Trustee as a result of such waiver. The Trustee is also authorized to rely upon the Board's written approval of the Requisition without independently confirming compliance with or satisfaction of such requirements or the requirements set forth in this Trust Agreement. The Trustee may also conclusively rely upon the certification of the Board in the Requisition or in any documents, certificates or instruments submitted in connection therewith as to the factual conditions precedent to any disbursements hereunder and shall have no responsibility or duty to review the attachments to such Requisition (but must determine that all required attachments are present) or investigate the basis for such certifications or representations. The Trustee has no responsibility or duty to review the attachments to any Requisition, provided the Trustee shall determine that all necessary attachments to such Requisition are, in fact, attached.

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of the Project Account is less than such Prepayment Amount or if there is no designated Prepayment Amount, such excess amount shall be deposited first, into the subaccount of the Interest Account established in relation to such Project to the extent necessary to fund such Account for the next two Payment Dates, and second, to the Principal Account established in relation to such Project. If a subaccount of the Project Account has not been earlier closed and if, on or before the Closure Date provided in the Lease Schedule for closure of such subaccount, the Board provides a certificate of an Authorized Officer that all or a portion of moneys then on deposit in such subaccount of the Project Account are required to pay Project Costs for items which have been or will be ordered or contracted, or Project Costs constituting sales or use taxes of items installed if such sales or use taxes are or will be payable but have not yet been paid, then such remaining amounts or portions thereof shall not be deemed excess amounts within the meaning of this Section 6.03(g) and shall be retained in such subaccount of the Project Account for the purpose of payment of said Project Costs described in said certificate. Said certificate may direct the deposit of Project Costs constituting said sales and use taxes in a separate subaccount to be used for payment of said sales and use taxes at the time and in the manner as an Authorized Officer of the Board shall direct, but in no event shall the Trustee be responsible or liable for payment from the Project Account of said sales and use taxes except as may be so directed by an Authorized Officer of the Board.

SECTION 6.04. COSTS OF ISSUANCE ACCOUNT. (a) Amounts in each subaccount of the Costs of Issuance Account shall be disbursed for Costs of Issuance relating to the Series of Certificates for which it was established within six months from the date of delivery of such Certificates. Disbursements from the Costs of Issuance Account shall be made by the Trustee upon receipt of a Requisition executed by an Authorized Officer of the Board.

(b) Upon receipt of a certificate executed by an Authorized Officer of the Board stating that all Costs of Issuance relating to the Series of Certificates for which it was established have been paid or provision for payment thereof has been made, the Trustee shall transfer any amounts remaining in such subaccount of the Costs of Issuance Account to the subaccount of the Project Account relating to such Series of Certificates (if one has been provided for) or the Lease Payment Account related to such Certificates and such subaccount of the Costs of Issuance Account shall be closed.

SECTION 6.05. CAPITALIZED INTEREST ACCOUNT. Funds in each subaccount of the Capitalized Interest Account relating to a Series of Certificates shall be transferred to the subaccount of the Interest Account relating to such Series of Certificates in an amount necessary to pay the interest coming due on the Series of Certificates for which such subaccount was established. Such transfer shall be made on each Payment Date for such Series until the amounts in such subaccount have been fully expended.

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(c) The Trustee shall make payment for each item of Equipment or interest in Land constituting a portion of a Project in the amount of the purchase price therefor from the appropriate subaccount of the Project Account by transferring such amount in accordance with the procedures described in Section 6.03(b) hereof within two Business Days of the receipt of a Requisition. Before the Trustee is authorized to make any disbursements for the acquisition of Land, or the Construction of a Building on Land which is leased to the Corporation pursuant to a Ground Lease, the Trustee shall have received an ALTA title insurance policy, or a commitment with respect thereto, with a reputable title insurance company, indicating the Trustee as an additional named insured or payee to the extent that its interest is insurable under Florida law, which shall insure the Corporation's title to its interest in such Land in the sum provided therefor in the Lease Schedule related to the Project of which such Land or Building is a part. Such Lease Schedule may be with the consent of the Credit Enhancer with respect to such Lease Schedule also provide for a title opinion in lieu of title insurance. In the case of acquisition of Land, the Trustee shall, at the request of the Board, transfer, pursuant to a Requisition, moneys to an escrow account held by the attorney to the Board which moneys shall be used to purchase the Land within three Business Days of such transfer. The Trustee may rely upon all assertions made by the Board in the Requisition.

(d) Execution by the Board of a Requisition shall constitute approval and acceptance of the items or portions of the Project identified therein for purposes of disbursements hereunder and under the Lease Agreement.

(e) Upon the receipt by the Trustee of a completed Requisition therefor, the Trustee shall disburse moneys from the appropriate subaccount of the Project Account in the manner required in this Section to reimburse the Board for Project Costs paid by the Board prior to the Commencement Date relating to such Project in anticipation of the issuance of the Series of Certificates which shall finance such Project.

(f) Upon the earlier of (i) receipt of a certificate executed by an Authorized Officer of the Board stating that all the Costs of a Project have been paid and the acquisition, construction and installation of such Project has been completed in accordance with the Plans and Specifications relating thereto and such Project has been approved and accepted by the Board or (ii) on the Closure Date provided in the Lease Schedule relating to such Project for the closure of the related subaccount of the Project Account (the "Completion Date"), the subaccount of the Project Account established in relation to such Project shall be closed and if amounts remaining in such subaccount of the Project Account equal or exceed the Prepayment Amount, if any is so designated, in the Lease Schedule relating to such Project, such amount shall be deposited into the account of the Prepayment Fund established for the Series of Certificates which financed such Project and shall be applied by the Trustee to effect an extraordinary mandatory prepayment of the Series of Certificates which financed such Project in accordance with the provisions hereof, provided, if the excess amount then remaining in such subaccount

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SECTION 6.06. DISPOSITION OF LEASE PAYMENTS. (a) Basic Rent Payments paid in accordance with each Lease Schedule to the Trustee, as assignee of the Corporation pursuant to the Lease Agreement and to the Assignment of Lease Agreement and in accordance with each Hedge Agreement, shall be deposited as received by the Trustee in the Lease Payment Fund in the following manner and in the following order of priority:

(i) There shall be deposited to the subaccount of the Interest Account established for the payment of a Series of Certificates from the Interest Component of Basic Rent (including Hedge Receipts) made in relation to such Series of Certificates an amount which shall be sufficient to pay the interest becoming due on such Series of Certificates on the next succeeding Payment Date and any Hedge Obligations next coming due. Moneys in each subaccount of the Interest Account shall be used to pay the interest on the Series of Certificates (or the Hedge Obligations related thereto) for which it was established as and when the same become due, whether by prepayment 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 (and any hedge Obligations related thereto) on the next succeeding Payment Date.

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

(b) Supplemental Rent payments made by the Board pursuant to Section 4.03(f) of the Lease Agreement shall be deposited as received by the Trustee to the appropriate subaccount of the Reserve Account. Supplemental Rent payments made by the Board pursuant to Section 4.03(g) of the Lease Agreement shall be deposited as received by the Trustee to the Rebate Fund. Any Supplemental Rent payments made by the Board representing Termination Fees pursuant to Section 4.03(e) of the Lease Agreement shall be paid as received by the Trustee to the appropriate Counterparty. Any other Supplemental Rent payments received by the Trustee shall be applied to the payment of Persons entitled to such Supplemental Rent, or, if the Trustee determines

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such Supplemental Rent payment is surplus, it shall be utilized in such manner as shall be directed by the Board.

(c) Whenever there has been a prepayment of Basic Rent Payments, for any reason, the Board shall prepare, or cause to be prepared, and transmit to the Trustee a revised Basic Rent Payment schedule for each affected Lease Schedule reflecting such prepayment.

(d) In the event a Series of Certificates is secured by a Credit Facility, the Trustee, at the request of the Board, may deposit moneys in the subaccounts established in the Interest Account and the Principal Account at such other times and in such other amounts from those provided in this Section as shall be necessary to pay the principal of and interest on such Certificates as the same shall become due, all as provided by the Supplemental Trust Agreement authorizing such Certificates. In the case of Certificates secured by a Credit Facility, amounts on deposit in any subaccounts established for such Certificates shall be applied as provided in the applicable Supplemental Trust Agreement to reimburse the Credit Bank for amounts drawn under such Credit Facility to pay the principal of or Prepayment Price, if applicable, and interest on such Certificates or to pay the purchase price of any such Certificates which are tendered by the Owners thereof for payment.

(e) At the time of issuing any Variable Rate Certificates there shall be established the Maximum Interest Rate with respect thereto and a maximum interest rate with respect to amounts owed to the Credit Bank which provides liquidity for such Certificates.

SECTION 6.07. RESERVE ACCOUNT. (a) If on any Payment Date, the amounts in any subaccount of the Interest Account or the Principal Account are less than the interest, principal and Amortization Installment then due in relation to a Series of Certificates for which it was established, the Trustee shall transfer, from the subaccount of the Reserve Account, if any, established in relation to such Series of Certificates, to such subaccount or subaccounts, an amount sufficient to make up any deficiency therein. In the event of any such transfer, the Trustee, except subsequent to an Event of Non-Appropriation, shall, within five (5) days after making such transfer, provide written notice to the Board of the amount and date of such transfer and the Board shall, within thirty (30) days of receipt of such written notice, pay from moneys budgeted and appropriated as Basic Rent during the current Fiscal Year as Supplemental Rent to the Trustee for deposit into the appropriate subaccount of the Reserve Account an amount necessary to cause the moneys in each such subaccount of the Reserve Account to be equal to the Reserve Requirement applicable thereto.

(b) The Trustee is hereby authorized to accept a Reserve Account Letter of Credit/Insurance Policy and any subsequent Reserve Account Letter of Credit/Insurance Policy provided by the Board in satisfaction of the Reserve Requirement for a subaccount

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account of the Prepayment Fund pursuant to Section 6.03(g) hereof, and (c) any Net Proceeds required to be transferred to such account of the Prepayment Fund pursuant to Section 5.08(d) of the Lease Agreement. Said moneys shall be set aside in such account of the Prepayment Fund solely for the purpose of prepaying the Certificates secured by such account in advance of their maturity and shall be applied to the prepayment at the applicable Prepayment Price of such Certificates being redeemed on such prepayment date. Interest on such prepaid Certificates shall be paid from the subaccount of the Interest Account established for payment of such Certificates, except to the extent moneys for payment of interest were deposited to such account of the Prepayment Fund, in which case it shall be paid from such account of the Prepayment Fund.

SECTION 6.09. NO UNAUTHORIZED TRANSFERS. No amount shall be withdrawn or transferred from or paid out of any fund or account except as expressly provided in this Trust Agreement.

SECTION 6.10. DEPOSIT AND INVESTMENT OF MONEYS IN ACCOUNTS. (a) All moneys held by the Trustee in any of the funds, accounts or subaccounts established pursuant to this Trust Agreement shall be deposited or invested only in Permitted Investments. Prior to termination of the Lease Agreement, the Board, through an Authorized Officer, shall provide the Trustee written instructions with respect to investment of the moneys held hereunder in Permitted Investments and the Trustee shall make investments in accordance with said instructions. In the event the Board does not provide the Trustee with written instructions with respect to investments, the Trustee shall invest such funds in United States Treasury Obligations or in a money market fund qualifying under clause (4) of the definition of Permitted Investments and the Trustee shall notify the Board thereof. Permitted Investments of moneys in Pledged Accounts may be modified as they relate to such Pledged Accounts pursuant to the Supplemental Trust Agreement authorizing the establishment of such Pledged Accounts.

(b) All interest and other income received by the Trustee from investment of funds on deposit in each subaccount of the Reserve Account and the Capitalized Interest Account established for the benefit of a Series of Certificates shall, prior to the Completion Date, be deposited in the subaccount of the Project Account which was funded by such Series of Certificates and, after said Date, be deposited in the subaccount of the Interest Account established for such Series of Certificates and be applied as set forth in Section 6.06 hereof; provided, however, that all interest and other income received by the Trustee on investment of a subaccount of the Reserve Account shall be retained in such subaccount in the event that amounts on deposit in such subaccount are less than the Reserve Requirement applicable thereto. To the extent available, transfers to the Interest Account of interest and income from investments shall be made by the Trustee prior to the date the Trustee provides its report pursuant to Section 6.11 hereof each Payment Date, and shall be applied as set forth herein. At the time of deposit of said moneys in the Interest Account, the Trustee shall report the amount of said credit to the

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of the Reserve Account pursuant to Section 4.03(f) of the Lease Agreement. To the extent necessary to comply with this Section, the Trustee is hereby directed to take any and all actions required to draw on the Reserve Account Letter of Credit/Insurance Policy and any subsequent Reserve Account Letter of Credit/Insurance Policy deposited in the Reserve Account.

(c) Moneys in each subaccount of the Reserve Account shall only be used for the purpose of making up for deficiencies in the subaccount of the Interest Account or Principal Account relating thereto in the event that moneys therein are less than the Interest Component and Principal Component of Basic Rent Payments relating thereto then due on any Payment Date.

(d) If on any Payment Date, the amount of all payments due and payable on a Series of Certificates exceeds the amount on hand in the subaccount of the Interest Account and the Principal Account relating to such Series, taking into account any transfers made from the related subaccount of the Reserve Account which was established for the benefit of such Series pursuant to Sections 6.07(a) and 6.07(b) hereof, the Trustee shall apply the moneys on hand therein first to the payment of all past due interest with respect to such Series of Certificates, and, second, to the payment of that portion of the unpaid principal or Amortization Installment of such Series of Certificate which is then past due, pro rata if necessary.

(e) Whenever the moneys in the Lease Payment Fund for an applicable Series of Certificates, including the corresponding Subaccount of the Reserve Account, if any, shall be sufficient to pay the principal of, Amortization Installments and interest coming due on such Series of Certificates, moneys in the Reserve Account shall be deposited to the appropriate subaccounts of the Interest Account and Principal Account as required to pay such Series of Certificates, and no further Basic Rent Payments shall be required under the Lease Agreement.

(f) If, after the date Certificates are prepaid pursuant to the provisions of Article V and Section 6.08 hereof, the amounts in a subaccount of the Reserve Account established for a Series of Certificates exceed the Reserve Requirement applicable thereto then in effect, adjusted to reflect such redemption, or the Reserve Requirement is decreased for any other reason, the Trustee shall deposit such excess to the subaccount of the Interest Account relating to such Series of Certificates.

SECTION 6.08. PREPAYMENT FUND. The Trustee shall deposit to each account of the Prepayment Fund for prepayment of Certificates secured by each such account in accordance with Article V hereof (a) any amounts deposited by the Board for the purpose of paying the Prepayment Price of all or a portion of such Series of Certificates on an Optional Prepayment Date in accordance with the Supplemental Trust Agreement pursuant to which such Series of Certificates is authorized to be issued, (b) any amounts remaining in the Project Account and required to be transferred to such

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Board. All interest and other income derived from investments of each subaccount of the Project Account and each subaccount of the Interest Account shall be retained in such respective subaccounts. All interest or other income derived from investments of each subaccount of the Costs of Issuance Account established for the benefit of a Series of Certificates shall be deposited in the subaccount of the Project Account which was funded by such Series of Certificates. All interest and other income derived from investments of each subaccount of the Principal Account and each account of the Prepayment Fund established for a Series of Certificates shall be deposited in the subaccount of the Interest Account established for such Series of Certificates.

(c) For the purpose of determining the amount on deposit in any fund, account or subaccount, Permitted Investments in which money in such fund, account or subaccount is invested shall be valued at one hundred per centum (100%) of the principal or face amount thereof.

SECTION 6.11. CREDIT AGAINST LEASE PAYMENTS. Not earlier than thirty (30) days and not later than fifteen (15) days prior to each Payment Date, the Trustee shall report to the Board the amount of the credit against Basic Rent Payments available to the Board under the Lease Agreement. Such credit shall be an amount equal to the sum of (a) the amount of interest and other income deposited in each subaccount of the Interest Account pursuant to Section 6.10 hereof since the date of the previous report made by the Trustee pursuant to this Section, (b) the amount of moneys, if any, transferred to the Interest Account and Prepayment Fund pursuant to Section 6.03(g) hereof since the date of the previous report made by the Trustee pursuant to this Section, (c) the amount of moneys, if any, transferred to each subaccount of the Interest Account pursuant to Section 6.07(f) hereof since the date of the previous report made by the Trustee pursuant to this Section, plus (d) the amount, if any, on deposit in each subaccount of the Principal Account and the Interest Account on the date of the report made by the Trustee pursuant to this Section which is not derived from the sources described in clauses (a), (b) and (c) above. In addition to the credit referenced in the preceding sentence, the Trustee and the Corporation acknowledge that, there shall be applied as a credit against Basic Rent Payments payable on a Payment Date an amount equal to the amount then on deposit in each subaccount of the Interest Account representing accrued interest and that the amount in the Reserve Account shall be applied as a credit against the last Basic Rent Payments as provided in Section 6.07(e) hereof. In the event that the total amount of the credit exceeds the Basic Rent Payment due on the Payment Date following said report, the amount of said excess shall be applied as a credit against the next subsequent Basic Rent Payments.

SECTION 6.12. APPLICATION OF MONEY IN THE REBATE FUND. (a) The Trustee shall be deemed conclusively to have complied with the provisions of this Section and each Letter of Instructions if it follows the directions of the Board and the Corporation, and the Trustee shall have no liability or responsibility to enforce

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compliance by the Board and the Corporation with the terms of this Section and each such Letter of Instructions. The Trustee shall have no responsibility for calculating the amount required to be rebated to the United States Treasury Department pursuant to the Code, nor shall the Trustee have any responsibility for determining the accuracy of any such amount calculated by any Person.

(b) Any funds remaining in the Rebate Fund, after redemption and payment of all of the Certificates and any amounts required to be paid to the United States, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee and satisfaction of the rebate requirement described in the Letter of Instructions, shall be withdrawn by the Trustee and remitted to the Board.

(c) Upon the Board's written direction, the Trustee shall pay to the United States, out of amounts in the Rebate Fund, the rebate requirement, in the amounts and at the times described in each Letter of Instructions.

(d) In the event that, prior to the time of any required payment out of the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Board shall deposit with the Trustee for application to the Rebate Fund an amount equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to this subsection shall be made in the manner described in the Letter of Instructions.

(e) Any Letter of Instructions shall be amended from time to time as, in the opinion of Special Counsel, shall be necessary to reflect the current status of the Code in regard to the rebate requirement.

(f) Each Supplemental Trust Agreement authorizing the issuance of a Series of Certificates shall have attached thereto a Letter of Instructions relating to the rebate requirement described herein, unless Special Counsel determines such Letter of Instructions is unnecessary.

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the ability of the Trustee to sublease, sell or dispose of the Project in the Event of a Default or Event of Non-appropriation under the Lease Agreement.

SECTION 7.06. DIRECTORS, MEMBERS, OFFICERS AND EMPLOYEES OF TRUSTEE, CORPORATION AND BOARD EXEMPT FROM PERSONAL LIABILITY. No recourse shall be had for the obligations specified hereunder, under the Certificates or under the Lease Agreement or for any claim based hereon or thereon or upon any representation, obligation, covenant or agreement in this Trust Agreement or the Certificates or the Lease Agreement against any past, present or future officer, vendor, employee, director or agent of the Trustee, the Corporation or the Board as such, either directly or through the Trustee, the Corporation or the Board, or any successor thereto under any statute or rule of law or equity, statute or constitution or by the enforcement or any assessment or penalty or otherwise, and all such liability of any such officers, members, employees, directors or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Trust Agreement, the Lease Agreement and the issuance of the Certificates.

SECTION 7.07. CORPORATION OBLIGATIONS FOR PROJECTS. (a) Pursuant to the terms of the Lease Agreement and except as provided in Section 4.07(b) thereof, the Corporation shall have title to the Projects, other than Designated Facilities, subject to the rights of the Board under the Lease Agreement. In consideration of the issuance of the Certificates, the Corporation agrees that if an Event of Default described in Section 8.01(e) hereof occurs and the Lease Agreement shall be terminated, it shall, at the request of the Trustee, take all actions necessary in order to fully transfer title of and to all or a portion of the Projects to the Trustee or its designated entity, except as otherwise provided in Section 4.07(b) of the Lease Agreement with respect to Designated Facilities. The Corporation shall be required to transfer title only to the Projects or portions thereof to which it has title at the time of such request. The Corporation shall provide the Trustee with all instruments necessary to evidence such transfer of title. In accordance with the terms of Section 8.03 hereof and except as provided in Sections 4.07(b) and 7.03(ii) of the Lease Agreement, the Trustee may sell, re-let or otherwise dispose of the Projects if an Event of Default described in Section 8.01(e) hereof occurs and the Lease Agreement shall be terminated as provided in Section 8.03 hereof. The proceeds from the exercise of any such remedies shall be used as provided in Section 8.04 hereof. If the Board relinquishes possession of the Projects pursuant to the Lease Agreement subsequent to an Event of Default described in Section 8.01(e) hereof, the Corporation hereby agrees that the Trustee shall take possession of the Projects and shall have complete authority over the disposition of the Projects in accordance with the terms hereof, of the Lease Agreement, of the Assignment(s) of Ground Lease Agreement and of the Ground Lease(s). The Corporation will promptly comply with all directions of the Trustee in regard to such disposition. As a condition to the acceptance by the Trustee or its designated entity of possession of the Project the Trustee shall have the right to receive from the Board such assurances, reports and opinions as to the absence of

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ARTICLE VII

GENERAL COVENANTS AND REPRESENTATIONS

SECTION 7.01. BOARD TO PERFORM AGREEMENTS. The Board covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement and the Ground Lease(s) to the extent so imposed.

SECTION 7.02. CORPORATION TO PERFORM AGREEMENTS. The Corporation covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement, the Ground Lease(s), the Assignment(s) of Ground Lease Agreement and the Assignment of Lease Agreement to the extent so imposed.

SECTION 7.03. NO OBLIGATION WITH RESPECT TO PERFORMANCE BY TRUSTEE. The Corporation and the Board shall not have any obligation or liability to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

SECTION 7.04. NO LIABILITY TO OWNERS FOR PAYMENT. Except as provided in this Trust Agreement, neither the Corporation nor the Trustee shall have any obligation or liability to the Owners of the Certificates with respect to the payment of the Lease Payments by the Board when due, or with respect to the performance by the Board of any other covenants made by it in the Lease Agreement.

SECTION 7.05. COVENANT NOT TO IMPAIR TAX STATUS OF CERTIFICATES. Neither the Corporation nor the Board shall take nor permit nor suffer to be taken nor fail to take any action within its control, or direct the Trustee to take or fail to take any action, which action or failure to act would impair the exclusion, if applicable, from gross income for federal income tax purposes of the Interest Component of the Basic Rent Payment, including the calculation and payment of any rebate necessary to preserve the exclusion, if applicable, from gross income for federal income tax purposes of the Interest Component of the Basic Rent Payment received by the Owners. Neither the Corporation nor the Board shall permit or direct the investment of any proceeds of the Certificates or the Lease Payments by the Trustee in such a manner that would result in the Certificates (other than Taxable Certificates) or the Lease Agreement being characterized as "arbitrage bonds" under Section 148 of the Code. The Corporation and the Board will comply with the provisions of the arbitrage certificate and the applicable exhibits thereto executed by the Board which relates to the issuance of a Series of Certificates. This Agreement shall not be construed to constrain in any manner

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hazardous substances and such other environmental matters with respect to the Projects as the Trustee may reasonably request.

(b) The Board and Corporation agree that they shall not place any lien or encumbrance on the Projects, except Permitted Encumbrances. In addition, the Corporation shall not join in or consent to the sale or re-letting of the Projects, or any portion thereof, except as may be directed by the Trustee or as shall be required by the terms of the Lease Agreement, the Assignment(s) of Ground Lease Agreement or Ground Lease(s).

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.01. EVENTS OF DEFAULT. Each of the following events is hereby declared an Event of Default under the Trust Agreement:

(a) Payment of any installment of interest on any Certificate shall not be made by the Board when the same shall become due and payable; or

(b) Payment of the principal, Amortization Installment or the redemption premium, if any, of any Certificate shall not be made by the Board when the same shall become due and payable, whether at maturity or by proceedings for mandatory redemption or otherwise; or

(c) Default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in this Trust Agreement or any Supplemental Trust Agreement and such default shall continue for thirty (30) days (or such further time as may be granted in writing by the Trustee with the consent of the Credit Enhancer) after receipt by the Board and the Corporation of a written notice from the Trustee or the Credit Enhancer specifying such default and requiring the same to be remedied; or

(d) Payment of any amounts owing a Credit Enhancer in regard to a reimbursement agreement relating to its Credit Facility shall not be made when the same shall become due and payable; or

(e) An "Event of Default" or "Event of Non-Appropriation" shall have occurred under the Lease Agreement, and, in the case of such "Event of Default," it shall not have been remedied or waived.

In determining whether a default described in Section 8.01(a) or 8.01(b) has occurred, no effect shall be given to payments made by an Insurer under its municipal bond insurance policy.

SECTION 8.02. ACCELERATION OF MATURITIES. Upon the happening and continuance of any Event of Default specified in Section 8.01 hereof and only subsequent to the termination of the Lease Agreement, the Trustee, in regard to each Series of Certificates, may (provided, however, that any Series of Certificates which are insured as to payment by an Insurer may be accelerated only with the written consent of such Insurer if such Insurer is not in payment default under its municipal bond insurance policy), and upon the written request of (i) the Insurer for such Certificates, if such Insurer is not in payment default under its municipal bond insurance policy, or (ii) with the prior consent of the Insurer if the Insurer is not in payment default under its municipal

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such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid of execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel chosen by the Trustee, shall deem most effectual to protect and enforce such rights. The Trustee may also exercise all remedies it or the Corporation may have under law and under the Trust Agreement, the Lease Agreement, and any Ground Lease(s) and any mortgage or security interest relating to a Project.

(b) In the enforcement of any remedy under this Trust Agreement, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any Event of Default hereunder becoming and remaining due from the Board for principal, interest or otherwise under any of the provisions of this Trust Agreement or of the Certificates, together with interest on overdue payments of principal at the Overdue Rate and all reasonable costs and expenses of collection and of all proceedings hereunder, without prejudice to any other right or remedy of the Trustee or of the Owners and to recover and enforce any judgment or decree against the Corporation, but solely as provided herein, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from money available for such purposes), in any manner provided by law, the money adjudged or decreed to be payable.

(c) As provided in Section 7.07 hereof and subject to the limitations thereof relating to Designated Facilities, the Trustee or its designated entity, upon an Event of Default described in Section 8.01(e) hereof and the termination of the Lease Agreement, may take possession of and title to the Projects, or any portion thereof, and it shall, if the Board relinquishes possession of the Projects pursuant to the Lease Agreement subsequent to an Event of Default described in Section 8.01(e) hereof, take possession of the Projects, in accordance with the provisions of Section 7.07 hereof and of the Ground Lease(s). Upon taking possession of the Projects the Trustee or its designated entity is authorized to sell, re-let or otherwise dispose of each Project, or any portion thereof, for the benefit of the Owners of the Series of Certificates which financed or refinanced each such Project.

SECTION 8.04. PRO-RATA APPLICATION OF FUNDS. (a) Anything in this Trust Agreement to the contrary notwithstanding, if at any time the money in the Lease Payment Fund shall not be sufficient to pay the interest on or the principal of the Certificates as the same shall become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 8.02 hereof) and the Hedge Obligations related thereto, the Trustee, subsequent to payment of all costs and expenses relating to collection of such moneys and fees and expenses of the Trustee, including reasonable fees and expenses of Trustee's counsel, shall deposit all moneys derived from the sale, re-letting or other disposition of each Project, including moneys and damages collected in connection therewith, and all moneys in the Pledged Accounts relating

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bond insurance policy, the Owners of not less than a majority in aggregate principal amount of a Series of Certificates then Outstanding, by notice in writing to the Trustee, the Board and the Corporation, shall declare the principal of all Certificates of such Series then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Certificates or in this Trust Agreement to the contrary notwithstanding; provided, however, that any Series of Certificates which are insured as to payment by an Insurer may be accelerated only with the written consent of such Insurer (if such Insurer is not in payment default under its municipal bond insurance policy); provided, further, that if at any time after the principal of a Series of Certificates shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Trust Agreement, moneys shall have accumulated in or shall have been paid into the Lease Payment Fund sufficient to pay the principal of all matured Certificates and all arrears of interest, if any, upon all Certificates then Outstanding (except the principal of any Certificate not then due and payable by its terms and the interest accrued on such since the last interest Payment Date), and the charges, compensations, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the Board under the Lease Agreement shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Certificates or in this Trust Agreement (other than a default in the payment of the principal of such Certificates then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of Certificates not then due and payable by their terms (Certificates then due and payable only because of a declaration under this Section shall not be deemed to be due and payable by their terms) and then Outstanding shall, by written notice to the Board and the Corporation, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent Event of Default hereunder or impair any right consequent thereon.

SECTION 8.03. ENFORCEMENT OF REMEDIES. (a) Upon the happening and continuance of any Event of Default specified in Section 8.01 hereof, then and in every such case the Trustee may proceed, and upon the written request of (i) the Credit Enhancer for such Certificates (if such Credit Enhancer is not in payment default under its Credit Facility) or (ii) the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding and the Credit Enhancer for such Certificates (if such Credit Enhancer is not in payment default under its Credit Facility), shall proceed, subject to the provisions of Sections 9.02 and 8.14 of this Trust Agreement, to protect and enforce its rights and the rights of the Owners under the laws of the State, under this Trust Agreement, the Lease Agreement or the Ground Lease(s) by

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thereto (amounts in a subaccount of the Project Account for such Project may, at the discretion of the Trustee, be retained in such subaccount to continue payment of the acquisition and construction of such Project) into a special account established for the sole benefit of the Owners of the Series of Certificates (or the Counterparty or Counterparties to any Hedge Agreement related thereto) which financed or refinanced such Project and shall apply moneys in such special account as follows:

(i) If the principal of such Series of Certificates shall not have become or shall not have been declared due and payable, all such money in the special account established for such Series shall be applied:

First: to the payment to the Persons entitled thereto of (a) all installments of interest on such Series of Certificates and (b) any Hedge Obligations related thereto; in each case then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Series of Certificates and any Hedge Obligations related thereto;

Second: to the payment to the Persons entitled thereto of the unpaid principal of any Certificates of such Series that shall have become due and payable, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the principal of Certificates of such Series due and payable on any particular date, then to the payment ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference;

Third: to the payment of the interest on and the principal of such Series of Certificates, to the purchase and retirement of such Series of Certificates, and to the redemption of such Series of Certificates, all in accordance with the provisions hereof;

Fourth: to the payment of any amounts owed and unpaid the Credit Enhancer for such Series or under the reimbursement agreement relating to the Credit Facility for such Series;

Fifth: to the payment of any Termination Fees related to such Series of Certificates;

Sixth: to the payment of any amounts owing in regard to Ground Leases relating to such Series; and

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Seventh: to the payment of any surplus moneys to the Board.

(ii) If the principal of such Series of Certificates shall have become or shall have been declared due and payable, all such money in the special account established for such Series shall be applied to the payment of principal and interest then due upon such Series of Certificates (or, in the case of Capital Appreciation Certificates, the Accredited Value thereof) and all Hedge Obligations related thereto without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest or any such Certificate over any other such Certificate ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discrimination or preference and then to the payment of any amounts owed and unpaid the Credit Enhancer for such Series or under the reimbursement agreement relating to the Credit Facility for such Series, then to the payment of any Termination Fees related thereto and then to the payment of any amounts owing in regard to Ground Leases relating to such Series. Any surplus moneys shall be paid to the Board.

(iii) If the principal of such Series of Certificates shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 8.02 hereof, then, subject to the provisions of paragraph (a)(ii) of this Section in the event that the principal of such Series of Certificates shall later become due and payable or be declared due and payable, the money then remaining in and thereafter accruing to the special account established for such Series shall be applied in accordance with the provisions of paragraph (a)(i) of this Section.

(b) Whenever money is to be applied by the Trustee pursuant to the provisions of this Section and, subject to any direction given by a Credit Enhancer pursuant to Section 8.14 hereof, such money shall be applied by the Trustee at such times and from time to time, as the Trustee in its sole discretion shall determine, having due regard for the amount of such money available for such application and the likelihood of additional money becoming available for such application in the future; the setting aside of such money, in trust for the proper purpose, shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Corporation, the Board, to any Owner or to any other Person for any delay in applying any such money so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Trust Agreement as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be a Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give notice by first class

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herein provided and for the benefit of all Owners and that any individual rights of action or other right given to one or more of such Owners by law are restricted by this Trust Agreement to the rights and remedies herein provided.

SECTION 8.08. APPOINTMENT OF A RECEIVER. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under this Trust Agreement, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers for the Projects with such powers as the court making such appointments shall confer.

SECTION 8.09. ENFORCEMENT OF RIGHTS OF ACTION. All rights of action (including the right to file proof of claim) under this Trust Agreement or under any Certificates may be enforced by the Trustee without the possession of any Certificates or the production thereof in any proceedings relating thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Owners hereby secured, and any recovery of judgment shall be for the equal benefit of the Owners.

SECTION 8.10. NO REMEDY EXCLUSIVE. No remedy herein conferred upon or reserved to the Trustee, a Credit Enhancer or to the Owners is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

SECTION 8.11. WAIVERS. No delay or omission by the Trustee or of any Owner in the exercise of any right or power occurring upon any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver of any such Event of Default hereunder or any acquiescence therein; and every power or remedy given by this Trust Agreement to the Trustee and to the Owners may be exercised from time to time and as often as may be deemed expedient. The Trustee may, and upon written request of the Owners of not less than a majority in principal amount of the Certificates then Outstanding, shall waive any Event of Default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Trust Agreement or before the completion of the enforcement of any rights of the Trustee hereunder, but such waiver shall not waive any subsequent Event of Default hereunder or impair any rights or remedies consequent thereon. Anything in this Section 8.11 to the contrary notwithstanding, no waiver of any Event of Default shall be granted without obtaining the prior written consent of each Credit Enhancer so affected thereby.

SECTION 8.12. NOTICE OF DEFAULT. (a) The Trustee shall mail to all Owners at their addresses as they appear on the Certificate Register written notice of the occurrence of any Event of Default set forth in Section 8.01 hereof within thirty (30) days

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mail, postage prepaid, to all Owners of the fixing of any such date, and shall not be required to make payment to the Owner of any Certificates until such Certificates shall be surrendered to the Trustee for cancellation if fully paid.

SECTION 8.05. EFFECT OF DISCONTINUANCE OF PROCEEDINGS. If any proceeding taken by the Trustee or Owners on account of any Event of Default hereunder shall have been discontinued or abandoned for any reason, then and in every such case, the Corporation, the Board, each Credit Enhancer, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no proceeding had been taken.

SECTION 8.06. CONTROL OF PROCEEDINGS BY OWNERS. The Owners of a majority in aggregate principal amount of each Series of Certificates then Outstanding shall have the right, subject to the provisions of Sections 8.14 and 9.02 of this Trust Agreement, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder in regard to such Series, provided that such direction shall be in accordance with law and the provisions of this Trust Agreement and the Lease Agreement.

SECTION 8.07. RESTRICTIONS UPON ACTIONS BY INDIVIDUAL OWNERS. Except as provided in Section 8.13 of this Trust Agreement, no Owner shall have any right to institute any suit, action or proceeding in equity or at law on any Certificate or for the execution of any trust hereunder or for any other remedy hereunder unless such Owner previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding of the Series of which such Owner belongs shall have made a written request of the Trustee after the right to exercise such powers or right of action as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceedings in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Trust Agreement or to any other remedy hereunder. It is understood and intended that, except as otherwise above provided, no one or more Owners shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of this Trust Agreement, or to enforce any right hereunder except in the manner provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner

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after the Trustee shall have notice of the same; provided that, except upon the happening of an Event of Default specified in clauses (a) and (b) of Section 8.01 of this Trust Agreement, the Trustee may withhold such notice to the Owners if in its opinion such withholding is in the interest of the Owners; and provided, further, that the Trustee shall not be subject to any liability to any Owner by reason of its failure to mail any such notice.

(b) The Trustee shall mail to each Credit Enhancer written notice of the occurrence of any Event of Default set forth in Section 8.01 hereof within five (5) Business Days after the Trustee shall have notice of the same.

(c) Upon the occurrence and continuance of an Event of Default or Event of Non-Appropriation, the Trustee shall provide each Credit Enhancer with access to the Certificate Register for the Series of Certificates for which it provides credit enhancement for purposes of inspection and copying the same.

SECTION 8.13. RIGHT TO ENFORCE PAYMENT OF CERTIFICATES UNIMPAIRED. If the Trustee shall fail to take actions required of it pursuant to this Section, nothing in this Article shall affect or impair the right of any Owner to enforce the payment of the principal of and interest on his Certificate or the obligation to pay the principal of and interest on each Certificate to the Owner thereof at the time and place in said Certificate expressed.

SECTION 8.14. CONTROL BY INSURER OR CREDIT BANK. Any provision hereunder or under the Lease Agreement or Ground Lease to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Credit Enhancer for a Series of Certificates, if such Credit Enhancer, shall not be in payment default under its municipal bond insurance policy or Credit Facility, as the case may be, shall be deemed to be the sole owner of such Certificates for purposes of (a) directing and controlling the enforcement of all rights and remedies with respect to such Series of Certificates, including any waiver of an Event of Default and removal of the Trustee, and (b) exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of such Certificates are entitled to take pursuant to Articles VIII or IX hereof. No provision expressly recognizing or granting rights in or to a Credit Enhancer shall be modified without the consent of such Credit Enhancer. A Credit Enhancer's rights under this Section 8.14 shall be suspended during any period in which such Credit Enhancer is in default in its payment obligations under its municipal bond insurance policy or Credit Facility, as applicable (except to the extent of amounts previously paid by such Credit Enhancer and due and owing to such Credit Enhancer) and shall be of no force or effect if its municipal bond insurance policy or other Credit Facility is no longer in effect or if the Credit Enhancer asserts that its municipal bond insurance policy or Credit Facility is not in effect or if the Credit Enhancer waives such rights in writing. The rights granted to a Credit Enhancer under this Section 8.14 are granted in consideration of the Credit Enhancer issuing its municipal bond insurance

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policy or Credit Facility. Any exercise of such contractual rights by a Credit Enhancer shall not be deemed to be taken for the benefit of any Certificate Owners and shall not evidence such Credit Enhancer's position as to whether any Certificate Owner's consent is required.

ARTICLE IX

CONCERNING THE TRUSTEE

SECTION 9.01. ACCEPTANCE OF DUTIES. (a) The Trustee by execution hereof accepts and agrees to fulfill the trusts imposed upon it by this Trust Agreement, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Trust Agreement. Prior to the occurrence of any Event of Default hereunder and after the curing of all such Events of Default that may have occurred, the Trustee shall perform such duties and only such duties of the Trustee as are specifically set forth in this Trust Agreement. During the existence of any such Event of Default that has not been cured the Trustee shall exercise any of the rights and powers vested in it by this Trust Agreement and shall use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) No provision of this Trust Agreement, any Certificate, the Lease Agreement or the Assignment of Lease Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) Unless an Event of Default shall have occurred and be continuing:

(A) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Trust Agreement, the Lease Agreement and the Assignment of Lease Agreement, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Trust Agreement, the Lease Agreement and the Assignment of Lease Agreement, and no implied covenants or obligations shall be read into this Trust Agreement, the Lease Agreement or the Assignment of Lease Agreement against the Trustee, and

(B) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the accuracy of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it by the Board and the Corporation conforming to the requirements of this Trust Agreement, the Lease Agreement or the Assignment of Lease Agreement, but in the case of any such certificate or opinion by which any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Trust Agreement, the Lease Agreement or the Assignment of Lease Agreement, and

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(ii) At all times, regardless of whether or not any such Event of Default shall exist:

(A) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(B) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners as provided in Article VIII hereof, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any power conferred upon the Trustee under this Trust Agreement and the Lease Agreement; and

(C) the Trustee may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder and in good faith and reliance thereon.

(c) None of the provisions contained in this Trust Agreement, the Lease Agreement or the Assignment of Lease Agreement shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

(d) Notwithstanding any other provision of this Trust Agreement, in determining whether the rights of the Owners of the Certificates will be adversely affected by any action taken pursuant to the terms and provisions of this Trust Agreement, the Trustee shall consider the effect on the Owners of the Certificates as if there were no municipal bond insurance policy or Credit Facility.

SECTION 9.02. INDEMNIFICATION OF TRUSTEE AS CONDITION FOR REMEDIAL ACTION. The Trustee shall be under no obligation to institute any suit or to take any remedial proceeding in the Event of a Default under this Trust Agreement or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, including, without limitation, its acceptance or possession of a Project or any component thereof, until it shall be indemnified to its satisfaction against any and all reasonable costs, expenses, outlays and reasonable counsel fees and other reasonable disbursements, and against all liability. The Trustee nevertheless may, in its sole discretion, but is not required to, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Trustee shall be entitled to reimbursement from any money in its possession under the provisions of this Trust

Agreement and shall be entitled to a preference therefor over any Certificates Outstanding hereunder.

SECTION 9.03. LIMITATIONS ON OBLIGATIONS AND RESPONSIBILITIES OF TRUSTEE. The Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Board or the Corporation, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself and any Credit Enhancer(s) informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts by its due execution of this Trust Agreement, the Trustee shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgment of this Trust Agreement by the other parties hereto, or in respect of the validity of Certificates (other than the due execution and delivery thereof in accordance with the terms hereof). The Trustee shall be under no obligation to see that any duties herein imposed upon the Corporation, the Board, any depositary other than a Trustee as depositary, or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

SECTION 9.04. TRUSTEE NOT LIABLE FOR FAILURE OF CORPORATION OR BOARD TO ACT. The Trustee shall not be liable or responsible because of the failure of the Corporation or the Board or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Corporation or the Board or because of the loss of any money arising through the insolvency or the act or default or negligent omission of any depositary other than a Trustee depositary in which such money shall have been deposited under the provisions of this Trust Agreement. The Trustee shall not be responsible for the application of any of the proceeds of Certificates or any other money deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Trust Agreement. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents and to the Trustee acting as Paying Agent or Certificate Registrar.

SECTION 9.05. COMPENSATION AND INDEMNIFICATION OF TRUSTEE. Subject to the provisions of any contract between the Corporation, the Board and the Trustee relating to the compensation of the Trustee, the Corporation shall pay or cause the Board to pay to the Trustee reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and the performance of its powers and duties hereunder and shall, to the

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extent permitted by applicable law, indemnify and save the Trustee harmless or cause the Board to indemnify and save the Trustee harmless against any liabilities that it may incur in the proper exercise and performance of its powers and duties hereunder and under the Lease Agreement.

SECTION 9.06. MONTHLY STATEMENTS FROM TRUSTEE. (a) It shall be the duty of the Trustee, by the 25th day of each month, to file with the Board a statement setting forth in respect of the preceding one-month period:

- (i) the amount withdrawn or transferred by it and the amount deposited with it on account of each fund, account or subaccount held by it under the provisions of this Trust Agreement,
- (ii) the amount on deposit with it at the end of such period in each such fund, account or subaccount,
- (iii) a brief description of all obligations held by it as an investment of money in each such fund, account or subaccount,
- (iv) the amount applied to the purchase or redemption of Certificates under the provisions of Article V of this Trust Agreement and a description of the Certificates or portions thereof so purchased or redeemed, and
- (v) any other information that the Board may reasonably request.

(b) In addition, on each anniversary date of the issuance of the Certificates the Trustee shall file with the Board any information requested by the Board as necessary to determine the Rebutable Arbitrage as set forth in the Letter of Instructions.

(c) All records and files pertaining to Certificates, the Corporation and the Board in the custody of the Trustee shall be open at all reasonable times to the inspection of the Board, the Corporation and their agents and representatives.

SECTION 9.07. TRUSTEE MAY RELY ON CERTIFICATES. If at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee, and in any case in which this Trust Agreement provides for permitting or taking any action, the Trustee may conclusively rely upon any certificate required or permitted to be filed with it under the provisions of this Trust Agreement, and any such certificate shall be evidence of such fact or protect the Trustee in any action that it may or may not take or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Trust Agreement, any request, notice, certificate or other instrument from the Corporation or the Board to the Trustee shall be deemed to have been signed by the proper party or parties if signed by any Authorized Officer of the Corporation or the Board, as the case

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or instruments. A photostatic copy of any instrument or instruments filed with the Board under the provisions of this paragraph, duly certified by the Superintendent of the Board as having been received by the Board, shall be delivered promptly to the Trustee.

(b) The Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Certificates then Outstanding.

(c) The removal of a Trustee shall not become effective until a successor Trustee has been appointed pursuant to the terms hereof.

(d) The Trustee may be removed at any time, at the request of a Credit Enhancer of a majority of the Outstanding Certificates hereunder, with the consent of the Board, provided, that the Credit Enhancer is not in default of its payment obligations under its municipal bond insurance policy or Credit Facility.

(e) Upon the occurrence of an Event of Default as described in Section 8.01 hereof, and such Event of Default is continuing and has not been waived, the Credit Enhancer may remove the Trustee at any time, provided the Credit Enhancer is not in default of its payment obligations under its municipal bond insurance policy or other Credit Facility.

SECTION 9.13. APPOINTMENT OF SUCCESSOR TRUSTEE. (a) If at any time hereafter the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any reason, the Board shall appoint a Trustee to fill such vacancy. A successor Trustee shall not be required if the Trustee shall sell or assign substantially all of its trust business and the vendee or assignee shall continue in the trust business, or if a transfer of the trust department of the Trustee is required by operation of law, provided that such vendee, assignee or transferee is (i) a bank or trust company within the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing, and (iii) having, or its parent having, a combined capital, surplus and undivided profits aggregating not less than Fifty Million Dollars (\$50,000,000) or if otherwise approved by the Board. The Board shall mail notice of any such appointment made by it, postage prepaid, to all Owners and each Credit Enhancer.

(b) At any time within one (1) year after any such vacancy shall have occurred, the Owners of not less than twenty-five percent (25%) in principal amount of Certificates then Outstanding, by an instrument or concurrent instruments in writing, executed by such Owners and filed with the Board, may nominate a successor Trustee, which the

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may be, and the Trustee may accept and rely upon a certificate signed by any such representative as to any action taken by the Corporation or the Board.

SECTION 9.08. TRUSTEE MAY PAY TAXES AND ASSESSMENTS. In case the Corporation or the Board shall fail to pay or cause to be paid any tax, assessment or governmental or other charge payable on the part of the Board or the Corporation relating to the Lease Agreement to the extent, if any, that the Board or the Corporation may be deemed by the Trustee liable for same, the Trustee, subject to Section 9.01(c) hereof, may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Trustee or the Owners hereunder arising in consequence of such failure; and any amount at any time so paid under this Section shall be repaid upon demand by the Trustee by the Corporation from funds made available by the Board, but the Trustee shall be under no obligation to make any such payment from sources provided in the Trust Agreement unless it shall have available or be provided with adequate funds for the purpose of such payment.

SECTION 9.09. CERTAIN RIGHTS OF THE TRUSTEE. Subject to the provisions of Section 9.01 hereof, the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys.

SECTION 9.10. RESIGNATION AND REMOVAL OF TRUSTEE SUBJECT TO APPOINTMENT OF SUCCESSOR. No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 9.14.

SECTION 9.11. RESIGNATION OF TRUSTEE. Subject to the provisions of Section 9.10, the Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing given to the Board and the Corporation, and mailed, postage prepaid, at the Trustee's expense, to each Owner, not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee hereunder if such new Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof. No resignation shall take effect until a successor Trustee has been appointed pursuant to the terms hereof. Each Credit Enhancer shall receive notice of such resignation.

SECTION 9.12. REMOVAL OF TRUSTEE. (a) The Trustee may be removed at any time by the Board for cause (provided an Event of Default described in Section 8.01(e) hereof has not occurred and has not been cured), or by an instrument or concurrent instruments in writing, executed by the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding and filed with the Board, not less than sixty (60) days before such removal is to take effect as stated in said instrument

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Board shall appoint and which shall supersede any Trustee theretofore appointed by the Board. Photostatic copies, duly certified by the Superintendent of the Board as having been received by the Board, of each such instrument shall be delivered promptly by the Board to the predecessor Trustee and to the Trustee so appointed by the Owners.

(c) If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, any Owner hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(d) Any successor Trustee hereafter appointed shall be (i) a bank or trust company within the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing, and (iii) having, or its parent having, a combined capital, surplus and undivided profits aggregating not less than Fifty Million Dollars (\$50,000,000) or if otherwise approved by the Board.

SECTION 9.14. VESTING OF DUTIES IN SUCCESSOR TRUSTEE.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Board, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities and powers, and subject to all the duties and obligations, of its predecessor; but such predecessor shall nevertheless, on the written request of its successor or of the Board and upon payment of the expenses, charges and other disbursements of such predecessor that are payable pursuant to the provisions of Section 9.05 hereof, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities and powers of such predecessor hereunder; and every predecessor Trustee shall deliver all property and money held by it hereunder to its successor. Should any instrument in writing from the Board be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the Board.

ARTICLE X

EXECUTION OF INSTRUMENTS BY OWNERS, PROOF OF OWNERSHIP OF CERTIFICATES, AND DETERMINATION OF CONCURRENCE OF OWNERS

SECTION 10.01. EXECUTION OF INSTRUMENTS BY OWNERS. (a)

Any request, direction, consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by any Owner may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee, the Board and the Corporation with regard to any action taken by either under such instrument if made in the following manner:

(i) The fact and date of the execution by any Person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a Person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(ii) The ownership of Certificates shall be proved by the registration books kept under the provisions of this Trust Agreement.

(b) Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of any Owner shall bind every future Owner of the same Certificate in respect of anything done by the Trustee in pursuance of such request or consent.

(c) Notwithstanding any of the foregoing provisions of this Section, the Trustee shall not be required to recognize any Person as an Owner or to take any action at his request unless such Certificates shall be deposited with it.

(i) To provide, in regard to a Series of Certificates, for the addition, modification or deletion of any of the provisions in Section 6.03 relating to conditions which shall be necessary in order to draw moneys from a subaccount of the Project Account, or

(j) To make any other modifications hereto which in the opinion of the Trustee, who may rely upon a written opinion of Special Counsel, shall not materially adversely affect the Owners, or

(k) To determine how, when and what information concerning the Board, the Corporation, the Credit Enhancer and the Certificates should be disclosed by the Trustee to the Owners and the investment community in accordance with published guidelines.

SECTION 11.02. MODIFICATION OF TRUST AGREEMENT WITH CONSENT OF OWNERS AND CREDIT ENHANCERS. (a)

Subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than a majority of the aggregate principal amount of Certificates then Outstanding shall have the right, from time to time, anything contained in this Trust Agreement to the contrary notwithstanding, to consent to and approve the execution by the Corporation, the Board and the Trustee of such Supplemental Trust Agreement or Supplemental Trust Agreements as shall be deemed necessary or desirable by the Corporation and the Board for the purpose of modifying, altering, amending, adding to or rescinding, any of the terms or provisions contained in this Trust Agreement; provided, however, that nothing herein contained shall permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any Certificates issued hereunder, or (ii) a reduction in the principal amount of any Certificates or the prepayment premium or the rate of interest thereon, or (iii) a preference or priority of any Certificate over any other Certificate, except as provided herein, or (iv) a reduction in the aggregate principal amount of Certificates required for consent to such Supplemental Trust Agreement without the consent of 100% of the Owners of the aggregate principal amount of Certificates then Outstanding. For purposes of making amendments made pursuant to this Section 11.02, Owners of Certificates which will no longer be Outstanding at the time the Supplemental Trust Agreement takes effect or which are not adversely affected by such Supplemental Trust Agreement shall not have any rights of consent hereunder. Each Supplemental Trust Agreement entered into pursuant to this Section must be consented to by each Credit Enhancer which is affected thereby. Nothing contained in this Section 11.02, however, shall be construed as making necessary the approval by the Owners of the adoption and acceptance of any Supplemental Trust Agreement as authorized in Sections 11.01 and 11.03 hereof.

(b) If at any time the Corporation and the Board shall request the Trustee to enter into any Supplemental Trust Agreement for any of the purposes of this Section, the Trustee shall, at the expense of the Board, cause notice of the proposed execution of such Supplemental Trust Agreement to be mailed, postage prepaid, to all affected Owners, to

ARTICLE XI

SUPPLEMENTAL TRUST AGREEMENTS

SECTION 11.01. SUPPLEMENTAL TRUST AGREEMENTS WITHOUT CONSENT OF OWNERS AND CREDIT ENHANCERS. The Corporation, the Board and the Trustee, from time to time and at any time, may enter into Supplemental Trust Agreements, without the consent of the Owners of the Certificates or any Credit Enhancers, for the following purposes:

(a) To cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Trust Agreement, or to modify, alter, amend, add to or rescind, any of the terms or provisions contained in this Trust Agreement; provided, that any such modification, alteration, amendment, addition or replacement does not materially adversely affect the interests of the Owners, or

(b) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee, including provisions relating to a mortgage and security interest on a Project pursuant to Section 7.07 hereof, or

(c) To add to the provisions of this Trust Agreement other conditions, limitations and restrictions thereafter to be observed, or

(d) To add to the covenants and agreements of the Corporation or the Board in this Trust Agreement other covenants and agreements thereafter to be observed by the Corporation or the Board or to surrender any right or power herein reserved to or conferred upon the Corporation or the Board, or

(e) To permit the qualification of this Trust Agreement under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the Corporation and the Board so determine, to add to this Trust Agreement or any supplemental trust agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law, or

(f) To provide for the issuance of Taxable Certificates in bearer form, or

(g) To provide for the issuance of Certificates under a book-entry system, or

(h) To provide for the issuance of Certificates, including Completion Certificates and Refunding Certificates, or

each affected Credit Enhancer and to each rating agency which shall rate the Certificates. Such notice shall briefly set forth the nature of the proposed Supplemental Trust Agreement and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Owners. The Trustee shall not, however, be subject to any liability to any Owner by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such Supplemental Trust Agreement when approved and consented to as provided in this Section.

(c) Whenever, at any time within three years after the date of the mailing of such notice, the Corporation or the Board shall deliver to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority of the aggregate principal amount of Certificates then Outstanding as required hereunder and each affected Credit Enhancer, which instrument or instruments shall refer to the proposed Supplemental Trust Agreement described in such notice and shall, specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Trustee may execute such Supplemental Trust Agreement in substantially such form, without liability or responsibility to any Owner, whether or not such Owner shall have consented thereto.

(d) If the Owners of not less than a majority in aggregate principal amount of Certificates Outstanding as required hereunder and each affected Credit Enhancer at the time of the execution of such Supplemental Trust Agreement shall have consented to and approved the execution thereof as herein provided, no Owner shall have any right to object to the adoption of such Supplemental Trust Agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Corporation, the Board and the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution of any Supplemental Trust Agreement pursuant to the provisions of this Section, this Trust Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement of the Corporation, the Board the Trustee and all Owners shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Trust Agreement as so modified and amended.

SECTION 11.03. MODIFICATION OF TRUST AGREEMENT WITH CONSENT OF CREDIT ENHANCERS ONLY. If each Series of Certificates adversely affected by an amendment or amendments in a Supplemental Trust Agreement is insured or guaranteed by a Credit Enhancer, and such Credit Enhancer has honored all its obligations under its municipal bond insurance policy or Credit Facility, as the case may be, the Board, the Trustee and the Corporation may enter into one or more Supplemental Trust Agreements which amends all or any part of Articles I, II, III, IV, V, VI, VII, VIII, IX, X or XIII hereof with the written consent of such Credit Enhancers.

The consent of the Owners shall not be necessary. Notice of all amendments shall be delivered to S&P and Moody's and Fitch prior to the effective date of any such amendment. The foregoing right of amendment does not apply to any amendments to Section 7.05 hereof nor may such amendment permit modifications prohibited in Section 11.02(a) hereof. Upon filing with the parties hereto of the consent of the Credit Enhancers as aforesaid, a Supplemental Trust Agreement may be entered into. Subsequent to execution of such Supplemental Trust Agreement notice thereof shall be mailed to the Owners in the same manner as notice of amendment under Section 11.02 hereof.

SECTION 11.04. RESPONSIBILITIES OF TRUSTEE, BOARD AND CORPORATION UNDER THIS ARTICLE. The Trustee, the Board and the Corporation shall be entitled to exercise their discretion in determining whether or not any proposed Supplemental Trust Agreement or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the Corporation and the Board, the rights and interests of the Owners, and the rights, obligations and interests of the Trustee, and the Trustee shall not be under any responsibility or liability to the Corporation, the Board or to any Owner or to anyone whomsoever for its refusal in good faith to execute any such Supplemental Trust Agreement if such trust agreement is deemed by it to be contrary to the provisions of this Article or adverse to the interests of the Trustee. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Corporation or the Board or Special Counsel, as conclusive evidence that any such proposed Supplemental Trust Agreement does or does not comply with the provisions of this Trust Agreement, and that it is or is not proper for it, under the provisions of this Article, to accept such Supplemental Trust Agreement.

SECTION 11.05. CONSENT OF BOARD NOT REQUIRED. Anything herein to the contrary notwithstanding, no such Supplemental Trust Agreement need be consented to or executed by the Board if the Board is in default under the Lease Agreement or an Event of Non-Appropriation has occurred.

SECTION 11.06. NOTICE OF SUPPLEMENTAL TRUST AGREEMENT. Copies of any Supplemental Trust Agreement executed pursuant to the provisions of this Article XI shall be sent to S&P, Moody's and Fitch at least 5 days prior to the effective date of such Supplemental Trust Agreement.

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be substituted for the deposited Refunding Securities and moneys if the new Refunding Securities and moneys are sufficient to pay the principal of or Prepayment Price, if applicable, and interest on the refunded Certificates as verified by an independent certified public accounting firm. At such time as a Certificate shall be deemed to be paid hereunder as aforesaid such Certificate shall no longer be deemed to be Outstanding hereunder and shall no longer be secured by or entitled to the benefits of this Trust Agreement, except for the purposes of any such payment from such moneys or Refunding Securities. Notwithstanding the foregoing, the provisions of this Trust Agreement relating to the maturity of the Certificates, interest payments and interest Payment Dates, redemption provisions, exchange, transfer and registration of Certificates, replacement of mutilated, destroyed, lost or stolen Certificates, the safekeeping and cancellation of Certificates, non-presentment of Certificates, the holding of moneys in trust, and the duties of the Trustee in connection with all of the foregoing, remain in effect and shall be binding upon the Trustee and the Owners notwithstanding the release and discharge of the lien of the Trust Agreement. Prepayments received pursuant to Section 4.06(c) of the Lease Agreement shall be applied in accordance with Section 4.06 of the Lease Agreement and shall be held for the benefit of the Certificates described in the notice given by the Board pursuant to such Section.

(d) If Certificates for which Refunding Securities have been set aside are to be called for redemption, irrevocable instructions to call the Certificates for redemption shall be given by the Board to the Trustee.

(e) The Trustee, within thirty (30) days after any Refunding Securities shall have been deposited with it, shall cause a notice, signed by the Trustee, to be mailed, postage prepaid, to all Owners for which Refunding Securities have been set aside, setting forth (i) the date or dates, if any, designated for the redemption of the Certificates, (ii) a description of the Refunding Securities so held by it, and (iii) that such Certificates have been defeased as provided in this Trust Agreement.

(f) For purposes of determining whether Variable Rate Certificates shall be deemed to have been paid prior to the maturity or the redemption date thereof, as the case may be, by the deposit of moneys, or specified Refunding Securities and moneys, if any, in accordance with this Section, the interest to come due on such Variable Rate Certificates on or prior to the maturity or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate; provided, however, that if on any date, as a result of such Variable Rate Certificates having borne interest at less than the Maximum Interest Rate for any period, the total amount of moneys and specified Refunding Securities on deposit for the payment of interest on such Variable Rate Certificates is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Certificates in order to satisfy this Section, such excess shall be paid to the Board free and clear of any trust, lien, pledge or assignment securing the Certificates or otherwise existing under this Trust Agreement.

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ARTICLE XII

DEFEASANCE

SECTION 12.01. DEFEASANCE. (a) If the principal, Prepayment Premium, if any, and interest due or to become due on the Certificates shall be paid at the times and in the manner stipulated therein, and if all other sums of money due or to become due according to the provisions hereof shall be paid or provision for payment shall be made, including any amounts owing to any Credit Enhancer or the issuer of a Reserve Account Letter of Credit/Insurance Policy, then these presents and the Trust Estate and rights hereby granted shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien of this Trust Agreement and execute and deliver to the Corporation and the Board such instruments in writing as shall be requisite to cancel and discharge the lien hereof and all surplus in, and balances remaining in, all funds and accounts, other than moneys held for the prepayment or payment of Certificates and money held for the United States Treasury in the Rebate Fund, shall be delivered to the Board.

(b) If the principal, Prepayment Premium, if any, and interest due or to become due on a Series of Certificates shall be paid at the times and in the manner stipulated therein, and if all other sums of money due or to become due according to the provisions hereof shall be paid or provision for payment shall be made, then the balance in the Pledged Accounts relating to such Series shall be delivered to the Board.

(c) Any Certificates shall be deemed to be paid within the meaning of this Article when payment of the principal of and Prepayment Premium, if any, on such Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon prepayment as provided in this Trust Agreement, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (A) moneys sufficient to make such payment and/or (B) Refunding Securities verified by an independent certified public accountant selected by the Board as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees and expenses of the Trustee pertaining to the Certificates with respect to which such deposit is made. Except as hereafter provided, neither the Refunding Securities nor any moneys so deposited with the Trustee nor any moneys received by the Trustee on account of principal of or Prepayment Price, if applicable, or interest on said Refunding Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or Prepayment Price, if applicable, of the Certificates for the payment or redemption of which they were deposited and the interest accruing thereon to the date of maturity or redemption; provided, however, new Refunding Securities and moneys may

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(g) Notwithstanding anything to the contrary set forth in this Article XII, the obligations of the Board under Section 6.03 of the Lease Agreement with respect to any Certificates (other than Taxable Certificates) defeased pursuant to this Article XII shall survive any such defeasance.

(h) Amounts paid by a Credit Enhancer under a Credit Facility shall not be deemed paid for purposes of this Section 12.01 and shall remain Outstanding and continue to be due and owing until paid in accordance with this Trust Agreement. This Trust Agreement shall not be discharged unless all amounts due or to become due to the Credit Enhancer have been paid in full.

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ARTICLE XIII

MISCELLANEOUS PROVISIONS

SECTION 13.01. EFFECT OF DISSOLUTION OF CORPORATION. In the event the Corporation for any reason shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants, stipulations, obligations and agreements contained in this Trust Agreement by or on behalf of or for the benefit of the Corporation shall bind or inure to the benefit of the successor or successors of the Corporation from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the term "Corporation" as used in this Trust Agreement shall include such successor or successors.

SECTION 13.02. NOTICES. (a) All written notices, certificates, reports or statements to be given under this Trust Agreement shall be given by mail or personal delivery to the party entitled thereto, with a copy to each of the other parties to this Trust Agreement, at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective upon deposit in the United States mail, postage prepaid or, in the case of personal delivery, upon delivery, to the address set forth below.

If to the Board: School Board of Martin County, Florida
500 East Ocean Boulevard
Stuart, Florida 34994
Attention: Superintendent and Director of Finance

If to the Corporation: Martin School Board Leasing Corporation
c/o School Board of Martin County, Florida
500 East Ocean Boulevard
Stuart, Florida 34994
Attention: Superintendent and Director of Finance

If to the Trustee: Wells Fargo Bank, National Association
7077 Bonneval Road, Suite 400
Jacksonville, Florida 32216
Attention: Corporate Trust Services

(b) Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telegram, telecopy or telephone and shall be

provisions of this Trust Agreement or the Certificates, but this Trust Agreement and the Certificates shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Certificates or this Trust Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Board or the Corporation to the full extent permitted by law.

SECTION 13.07. NO RECOURSE AGAINST MEMBERS, OFFICERS OR EMPLOYEES OF CORPORATION OR THE BOARD. No recourse under, or upon, any statement, obligation, covenant, or agreement contained in this Trust Agreement, or in any Certificate hereby secured, or in any document or certification whatsoever, or under any judgment obtained against the Corporation or the Board or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee, as such, of the Corporation or the Board, either directly or through the Corporation or the Board, respectively, or otherwise, for the payment for or to, the Corporation or the Board or any receiver of either of them, or for, or to, any Owner or otherwise, of any sum that may be due and unpaid upon any such Certificate. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Corporation or the Board or any receiver of either of them, or for, or to, any Owner or otherwise, of any sum that may remain due and unpaid upon the Certificates hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the execution of this Trust Agreement and the issuance of the Certificates.

SECTION 13.08. EXPENSES PAYABLE UNDER TRUST AGREEMENT. All expenses incurred in carrying out this Trust Agreement shall be payable solely from funds derived from the Board as Supplemental Rent.

SECTION 13.09. DEALING IN CERTIFICATES. The Trustee, its directors, officers, employees or agents, and any officer, employee or agent of the Corporation or the Board, may in good faith, buy, sell, own, hold and deal in any Certificates issued under the provisions of this Trust Agreement and may join in any action which any Owner may be entitled to take with like effects as if such Trustee were not a Trustee under this Trust Agreement or as if such officer, employee or agent of the Corporation or the Board did not serve in such capacity.

SECTION 13.10. MULTIPLE COUNTERPARTS. This Trust Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

(c) Any of such addresses may be changed at any time upon written notice of such change sent by United States registered mail, postage prepaid, to the other parties by the party effecting the change.

(d) All documents received by the Trustee under the provisions of this Trust Agreement, or photostatic copies thereof, shall be retained in its possession until this Trust Agreement shall be released under the provisions of Section 12.01 of this Trust Agreement, subject at all reasonable times to the inspection of the Corporation, the Board and any Owner and the agents and representatives thereof.

SECTION 13.03. CAPITAL APPRECIATION CERTIFICATES. For the purposes of (A) receiving payment of the Prepayment Price if a Capital Appreciation Certificate is prepaid prior to maturity, or (B) receiving payment of a Capital Appreciation Certificate if the principal of all Certificates becomes due and payable under the provisions of this Trust Agreement, or (C) computing the amount of Certificates held by the Owner of a Capital Appreciation Certificate in giving to the Trustee any notice, consent, request or demand pursuant to this Trust Agreement for any purpose whatsoever, the principal amount of a Capital Appreciation Certificate shall be deemed to be its Accreted Value.

SECTION 13.04. SUBSTITUTE MAILING. If, because of the temporary or permanent suspension of postal service, the Corporation, the Board or the Trustee shall be unable to mail any notice required to be given by the provisions of this Trust Agreement, the Corporation, the Board or the Trustee shall give notice in such other manner as in the judgment of the Corporation, the Board or the Trustee shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Trust Agreement be deemed to be in compliance with the requirement for the mailing thereof.

SECTION 13.05. PARTIES AND OWNERS ALONE HAVE RIGHTS UNDER TRUST AGREEMENT. Except as herein otherwise expressly provided, nothing in this Trust Agreement, express or implied, is intended or shall be construed to confer upon any Person, other than the Trustee, the Corporation, the Board, the Credit Enhancers and the Owners, any right, remedy or claim, legal or equitable, under or by reason of this Trust Agreement or any provision being intended to be and being for the sole and exclusive benefit of the Trustee, the Corporation, the Board, the Credit Enhancers and the Owners.

SECTION 13.06. EFFECT OF PARTIAL INVALIDITY. In case any one or more of the provisions of this Trust Agreement or the Certificates shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other

SECTION 13.11. HEADINGS. Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Trust Agreement, nor shall they affect its meaning, construction or effect.

SECTION 13.12. LAWS. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

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

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

(SEAL)

By: [Signature]
Authorized Signatory

MARTIN SCHOOL BOARD LEASING CORPORATION, as Lessor

(SEAL)

By: [Signature]
President

ATTEST:

[Signature]
Secretary

SCHOOL BOARD OF MARTIN COUNTY, FLORIDA, as Lessee

(SEAL)

By: [Signature]
Chairman

ATTEST:

[Signature]
Superintendent/Secretary

DEFINITIONS

DEFINITIONS

"Accreted Value" of a Capital Appreciation Certificate means the original principal amount thereof payable from the Principal Component of Basic Rent Payments plus interest payable from the Interest Component of Basic Rent Payments accrued thereon on the basis of a 360-day year consisting of twelve 30-day months compounded semi-annually on each Payment Date commencing on the Payment Date next succeeding the dated date of such Capital Appreciation Certificates to the date of maturity or redemption prior to maturity of such Capital Appreciation Certificates on the date of determination. The Accreted Value with respect to any date other than a Payment Date is the Accreted Value on the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates plus the percentage of the Accreted Value on the next succeeding Payment Date derived by dividing the number of days from the next preceding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the date of determination by the total number of days from the next succeeding Payment Date or the dated date of such Capital Appreciation Certificates for the period between such dated date and the initial Payment Date for such Certificates to the next succeeding Payment Date.

"Act" means Chapters 1001, 1010 and 1013, Florida Statutes (or any successor provisions), and other applicable provisions of law.

"Amortization Installment" means an annual amount designated as such by the Trust Agreement, such amount to be included in the Basic Rent Payments and to be deposited by the Trustee to the credit of the Principal Account for the purpose of paying Term Certificates.

"Architect" means, with respect to a Project involving the construction of a Building, the architect or firm of architects appointed to perform the duties of the Architect in accordance with Section 5.01 of the Lease Agreement. The Architect may be an employee of the Board, the Developer or the Contractor.

"Assignment of Lease Agreement" means the Assignment of Lease Agreement, dated as of December 1, 2005, by and between the Corporation and the Trustee, as now or hereafter supplemented or amended.

"Assignment(s) of Ground Lease Agreement" means the Assignment of Ground Lease Agreement, dated as of December 1, 2005, from the Corporation to the Trustee, as now or hereafter supplemented or amended and any other Assignment of

Ground Lease Agreement thereafter delivered by the Corporation to the Trustee pursuant to the terms of a Ground Lease executed and delivered in connection with a Lease Schedule.

"Authorized Officer," when used with respect to the Corporation, means the President, Vice President, Secretary or Treasurer of the Corporation or their deputies or assistants or any other officer of the Corporation who is designated by the Board of Directors of the Corporation as an Authorized Officer for purposes of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board of Directors of the Corporation and filed with the Trustee. The term "Authorized Officer," when used with respect to the Board, means the Chairman, Vice Chairman, the Superintendent or his designee or any other officer or employee of the Board designated by the Board as an Authorized Officer for purposes of the Lease Agreement and the Trust Agreement in a written certificate signed by the Chairman of the Board and filed with the Trustee.

"Available Revenues" means the moneys and revenues of the Board legally available under the Act to make the Lease Payments. "Available Revenues" may include, but not be limited to, PECO Funds, FEPP, the Capital Outlay Millage and school impact fees.

"Basic Rent" or "Basic Rent Payment" means (i) the Basic Rent payments set forth in the Lease Schedules, as the same may be adjusted pursuant to the terms of the Lease Agreement and (ii) Hedge Obligations.

"Basic Rent Payment Date" means the dates on which Basic Rent becomes due as described in the Lease Schedules. Such Basic Rent Payment Dates shall occur on each December 15 and June 15 unless a Lease Schedule states otherwise; provided, however, payments of Basic Rent shall be made at the time indicated in Section 4.03 of the Lease Agreement.

"Board" means the School Board of Martin County, Florida, and any successor thereto.

"Budget" means the annual budget of revenues and expenses and capital expenditures required to be adopted by the Board for each Fiscal Year pursuant to the laws of the State. "Budget" shall include the Board's continuation Budget, tentative Budget and its final Budget.

"Buildings" means, in regard to a Project, the structures to be financed or refinanced from a disbursement from the Project Account and leased to the Board as part of a Project pursuant to the terms of the Lease Agreement and Trust Agreement and which is more particularly described in the Lease Schedule relating to such Project, as the

same may be modified or changed from time to time in accordance with the terms of the Lease Agreement and Trust Agreement.

"Business Day" means any day other than a Saturday or Sunday or a day on which the Trustee is authorized by law to be closed.

"Capital Appreciation Certificates" means the Certificates so designated by the Trust Agreement, which may be either Serial Certificates or Term Certificates and which shall bear interest payable at maturity or redemption.

"Capital Outlay Millage" means the revenues received by the Board from the levy of an ad valorem tax against non-exempt assessable property within the District and available to make Lease Payments pursuant to applicable law.

"Certificate" or "Certificates" means the certificates of participation prepared and delivered by the Trustee pursuant to the Trust Agreement.

"Certificate Register" means the books of the Trustee for registration of the ownership of the Certificates pursuant to Section 4.06 of the Trust Agreement.

"Closure Date" means, in regard to a Project, the date provided in the Lease Schedule relating thereto.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations and rules applicable thereto.

"Commencement Date" means, with respect to a Project, the date set forth in the Lease Schedule relating thereto.

"Completion Certificates" means Certificates issued for purposes of completing a Project pursuant to Section 4.12 of the Trust Agreement.

"Completion Date" shall have, in regard to a Project, the meaning ascribed thereto in Section 6.03(g) of the Trust Agreement.

"Construction Contract" means a contract entered into between the Board on behalf of the Corporation and the Contractor or Developer providing for the terms upon which the Contractor or Developer shall construct and install a Project, or portion thereof.

"Contractor" means, with respect to a Project, the Person or Persons appointed by the Board on behalf of the Corporation to act in such capacity.

"Corporation" means Martin School Board Leasing Corporation, a single-purpose, not-for-profit corporation organized and existing under the laws of the State, and any successor thereto.

"Costs of Issuance" means, in regard to a Series of Certificates and Lease Schedule related thereto, all costs and expenses related to the execution, sale and delivery of such Series of Certificates and execution and delivery of such Lease Schedule, including, but not limited to, costs paid or incurred by the Board, the Corporation or the Trustee for filing costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, financing discounts, legal fees and charges and reimbursements, financial and other professional consultant fees and charges and reimbursements, auditors fees and charges and reimbursements, costs of rating agencies or credit ratings, fees for execution, registration, transportation and safekeeping of the Certificates, credit enhancement premiums and charges and fees in connection with the foregoing.

"Costs of Issuance Account" means the account by that name established under Section 6.02 of the Trust Agreement.

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

"Credit Bank" shall mean as to any particular Series of Certificates, the Person (other than an Insurer) providing a letter of credit, a line of credit or another credit or liquidity enhancement facility, as designated in the Lease Schedule relating to such Certificates.

"Credit Enhancer" means, with regard to a Series of Certificates, any Insurer or Credit Bank that provides a municipal bond insurance policy or Credit Facility, respectively, with regard to such Series of Certificates.

"Credit Facility" shall mean as to any particular Series of Certificates, a letter of credit, a line of credit or another credit or liquidity enhancement facility (other than a municipal bond insurance policy issued by an Insurer), as designated in the Lease Schedule relating to such Certificates.

"Current Interest Certificates" means Certificates so designated by the Trust Agreement and on which the interest on which is payable to the Owner thereof on the Payment Dates with respect thereto.

"Department" means the Department of Education of the State of Florida.

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

"Developer" means, with respect to a Project, the Person or Persons which shall enter into a Construction Contract with the Board to construct such Project, or portion thereof, on a "turn-key" basis.

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"Hedge Agreement" shall mean an interest rate exchange agreement, an interest rate swap agreement, a forward purchase contract, a put option contract, a call option contract, collar cap or other functionally similar agreement, or any other financial product which is used by the Board as a hedging device with respect to its obligation to pay the Interest Portion of Basic Lease Payments represented by any of the Outstanding Certificates, entered into between the Board and a Counterparty and designated by the Board as a "Hedge Agreement" for the purposes of the Trust Agreement and Lease Agreement.

"Hedge Obligations" shall mean the regularly scheduled periodic amounts required to be paid by the Board on the related notional amount under a Hedge Agreement, determined in accordance with a formula set forth in the Hedge Agreement (similar to payment of interest on the related notional amount), which may be net of Hedge Receipts, but excluding Termination Fees.

"Hedge Receipts" shall mean amounts received by the Board on the related notional amount from a Counterparty under a Hedge Agreement, which may be net of any Hedge Obligations, but excluding any Termination Fees, indemnification obligations, or other fees payable by the Counterparty.

"Initial Lease Term" means, in regard to a Project, the initial term of the lease of such Project from the Corporation to the Board pursuant to the terms of the Lease Agreement, which Initial Lease Term shall commence on the Commencement Date and shall end on the next succeeding June 30.

"Initial Lease Termination Date" means, in regard to a Project, the last day of the Initial Lease Term.

"Insurance Consultant" means a recognized, independent insurance company or broker, selected by the Board, that has actuarial personnel experienced in the area of insurance for which the Board is to be self insured.

"Insurer" means such Person which shall be in the business of insuring or guaranteeing the payment of the principal of and interest on municipal securities.

"Interest Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Interest Component" means the portion of each Basic Rent Payment constituting interest as set forth in the Lease Schedules.

"Land" means, in regard to a Project, (1) the real property to be financed or refinanced by a disbursement from the Project Account, which shall be selected by the Board in the manner required by law, and (2) the leasehold interest of the Corporation in the Premises, if any, acquired pursuant to a Ground Lease, which, in either case, shall be

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"District" means the School District of Martin County, Florida, and any successor thereto.

"Engineer" means, with respect to a Project involving the construction of a Building, the professional engineer or firm of engineers appointed to perform the duties of the Engineer in accordance with Section 5.01 of the Lease Agreement. The Engineer may be an employee of the Board, the Contractor or the Developer.

"Equipment" means, in regard to a Project, the items of personal property to be financed or refinanced by disbursements from the Project Account and leased to the Board pursuant to the terms and provisions of the Lease Agreement and which are more particularly described in the Lease Schedule relating to such Project, or any substitutions therefor or additions thereto made in accordance with the provisions of the Lease Agreement. "Equipment" shall include Designated Facilities.

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

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

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

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

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

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

"Ground Lease" means the Ground Lease Agreement, dated December 1, 2005, from the Board to the Corporation, as the same may be amended from time to time and any other Ground Lease Agreement or Supplement to the Ground Lease Agreement delivered in connection with a Lease Schedule.

"Group" means, in regard to a Project, the group or groups of leased property which shall constitute a portion of such Project as described in the Lease Schedule related thereto.

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leased to the Board as part of such Project pursuant to the terms of the Lease Agreement and which is more particularly described in the Lease Schedule relating thereto, to the extent identified and acquired by the Corporation on the Commencement Date.

"Lease Agreement" means the Master Lease-Purchase Agreement, dated as of December 1, 2005, by and between the Corporation, as lessor, and the Board, as lessee, including all Lease Schedules, as now or hereafter amended, modified or supplemented.

"Lease Payment Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Lease Payments" means, collectively, the Basic Rent, the Supplemental Rent and all other amounts owing under the Lease Agreement which are payable by the Board for the lease of the Projects pursuant to the Lease Agreement.

"Lease Schedule" means the Lease Schedule, the form of which is attached to the Lease Agreement as Exhibit C, which shall authorize the lease of a Project to the Board in accordance with the terms of the Lease Agreement.

"Lease Term" means, in regard to a Project, the term of the lease of such Project, pursuant to the provisions of the Lease Agreement and Lease Schedule relating thereto, which Lease Term shall commence on the first day of the Initial Lease Term and shall be equal to the Maximum Lease Term of such Project unless the Lease Agreement is earlier terminated in accordance therewith in which case the Lease Term shall end on such date of termination.

"Letter of Instructions" means the Letter of Instructions attached to each Supplemental Trust Agreement authorizing the issuance of a Series of Certificates as required by Section 6.12 of the Trust Agreement.

"Mandatory Prepayment" means the mandatory prepayment by the Board of all or a portion of the Lease Payments pursuant to Sections 3.07 and 5.08 of the Lease Agreement.

"Mandatory Prepayment Date" means, in regard to a Series of Certificates, the date on which such Certificates shall be redeemed pursuant to the Supplemental Trust Agreement authorizing the issuance thereof.

"Maximum Cost" means, in regard to a Project, the maximum cost of such Project which shall be stated in the Lease Schedule relating thereto.

"Maximum Interest Rate" means, with respect to any particular Series of Variable Rate Certificates, a numerical rate of interest, which shall be set forth in the Supplemental Trust Agreement authorizing the issuance of such Certificates, that shall be the maximum rate of interest such Certificates may at any time bear.

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"Maximum Lease Term" means, in regard to a Project, the maximum term of the lease of such Project as provided in the Lease Schedule relating thereto.

"Moody's" or "Moody's Investors Service" means Moody's Investors Service, or any successor thereto.

"Net Proceeds," when used with respect to any insurance or condemnation award, means the amount of gross proceeds from such insurance or condemnation award remaining after payment of all expenses incurred in the collection of such gross proceeds.

"Optional Prepayment Date" means the date on which the moneys deposited by the Board pursuant to the exercise of a prepayment option under Section 4.06 of the Lease Agreement shall be applied to the redemption of a Series of Certificates in accordance with the Lease Schedule and Supplemental Trust Agreement relating thereto.

"Outstanding," when used with reference to Certificates means, as of a particular date, all Certificates theretofore issued under the Trust Agreement, except:

- (1) Certificates theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (2) Certificates which have been paid or provision for payment has been made in accordance with Section 12.01 of the Trust Agreement; and
- (3) Certificates in exchange for or in lieu of which other Certificates have been issued.

"Overdue Rate" means a rate of interest equal to the highest rate of interest which any of the Outstanding Certificates shall bear.

"Owner" or "Certificate Owner" or "Owner of Certificates" or any similar term, when used with respect to the Certificates means any Person who shall be the registered owner of any Outstanding Certificate.

"Payment Dates" means, with respect to the interest due on the Current Interest Certificates (other than Variable Rate Certificates), January 1 and July 1 of each year and, with respect to the principal of the Current Interest Certificates, July 1 in each of the years set forth in the Supplemental Trust Agreements relating to such Series of Certificates. With respect to Capital Appreciation Certificates, the Payment Date shall be July 1 in the years of maturity set forth in the Supplemental Trust Agreements relating to such Series of Certificates. The Payment Dates for Variable Rate Certificates shall be established in the Supplemental Trust Agreement authorizing the issuance of such Certificates.

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(1) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal and interest on which are unconditionally guaranteed by the United States of America.

(2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

- (i) Farmers Home Administration ("FmHA"): Certificates of beneficial ownership.
- (ii) Federal Housing Administration ("FHA"): Debentures.
- (iii) General Services Administration: Participation Certificates.
- (iv) Government National Mortgage Association ("GNMA" or "Ginnie Mae"): GNMA - guaranteed mortgage backed bonds; GNMA - guaranteed pass-through obligations (participation certificates).
- (v) U.S. Maritime Administration: Guaranteed Title XI financing.
- (vi) U.S. Department of Housing and Urban Development ("HUD"): Local Authority Bonds; Project Notes.

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following (non-full faith and credit) U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

- (i) Federal Home Loan Bank System: Senior debt obligations (Consolidated debt obligations).
- (ii) Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"): Participation Certificates (Mortgage-backed securities); Senior debt obligations.
- (iii) Federal National Mortgage Association ("FNMA" or "Fannie Mae"): Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal).
- (iv) Student Loan Marketing Association ("SLMA" or "Sallie Mae"): Senior debt obligations.

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"PECO Funds" means moneys received by the Board from the Public Education Outlay and Debt Service Fund which are permitted by the Act to be used for payment of Lease Payments.

"Permitted Encumbrances" means, in regard to a Project:

- (1) the Lease Agreement and any liens and encumbrances created or permitted thereby;
- (2) the Assignment of Lease Agreement and any liens and encumbrances created or permitted thereby;
- (3) the Trust Agreement and liens and encumbrances created or permitted thereby;
- (4) any Ground Lease and Assignment of Ground Lease Agreement applicable thereto and any liens and encumbrances created or permitted thereby;
- (5) subject to the provisions of Section 5.01(f) of the Lease Agreement, any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested in accordance with the provisions of the Lease Agreement;
- (6) (a) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law; (b) any liens for taxes, assessments, levies, fees, water and sewer rents or charges and other government and similar charges, which are not due and payable or which are not delinquent or the amount or validity of which are being contested and execution thereon is stayed; (c) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances and irregularities in the title to any property which do not materially and adversely impair the use of such property or materially and adversely affect the value thereof; (d) rights reserved to or vested in any municipality or public authority to control or regulate any property or to use such property in any manner; and (e) landlord's liens;
- (7) any mortgage and security interest in a Project, or portion thereof, granted by the Corporation to the Trustee for the benefit of the Owners of the Series of Certificates, the proceeds of which financed or refinanced the acquisition and construction of such Project, pursuant to Section 7.07 of the Trust Agreement; and
- (8) any other liens or encumbrances permitted by the Lease Schedule relating to such Project.

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

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(v) Resolution Funding Corp. (REFCORP): Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

(vi) Farm Credit System: Consolidated systemwide bonds and notes.

(4) Money Market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's Ratings Group ("S&P") of AAAm-G; AAA-m; or AA-m, and if rated by Moody's, Aaa, Aa1 or Aa2;

(5) Certificates of deposit secured at all times by collateral described in (1) and or (2) above. Certificates of deposit must have a one year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated "A-1+" or better by S&P and "Prime-1" by Moody's. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation, including the Bank Insurance Fund and the Savings Association Insurance Fund.

(7) Investment agreements, including guaranteed investment contracts ("GICs"), acceptable to the Credit Enhancer.

(8) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P.

(9) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.

(10) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1+" by S&P.

(11) Repurchase agreements ("Repos") providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Board or Trustee (buyer/lender), and the transfer of cash from the Board or Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Board or Trustee in exchange for the securities at a specified date.

Repos must satisfy the following criteria:

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(a) Repos must be between the Board or Trustee and a dealer bank or securities firm satisfying the following criteria: (1) Primary dealers on the Federal Reserve reporting dealer list which fall under the jurisdiction of the Securities Investor Protection Corporation ("SIPC") and which are rated "A" or better by S&P and Moody's, or (2) banks rated "A" or better by S&P and Moody's.

(b) The written Repo contract must include the following:

(i) Securities which are acceptable for transfer are:

(a) Obligations described in paragraph (1) above.

(b) Obligations described in paragraph (2) above, and obligations issued or guaranteed by FNMA or FHLMC.

(ii) The term of the Repo may be up to 30 days.

(iii) The collateral must be delivered to the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

(iv) The Trustee has perfected first priority security interest in the collateral.

(v) The collateral is free and clear of third party liens and in the case of SIPC brokers was not acquired pursuant to a Repo or reverse Repo.

(vi) Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate the collateral.

(vii) Valuation of collateral.

(a) The securities must be valued by the dealer bank or securities firm, as applicable, weekly, marked-to-market at current market price plus accrued interest.

(b) The value of collateral must be equal to 104% of the amount of cash transferred by the Board or Trustee to the dealer bank or security firm under the Repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the Board or Trustee, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

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"Prepayment Price" means, with respect to any Certificate or portion thereof, the principal amount or portion thereof, plus the applicable Prepayment Premium, if any, payable upon prepayment thereof pursuant to such Certificate or the Trust Agreement.

"Principal Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Principal Component" means the portion of each Basic Rent Payment constituting principal as set forth in the Lease Schedules.

"Principal and Interest Requirements" means the respective amounts which are required in each Fiscal Year to provide for:

(1) the interest payable on all Certificates then Outstanding, which is payable on each interest Payment Date in such Fiscal Year,

(2) the principal on all Serial Certificates then Outstanding, which is payable upon the maturity of the Serial Certificates in such Fiscal Year, and

(3) the Amortization Installment for all Term Certificates then Outstanding, which is payable for such Fiscal Year.

In determining the amount of the Principal and Interest Requirements for any Fiscal Year, if interest on the Certificates is payable from the proceeds of such Certificates or from other amounts set aside irrevocably for such purpose at the time such Certificates are issued, interest on such Certificates shall be included in Principal and Interest Requirements only in proportion to the amount of interest payable in the then current Fiscal Year from amounts other than amounts so funded to pay such interest. For purposes of this definition, all amounts payable on a Capital Appreciation Certificate shall be considered a principal payment due in the year of its maturity or earlier mandatory redemption.

"Principal Office" means the designated corporate trust office of the Trustee which shall initially be in Jacksonville, Florida, or the designated corporate trust office of any successor Trustee.

"Project" shall mean the Land, the Buildings, and/or the Equipment, as described in the Lease Schedule relating thereto, as the same may be amended or modified from time to time in accordance with the terms of the Lease Agreement.

"Project Account" means the account by that name established under Section 6.02 of the Trust Agreement.

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(c) A legal opinion which must be delivered to the Board and Trustee stating that the Repo meets guidelines under state law for legal investment of public funds.

(12) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If, however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded municipal bonds must have been pre-refunded with cash, securities referred to in paragraph (1) above, or AAA rated pre-refunded municipals to satisfy this condition.

(13) Units of participation in the Local Government Surplus Funds Trust Fund established pursuant to Part IV, Section 218, Florida Statutes, or any similar common trust fund which is established pursuant to State law as a legal depository of public funds.

(14) Other forms of investments approved in writing by the Credit Enhancers, Standard & Poor's Corporation and Moody's Investors Service.

"Person" means an individual, corporation, partnership, association, joint stock company, trust, unincorporated organization, government or political subdivision.

"Plans and Specifications" means, in regard to a Project, the Board's plans and specifications for such Project, on file or to be on file with the Board, as the same may be amended from time to time in accordance with the Lease Agreement.

"Pledged Accounts" means, in regard to each Series of Certificates, the separate account, if any, established in the Prepayment Fund, and separate subaccounts, if any, established in the Project Account, Costs of Issuance Account, Capitalized Interest Account, the Reserve Account, the Principal Account and the Interest Account at the time such Series shall be issued.

"Premises" means, in regard to a Project, the parcels of real property leased by the Board to the Corporation pursuant to the Ground Lease, which real property shall be described in an exhibit to the Ground Lease.

"Prepayment Amount" means, in regard to a Project, the amount set forth in the Lease Schedule relating thereto.

"Prepayment Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Prepayment Premium" means the amount of prepayment premium, if any, due on any Optional Prepayment Date. The amount of such prepayment premium shall be calculated in accordance with the Trust Agreement.

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"Project Budget" means, in regard to a Project, the budget for expenditure of moneys in the subaccount in the Project Account established for such Project as set forth in the Lease Schedule relating thereto.

"Project Costs" or "Costs of the Project" means, in regard to a Project, all costs of payment of, or reimbursement for, acquisition, construction and installation of such Project, including but not limited to, architectural and engineering costs and costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs and sales and use taxes and the cost of title insurance, and, in addition, Costs of Issuance to the extent that the amounts on deposit in the Costs of Issuance Account are insufficient to pay all Costs of Issuance in full. Project Costs shall specifically include any portion of the total costs of such Project or any portion thereof paid by the Board from funds other than proceeds of the Certificates prior to the Closing Date for which the Board seeks reimbursement by filing a Requisition with the Trustee in the manner required by Section 6.03 of the Trust Agreement.

"Project Description" means, in regard to a Project, the description of such Project as set forth in the Lease Schedule relating thereto.

"Project Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Project Schedule" means, in regard to a Project, the timetable for disbursements from the subaccount of the Project Account established therefor for acquisition, construction, delivery and installation of the components of such Project as set forth in the Lease Schedule relating thereto.

"Purchasers" means the original purchasers of a Series of Certificates.

"Qualified Financial Institution" means (1) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America; or (2) the Government National Mortgage Foundation or any successor thereto or the Federal National Mortgage Foundation or any successor thereto; provided that, for each such entity delineated in clauses (1) and (2), its unsecured or uncollateralized long-term debt obligations, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such entity, have been assigned a credit rating by Moody's of "Aa" or better or by S&P of "AA" or better.

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"Real Estate Taxes" shall mean all real estate taxes, public and governmental charges and assessments, including all extraordinary or special assessments, or assessments against any of the personal property included in the Projects, all costs, expenses and attorneys' fees incurred by Lessor in contesting or negotiating with public authorities as to any of same and all sewer and other similar taxes and charges.

"Rebate Fund" means the fund by that name established under Section 6.02 of the Trust Agreement.

"Record Date" means the 15th day of the month preceding any Payment Date (whether or not a Business Day).

"Refunding Certificates" means Certificates issued for purposes of refunding Outstanding Certificates pursuant to Section 4.13 of the Trust Agreement.

"Refunding Securities," except as otherwise provided by Supplemental Trust Agreement, means the investments set forth in paragraphs 1 and 9 of the definition of Permitted Investments.

"Renewal Lease Term" means, in regard to a Project, the period commencing on the day after the last day of the Initial Lease Term and ending on the following June 30. Thereafter, "Renewal Lease Term" shall refer to each succeeding one (1) year term commencing on the day after the last day of the previous Renewal Lease Term and ending on the following June 30.

"Renewal Term Termination Date" means, in regard to a Project, the termination date for the then current Renewal Lease Term which shall be the last day of such Renewal Lease Term.

"Request and Authorization" means a request and authorization from the Corporation and the Board to the Trustee to authenticate and deliver Certificates in accordance with the terms thereof and of the related Supplemental Trust Agreement, and substantially in the form attached to the Trust Agreement as Exhibit C.

"Requisition" means a requisition of the Board to receive amounts from the Project Fund to pay Project Costs or Costs of Issuance in the form attached to the Lease Agreement as Exhibit B.

"Reserve Account" means the account by that name established under Section 6.02 of the Trust Agreement.

"Reserve Account Letter of Credit/Insurance Policy" means the irrevocable letter or line of credit, insurance policy, surety bond or guarantee agreement issued by a Qualified Financial Institution in favor of the Trustee which is to be deposited into a

subaccount of the Reserve Account in order to fulfill the Reserve Requirement relating thereto.

"Reserve Requirement" means, in regard to a subaccount established in the Reserve Account to secure a Series of Certificates, such amounts, if any, as shall be provided in the Supplemental Trust Agreement authorizing the issuance of such Series and in the Lease Schedule relating thereto, provided such Requirement not exceed the lesser of (1) the maximum Principal and Interest Requirements on account of the Outstanding Certificates of the Series secured by such subaccount in the current or any subsequent Fiscal Year, (2) one hundred twenty-five percent (125%) of the average annual Principal and Interest Requirements on account of the Outstanding Certificates of the Series secured by such subaccount in the current or any subsequent Fiscal Years, and (3) ten percent (10%) of the proceeds of such Series of Certificates.

"S&P" or "Standard & Poor's" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

"Serial Certificates" means the Certificates designated as Serial Certificates pursuant to the Trust Agreement.

"Series" means all the Certificates delivered on original issuance in a simultaneous transaction and identified pursuant to Section 4.01 of the Trust Agreement and the Supplemental Trust Agreement authorizing the issuance of such Certificates as a separate Series, regardless of variations in maturity, interest rate and other terms.

"Special Counsel" shall mean Nabors, Giblin & Nickerson, P.A., Tampa, Florida, or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the exemption of the interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"State" means the State of Florida.

"Stipulated Loss Value" means an amount calculated in accordance with Section 5.08 of the Lease Agreement.

"Superintendent" means the Superintendent of the District, or such Person as shall be authorized to act on his or her behalf.

"Supplemental Rent" shall have the meaning set forth in Section 4.03(e) of the Lease Agreement.

"Supplemental Trust Agreement" means any supplement to or amendment to the Trust Agreement entered into in accordance with Article XI of the Trust Agreement.

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EXHIBIT B

(FORM OF CERTIFICATE OF PARTICIPATION)

Certificates of Participation
(School Board of Martin County, Florida Master Lease Program)
Evidencing an Undivided Proportionate Interest of Owners thereof in
Basic Rent Payments to be made under a Master Lease-Purchase Agreement
by the School Board of Martin County, Florida

Interest Rate Dated Date Maturity Date CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT:

This is to certify that the Registered Owner stated above is the registered owner of this Certificate and is entitled to receive on the Maturity Date stated above, the Principal Amount stated above. This Certificate and the "Certificate Principal Amount" and "Certificate Interest Payments" hereunder (as each is defined below) represent a proportionate undivided interest in the right to receive the Principal Component and Interest Component of Basic Rent Payments payable under the Master Lease-Purchase Agreement, dated as of December 1, 2005 (the "Lease Agreement"), between the Martin School Board Leasing Corporation, a single-purpose Florida not-for profit educational corporation, as lessor (the "Corporation") and the School Board of Martin County, Florida, a school board of the State of Florida and the governing body of the School District of Martin County, Florida, as lessee (the "Board"). Pursuant to a Ground Lease Agreement dated as of December 1, 2005 (the "Ground Lease") the Board has or will demise to the Corporation the Premises and the portions of the Projects on or a part thereof to the extent set forth therein (as each such terms are defined in the Lease Agreement). The Corporation's rights under the Lease Agreement (other than certain rights specified in the Lease Agreement) and the Ground Lease have been assigned by absolute and outright assignment, without recourse, to Wells Fargo Bank, National Association, Jacksonville, Florida, as trustee (the "Trustee") under the Master Trust Agreement, dated as of December 1, 2005 (the "Trust Agreement") among the Trustee, the Corporation and the Board and under the Assignment of Lease Agreement and

Assignment of Ground Lease Agreement, each dated as of December 1, 2005, between the Corporation and the Trustee.

The aforesaid Principal Amount represents a proportionate undivided interest in the Principal Component of the Basic Rent Payment (the "Certificate Principal Amount") under the Lease Agreement coming due on the Maturity Date. The Owner is also entitled to receive, on _____, and semiannually thereafter on each _____ and _____ (each such date being referred to herein as a "Payment Date") to and including the Maturity Date or the date of redemption, whichever is earlier, the Owner's proportionate undivided interest in the Interest Component of the Basic Rent Payment (the "Certificate Interest Payments") coming due with respect to such Payment Dates. Interest on the Principal Amount represented by this Certificate shall accrue from the Dated Date at the Interest Rate set forth above. Said amounts are payable in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts. The Principal Amount is payable at the Principal Office of the Trustee (which as of the Dated Date is located in _____) and interest is payable by check or draft of the Trustee mailed on each Payment Date to the Registered Owner of record on the fifteenth (15th) day of the month (whether or not a business day) preceding the Payment Date (the "Record Date"); provided, however, that at the request and expense of the Registered Owner of \$1,000,000 or more in aggregate principal amount of Certificates, interest shall be paid by wire transfer on the Payment Date to a domestic bank account designated in writing to the Trustee by the Registered Owner at least five days prior to the Record Date for said Payment Date.

The Basic Rent Payments under the Lease Agreement are payable solely from moneys specifically appropriated from the Board's Available Revenues (as defined in the Trust Agreement) and certain moneys on deposit with the Trustee under the Trust Agreement. The Lease Agreement is subject to renewal at the end of each fiscal year of the Board which renewal will only occur if the Board approves a budget for such ensuing fiscal year which specifically appropriates funds for such purpose.

This Certificate is one of a series of certificates of participation in the aggregate principal amount of \$ _____ (the "Certificates") issued to finance _____ (the "Series _____ Project") for lease to the Board pursuant to the Lease Agreement. The Board may, from time to time, lease other Projects (as defined in the Trust Agreement) from the Corporation pursuant to the Lease Agreement. The acquisition, construction and installation of each such Project shall be financed by the issuance of a series of certificates of participation pursuant to the Trust Agreement. Each series of certificates of participation issued to finance a Project shall be secured independently of other series of certificates of participation. The Board has agreed in the Lease Agreement to budget and appropriate in each fiscal year from Available Revenues sufficient moneys to make the Lease Payments (as defined in the Trust Agreement) for all Projects, including the Series _____ Project, leased under the Lease Agreement or for

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exchanged for an equal aggregate Principal Amount of Certificates of any other authorized denominations and of the same Interest Rate and Maturity Date.

[INSERT OPTIONAL AND MANDATORY PREPAYMENT PROVISIONS.]

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

When redemption is authorized or required, the Trustee shall give to the Registered Owner notice, at the expense of the Board, of the redemption of this Certificate. Such notice shall specify, among other things: (1) that the whole or a designated portion of this Certificate is to be redeemed, (2) the date of redemption, and (3) the place or places where the redemption will be made.

Notice of such redemption shall be mailed, postage prepaid, not more than 60 days or fewer than 30 days prior to said date of redemption, to the Registered Owner of any Certificate to be redeemed. Failure to so mail any such notice, or any defect in such notice as mailed, shall not affect the validity of the proceedings for the redemption of the Certificates for which proper notice has been given.

THE BASIC RENT PAYMENTS AND, CONSEQUENTLY, THE CERTIFICATE PRINCIPAL AMOUNT AND CERTIFICATE INTEREST PAYMENTS ARE PAYABLE SOLELY FROM THE BOARD'S AVAILABLE REVENUES SPECIFICALLY BUDGETED FOR SUCH PURPOSE. THE BASIC RENT PAYMENTS ARE SUBJECT TO ANNUAL APPROPRIATION BY THE BOARD. THE CERTIFICATE PRINCIPAL AMOUNT AND CERTIFICATE INTEREST PAYMENTS AND THE PAYMENTS DUE FROM THE BOARD UNDER THE LEASE AGREEMENT AND THE CONTRACTUAL OBLIGATIONS OF THE BOARD UNDER THE LEASE AGREEMENT DO NOT CONSTITUTE A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE BOARD, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

The Trustee has no obligation or liability to the Registered Owner to make payments of the Certificate Principal Amount or Certificate Interest Payments with respect to this Certificate, other than from the Trust Estate. The Trustee's sole obligations are to administer, for the benefit of the Certificate Owners, the various funds and

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none of them. The Board may issue Completion Certificates and Refunding Certificates (as defined in the Trust Agreement) which shall be on parity with the Certificates upon satisfying the conditions described therefor in the Trust Agreement.

All capitalized terms not otherwise defined herein shall have the meaning set forth in the Trust Agreement.

This Certificate has been executed by the Trustee pursuant to the terms of the Trust Agreement. Copies of the Lease Agreement, the Ground Lease, the Assignment of Lease Agreement, the Assignment of Ground Lease Agreement and the Trust Agreement are on file at the Principal Office of the Trustee, and reference to the Lease Agreement, the Ground Lease, the Assignment of Lease Agreement, the Assignment of Ground Lease Agreement and the Trust Agreement and any and all amendments to said agreements is made for a description of the covenants of the Board, the nature, extent and manner of enforcement of such covenants, the rights and remedies of the Owners of the Certificates with respect thereto and the terms and conditions upon which the Certificates are delivered thereunder. To the extent and in the manner permitted by the terms thereof, the provisions of the Lease Agreement and the Trust Agreement may be amended by the parties thereto.

This Certificate may be transferred only by recording the transfer on the Certificate Register, which shall be kept for that purpose by the Trustee at the Principal Office of the Trustee. A transfer of this Certificate shall be registered and a new Certificate prepared, authenticated and delivered upon surrender of this Certificate for cancellation accompanied by a written instrument of transfer in a form approved by the Trustee and duly executed by the Registered Owner hereof or his or her duly authorized attorney or legal representative. Upon the registration of the transfer and the surrender of this Certificate, the Trustee shall provide in the name of the transferee, a new fully registered Certificate or Certificates of the same aggregate principal amount, maturity and tenor as the surrendered Certificate. No exchange or transfer of any Certificates shall be required of the Trustee (1) during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Certificates and ending at the close of business on the day of such mailing, (2) for Certificates called for redemption, or (3) during a period beginning at the opening of business on the Record Date next preceding a date set for payment of interest and ending on such date set for payment of interest. Interest on the Certificates shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

The Certificates are delivered in the form of fully registered Certificates in denominations of \$5,000 each or any whole multiple thereof, and upon surrender thereof at the Principal Office of the Trustee with a written request of exchange satisfactory to the Trustee duly executed by the Registered Owner or his duly authorized attorney or legal representative in writing, may, at the option of the Registered Owner thereof, be

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accounts established under the Trust Agreement and to exercise various responsibilities under the Trust Agreement.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be executed by facsimile signature of an authorized officer as of the date stated above.

WELLS FARGO BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Trustee, under the Master Trust Agreement, dated as of December 1, 2005.

(SEAL)

By: _____
Authorized Signatory

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CERTIFICATE OF AUTHENTICATION

This Certificate is one of the Certificates designated as Certificates of Participation (School Board of Martin County, Florida Master Lease Program), Series _____ Evidencing an Undivided Proportionate Interest of the Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Martin County, Florida described in the within-mentioned Trust Agreement.

Date of Authentication:

WELLS FARGO BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Trustee, under the Master Trust Agreement, dated as of December 1, 2005.

(SEAL)

By: _____
Authorized Signatory

The following abbreviations, when used in the inscription on the face of the within Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM -- as tenants in common
- TEN ENT -- as tenants by the entireties
- JT TEN -- as joint tenants with right of survivorship and not as tenants in common

UNIF TRANS MIN ACT -- _____
(Cust.)

Custodian for _____

under Uniform Transfers to Minors Act of _____
(State)

Additional abbreviations may also be used though not in list above.

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[Insert DTC Paragraph, if applicable]

EXHIBIT C

ASSIGNMENT

For value received _____, the undersigned do(es) hereby sell, assign and transfer unto _____, whose Social Security or other identifying number is _____, the within registered Certificate and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the Certificate Register of the Trustee with full power of substitution in the premises.

Dated: _____

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The signature to this assignment must correspond with the name of the Registered Holder as it appears upon the face of the within Certificate in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied

(FORM OF REQUEST AND AUTHORIZATION)

1. The undersigned, being the duly qualified and acting _____ of Martin School Board Leasing Corporation, a single-purpose Florida not-for-profit corporation (the "Corporation"), hereby authorizes and requests Wells Fargo Bank, National Association, as Trustee under that certain Master Trust Agreement, dated as of December 1, 2005 (the "Trust Agreement"), among it, the Corporation and the School Board of Martin County, Florida to deliver the \$ _____ aggregate principal amount of Certificates of Participation (School Board of Martin County, Florida Master Lease Program), Series _____ (the "Series _____ Certificates") Evidencing an Undivided Proportionate Interest of Owners thereof in Basic Rent Payments to be made under a Master Lease-Purchase Agreement by the School Board of Martin County, Florida, dated as of December 1, 2005, in the respective maturities and at the respective interest rates set forth in Schedule A hereto, as authorized by the Trust Agreement, in fully registered form, to _____ (the "Underwriters"), on the date hereof, upon receipt from the Underwriters of the purchase price for the Series _____ Certificates, which is computed as follows:

Principal Amount	\$
Less: Underwriters' Discount	\$
Less: Original Issue Discount	\$
Plus: Accrued interest from _____, to the date hereof	\$
Purchase Price	\$
Amount received on date hereof	\$

2. Said sum shall be immediately deposited by you in the Pledged Accounts relating to such Series _____ Certificates as follows in accordance with the provisions of the Trust Agreement.

TO THE CREDIT OF THE "SERIES _____
SUBACCOUNT OF THE PROJECT ACCOUNT" \$

TO THE CREDIT OF THE "SERIES _____
SUBACCOUNT OF THE COSTS OF
ISSUANCE ACCOUNT" \$

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TO THE CREDIT OF THE "SERIES _____
SUBACCOUNT OF THE CAPITALIZED
INTEREST ACCOUNT" \$

TO THE CREDIT OF THE "SERIES _____
SUBACCOUNT OF THE RESERVE ACCOUNT" \$

TO THE CREDIT OF THE "SERIES _____
SUBACCOUNT OF THE INTEREST ACCOUNT" \$

TOTAL DEPOSITS \$

ACCEPTED:

_____ as Trustee

By: _____
Authorized Signatory

3. The following terms shall have the following meanings with respect to the Series _____ Certificates:

- (a) "Reserve Requirement" shall mean _____
- (b) "Credit Enhancer" shall mean _____
- (c) "Commencement Date" shall mean _____
- (d) "Prepayment Amount" shall mean _____

4. The redemption provisions relating to the Series _____ Certificates shall be as provided in Schedule A attached hereto.

DATED: _____ MARTIN SCHOOL BOARD LEASING CORPORATION

By: _____
Title:

SCHOOL BOARD OF MARTIN COUNTY,
FLORIDA

By: _____
Title:

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SCHEDULE A

TERMS OF SERIES _____ CERTIFICATES

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SERIES 2024 SUPPLEMENTAL TRUST AGREEMENT

by and among

**COMPUTERSHARE TRUST COMPANY, N.A.,
as successor Trustee**

and

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

and

**THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA,
as Lessee**

Dated as of May 1, 2024

Relating to
**Refunding Certificates of Participation
(School Board of Martin County, Florida Master Lease Program),
Series 2024
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 Martin County, Florida**

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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 December 1, 2005, as amended and supplemented, particularly as amended and supplemented by a Third Amendment to Assignment of Lease Agreement, dated as of May 1, 2024 (collectively, the "Assignment of Lease Agreement"), between the Corporation and the Trustee; and

WHEREAS, each Series of Certificates (other than partial Refunding Certificates or Completion Certificates, as such terms are defined in the Master Trust Agreement) shall be secured independently from each other Series of Certificates; and

WHEREAS, the Board has heretofore caused the Trustee to execute, authenticate and deliver, under the Master Trust Agreement, \$29,020,000 Refunding Certificates of Participation (School Board of Martin County, Florida Master Lease Program), Series 2014A 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 Martin County, Florida (the "Series 2014A Certificates"), which Series 2014A Certificates, prior to giving effect to the refunding, are currently outstanding in the aggregate amount of \$17,125,000; and

WHEREAS, the proceeds of the Series 2014A Certificates were principally used to refund a portion of the Board's Certificates of Participation, Series 2005 and thereby refinance a portion of the costs of acquisition, construction and installation of various educational facilities (the "Series 2005 Project") as more particularly described in Amended and Restated Lease Schedule No. 2005, dated as of October 1, 2014 (the "Prior Amended and Restated Lease Schedule No. 2005"); and

WHEREAS, the Board and the Corporation agree that the proceeds of the Series 2024 Certificates should be used to refund, on a current basis, the outstanding Series 2014A Certificates maturing on July 1 in the years [2025, and 2027 through 2031, inclusive] (collectively, the "Refunded Certificates") pursuant to the terms of the Trust Agreement and the Escrow Deposit Agreement (as defined below); and

WHEREAS, a portion of the proceeds of the Series 2024 Certificates together with other amounts, if any, shall be deposited into an escrow deposit trust fund established pursuant to the Escrow Deposit Agreement, between the Board and Computershare Trust Company, N.A., as escrow agent (the "Escrow Deposit Agreement"), and shall constitute the deposit of prepaid Basic Rent Payments by the Board; and

WHEREAS, the deposit of the prepaid Basic Rent Payments in the escrow deposit trust fund shall be in an amount, together with investment earnings thereon, sufficient to pay the principal of, prepayment premium, if any, and interest on the Refunded Certificates as the same becomes due or are prepaid prior to maturity; and

SERIES 2024 SUPPLEMENTAL TRUST AGREEMENT

THIS SERIES 2024 SUPPLEMENTAL TRUST AGREEMENT, dated as of May 1, 2024 (the "Series 2024 Supplemental Trust Agreement"), supplementing the Master Trust Agreement, dated as of December 1, 2005, as amended and supplemented (the "Master Trust Agreement," and together with this Series 2024 Supplemental Trust Agreement, the "Trust Agreement"), by and among **COMPUTERSHARE TRUST COMPANY, N.A.**, a national banking association with corporate trust powers qualified to accept trusts of the type set forth in the Trust Agreement (the "Trustee"), the **MARTIN 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 MARTIN COUNTY, FLORIDA**, acting as the governing body of the School District of Martin County, Florida (the "Board").

WITNESSETH:

WHEREAS, the Board has heretofore deemed it in its best interests to lease-purchase certain real and personal property from time to time and has heretofore entered into a Master Lease-Purchase Agreement, dated as of December 1, 2005, as supplemented (the "Lease Agreement"), between the Corporation, as lessor, and the Board, as lessee; and

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

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

WHEREAS, at the direction of the Board and the Corporation, the Trustee will deliver a Series of Refunding Certificates pursuant to and upon receipt of a Request and Authorization (as defined in the Master Trust Agreement) from the Corporation and the Board and the terms of this Series 2024 Supplemental Trust Agreement (the "Series 2024 Certificates"); and

WHEREAS, the Corporation has assigned by absolute outright assignment to the Trustee all of its right, title and interest in and to the Lease Agreement and the Lease Payments (as defined in the Master Trust Agreement), other than its rights of

WHEREAS, the Lease Agreement will continue to secure the payment of Supplemental Rent (as defined in the Master Trust Agreement) and any deficiency in the prepaid Basic Rent Payments on deposit in the escrow deposit trust fund established under the Escrow Deposit Agreement and securing the Refunded Certificates; and

WHEREAS, in consideration for the deposit of such prepaid Basic Rent Payments to refund the Refunded Certificates, the Board has agreed to enter into a Second Amended and Restated Lease Schedule No. 2005 (the "Second Amended and Restated Lease Schedule No. 2005"), with the Corporation, whereby the Board will amend and restate the Prior Amended and Restated Lease Schedule No. 2005 in its entirety thereby continuing to lease the Series 2005 Project and agree to make Basic Rent Payments sufficient to pay the principal of and interest on the Series 2024 Certificates [and the Series 2014A Certificates maturing on July 1 in the years 2024 and 2026] which are not being refunded with proceeds of the Series 2024 Certificates (collectively, the "Outstanding Series 2014A Certificates"); and

WHEREAS, the Series 2024 Certificates shall be secured in the manner provided in the Trust Agreement and shall have the terms and provisions contained in this Series 2024 Supplemental Trust Agreement; and

WHEREAS, all things necessary to make the Series 2024 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 2024 Supplemental Trust Agreement, and the creation, execution and issuance of the Series 2024 Certificates subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS SERIES 2024 SUPPLEMENTAL TRUST AGREEMENT WITNESSETH:

**ARTICLE I
DEFINITIONS**

SECTION 101. DEFINITIONS. Capitalized words and terms which are defined in the Trust Agreement shall have the same meanings ascribed to them when used herein, unless the context or use indicates a different meaning or intent. In addition to the capitalized words and terms elsewhere defined in this Series 2024 Supplemental Trust Agreement, the following capitalized words and terms as used in this Series 2024 Supplemental Trust Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

"BAM" or "Insurer" or "Credit Enhancer" means Build America Mutual Assurance Company, as the issuer of the Municipal Bond Insurance Policy, or any successor or assignee thereto.

"Disclosure Agreement" means the Disclosure Dissemination Agent Agreement, dated [CLOSING DATE], 2024, between the Board and Digital Assurance Certification LLC.

"Escrow Agent" means Computershare Trust Company, N.A., and any successor or assignee thereto.

"Escrow Deposit Agreement" means the Escrow Deposit Agreement dated [CLOSING DATE], 2024, between the Board and the Escrow Agent.

"Insured Series 2024 Certificates" means the Series 2024 Certificates maturing on July 1 in the years 20__ through 20__, inclusive, and 20__.

"Municipal Bond Insurance Policy" or "Policy" means the municipal bond insurance policy issued by BAM that guarantees the scheduled payment of the Principal Component and Interest Component on the Insured Series 2024 Certificates when due.

"Payment Date" shall mean July 1 and January 1 of each year, commencing January 1, 2025.

"Refunded Certificates" means the Series 2014A Certificates maturing on July 1 in the years [2025 and 2027 through 2031, inclusive,] being refunded with a portion of the proceeds of the Series 2024 Certificates in accordance with the Escrow Deposit Agreement.

"Related Documents" means the Trust Agreement, the Lease Agreement, Second Amended and Restated Lease Schedule No. 2005, the Assignment of Lease Agreement, the Ground Lease Agreement, dated as of December 1, 2005, as amended by the First Amendment to Ground Lease Agreement, dated as of May 1, 2024, each between the Board and the Corporation, and the Assignment of Ground Lease Agreement, dated as of

"Trustee" means Computershare Trust Company, N.A. and any successor or assignee thereto.

December 1, 2005, from the Corporation to the Trustee, as all such documents are amended and supplemented.

"Second Amended and Restated Lease Schedule No. 2005" means the Second Amended and Restated Lease Schedule No. 2005, dated as of May 1, 2024, relating to the Series 2005 Project, the Outstanding 2014A Certificates and the Series 2024 Certificates, which shall be part of the Lease Agreement.

"Series 2005 Project" means the Series 2005 Project as described in Second Amended and Restated Lease Schedule No. 2005.

"Series 2014A Certificates" means the Refunding Certificates of Participation (School Board of Martin County, Florida Master Lease Program), Series 2014A 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 Martin County, Florida, dated October 8, 2014, executed, authenticated and delivered by the Trustee under the Master Trust Agreement.

"Series 2024 Certificates" means the \$[PAR AMOUNT] Refunding Certificates of Participation (School Board of Martin County, Florida Master Lease Program), Series 2024 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 Martin County, Florida authorized to be issued under Section 4.13 of the Master Trust Agreement and Section 201 hereof.

"Series 2024 Pledged Accounts" means with respect to the Series 2024 Certificates, the Series 2024 Subaccount of the Costs of Issuance Account, the Series 2024 Subaccount of the Interest Account and the Series 2024 Subaccount of the Principal Account, each established hereby.

"Series 2024 Subaccount of the Costs of Issuance Account" means the subaccount established in the Costs of Issuance Account pursuant to Section 6.02 of the Master Trust Agreement and Section 401 hereof.

"Series 2024 Subaccount of the Interest Account" means the subaccount established in the Interest Account pursuant to Section 6.02 of the Master Trust Agreement and Section 401 hereof.

"Series 2024 Subaccount of the Principal Account" means the subaccount established in the Principal Account pursuant to Section 6.02 of the Master Trust Agreement and Section 401 hereof.

"Series 2024 Supplemental Trust Agreement" means this instrument, as amended and supplemented.

**ARTICLE II
THE SERIES 2024 CERTIFICATES**

SECTION 201. AUTHORIZATION OF SERIES 2024 CERTIFICATES.

(a) There is hereby created a Series of Certificates to be issued under the Trust Agreement to be known as "Refunding Certificates of Participation (School Board of Martin County, Florida Master Lease Program), Series 2024 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 Martin County, Florida." The aggregate principal amount of Series 2024 Certificates which may be issued is hereby expressly limited to \$[PAR AMOUNT]. The Series 2024 Certificates shall be issued for the principal purposes of (i) effecting the refunding, on a current basis, of the Refunded Certificates and (ii) paying Costs of Issuance of the Series 2024 Certificates. The Series 2024 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 2024 Certificates shall be lettered and numbered R-1 and upward.

(b) Except as otherwise provided in the Trust Agreement, each Series 2024 Certificate shall be dated as of the date of delivery and shall bear interest from the date of delivery. Interest on the Series 2024 Certificates shall be payable on each Payment Date, commencing January 1, 2025. The Series 2024 Certificates shall be payable in the manner provided in the Trust Agreement.

(c) The Series 2024 Certificates shall bear 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:

Year (July 1)	Principal Amount	Interest Rate
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(d) All of the Series 2024 Certificates shall be issued as Serial Certificates. The Series 2024 Certificates shall be substantially in the form set forth in Exhibit B to the Master Trust Agreement.

SECTION 202. ISSUANCE OF SERIES 2024 CERTIFICATES. The Series 2024 Certificates shall be issued upon delivery to the Trustee of the documents

referred to in Section 4.13(b) of the Master Trust Agreement and the payment of the purchase price therefor.

SECTION 203. REFUNDING OF REFUNDED CERTIFICATES. Upon the delivery of the Series 2024 Certificates, the Refunded Certificates shall be refunded as provided in the Trust Agreement and the Escrow Deposit Agreement.

SECTION 204. LETTER OF INSTRUCTIONS. Attached hereto as Schedule 1 is the Letter of Instructions relating to the Series 2024 Certificates as required by Section 6.12 of the Master Trust Agreement. The Trustee, the Corporation and the Board agree to abide by the provisions of such Letter of Instructions in accordance with and to the extent of the terms of the Trust Agreement.

SECTION 205. BOOK-ENTRY. Notwithstanding the provisions set forth in Section 201 hereof or Section 4.06 of the Master Trust Agreement, the Series 2024 Certificates shall be initially issued in the form of a separate single certificated fully registered Series 2024 Certificate for each of the maturities of the Series 2024 Certificates. Upon initial issuance, the ownership of each such Series 2024 Certificate shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Except as provided in this Section, all of the Series 2024 Certificates shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC. As long as the Series 2024 Certificates shall be registered in the name of Cede & Co., all payments of interest on the Series 2024 Certificates shall be made by the Trustee by check or draft or by wire transfer to Cede & Co., as Holder of the Series 2024 Certificates.

With respect to Series 2024 Certificates registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the Board, the Corporation and the Trustee shall have no responsibility or obligation to any participant in the DTC book-entry program or to any indirect participant (collectively, a "Participant"). Without limiting the immediately preceding sentence, the Board, the Corporation and the Trustee shall have no responsibility or obligation with respect to (A) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest on the Series 2024 Certificates. (B) the delivery to any Participant or any other Person other than a Certificateholder, as shown in the registration books kept by the Trustee, of any notice with respect to the Series 2024 Certificates, including any notice of prepayment, or (C) the payment to any Participant or any other Person, other than a Certificateholder, as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest on the Series 2024 Certificates. The Board, the Corporation and the Trustee may treat and consider the Person in whose name each Series 2024 Certificate is registered in the registration books kept by the Trustee as the Holder and absolute owner of such Series 2024 Certificate for the purpose of payment of principal of, premium, if any, and interest with respect to such Series 2024 Certificate, for providing notices with respect to such Series 2024 Certificate, for the purpose of registering transfers

**ARTICLE III
APPLICATION OF SERIES 2024 CERTIFICATE PROCEEDS**

SECTION 301. APPLICATION OF SERIES 2024 CERTIFICATE PROCEEDS. The proceeds of the Series 2024 Certificates (not including the underwriting discount of \$[UW DISCOUNT]) shall be applied by the Trustee as follows:

(a) Deposit to the credit of a Series 2024 Subaccount of the Costs of Issuance Account an amount equal to the Costs of Issuance of the Series 2024 Certificates, \$[COI ACCOUNT DEPOSIT] not including \$_____ that was wired directly to BAM in order to pay the Municipal Bond Insurance Policy premium.

(b) Deposit irrevocably in trust to the credit of the escrow deposit trust fund established under the Escrow Deposit Agreement an amount equal to \$[ESCROW DEPOSIT AMOUNT] which, together with any other sums deposited therein, shall be sufficient to purchase Refunding Securities in the manner set forth in the Escrow Deposit Agreement, which investments shall mature at such times and in such amounts as shall be sufficient to pay the Refunded Certificates as the same mature or are earlier called for prepayment.

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.

with respect to such Series 2024 Certificate and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Series 2024 Certificates only to or upon the order of the respective holders, as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the Board's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2024 Certificates to the extent of the sum or sums so paid. No Person other than a holder, as shown in the registration books kept by the Trustee, shall receive a certificated Series 2024 Certificate evidencing the obligation of the Board to make payments of principal of, premium, if any, and interest pursuant to the provisions hereof. Upon delivery by DTC to the Board of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in the Master Trust Agreement with respect to transfers during certain time periods, the words "Cede & Co." herein shall refer to such new nominee of DTC; and upon receipt of such notice, the Board shall promptly deliver a copy of the same to the Trustee.

Upon (A) receipt by the Board of written notice from DTC (i) to the effect that a continuation of the requirement that all of the outstanding Series 2024 Certificates be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2024 Certificates or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, or (B) determination by the Board, in its sole discretion, that such book-entry only system is burdensome to the Board and upon compliance with applicable DTC policies and procedures, the Series 2024 Certificates shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names holders shall designate, in accordance with the provisions hereof. In such event, the Board shall issue and the Trustee shall authenticate, transfer and exchange Series 2024 Certificates of like principal amount and maturity, in denominations of \$5,000 or any integral multiple thereof to the holders thereof in accordance with the provisions of the Trust Agreement. The foregoing notwithstanding, until such time as participation in the book-entry only system is discontinued, the provisions set forth in the Blanket Issuer Letter of Representations executed by the Board and delivered to DTC shall apply to the payment of principal of and interest on the Series 2024 Certificates.

**ARTICLE IV
ESTABLISHMENT OF SERIES 2024 PLEDGED ACCOUNTS**

SECTION 401. ESTABLISHMENT OF SERIES 2024 PLEDGED ACCOUNTS. In accordance with Section 6.02(b) of the Master Trust Agreement, there is hereby established with the Trustee, solely for the benefit of the Owners of the Series 2024 Certificates, the following accounts and subaccounts:

(a) The "School Board of Martin County, Florida Master Lease Series 2024 Subaccount of the Costs of Issuance Account."

(b) The "School Board of Martin County, Florida Master Lease Series 2024 Subaccount of the Interest Account."

(c) The "School Board of Martin County, Florida Master Lease Series 2024 Subaccount of the Principal Account."

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 2024 Pledged Accounts shall be invested solely in Permitted Investments.

SECTION 402. SECURITY FOR SERIES 2024 CERTIFICATES. The Series 2024 Certificates shall be secured in the manner provided in the Trust Agreement and shall receive all the benefits of the Trust Estate created thereunder; provided, such portion of the Trust Estate (i) which is derived from the sale, re-letting or other disposition of the Series 2005 Project shall be utilized solely for the benefit of the Owners of the Series 2024 Certificates, on a pro rata basis with the Owners of the Outstanding Series 2014A Certificates and (ii) any cash, securities and investments in the Series 2024 Pledged Accounts shall be utilized solely for the benefit of the Owners of the Series 2024 Certificates. The Owners of the Series 2024 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 2005 Project [(on a pro rata basis with the Owners of the Outstanding Series 2014A Certificates)] or any cash, securities and investments in the Pledged Accounts, other than the Series 2024 Pledged Accounts.

SECTION 403. CREDIT ENHANCEMENT. The Insured Series 2024 Certificates shall be further secured by the Municipal Bond Insurance Policy issued by BAM, which shall be the Credit Enhancer and Insurer for the Insured Series 2024 Certificates. With respect to the Insured Series 2024 Certificates, BAM shall have all the rights provided for such Credit Enhancer under the terms of the Trust Agreement and under the terms hereof.

**ARTICLE V
NO PREPAYMENT OF SERIES 2024 CERTIFICATES**

SECTION 501. NO PREPAYMENT OF SERIES 2024 CERTIFICATES. The Series 2024 Certificates are subject to prepayment only as provided in this Section.

- (a) The Series 2024 Certificates shall not be subject to extraordinary prepayment pursuant to Section 5.08(c) of the Lease Agreement.
- (b) The Series 2024 Certificates shall not be subject to prepayment at the option of the Board.

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Series 2024 Certificates for federal income tax purposes and the prior written consent of BAM, which consent will not be unreasonably withheld.

(b) The Board will not exercise any prior optional prepayment of Insured Series 2024 Certificates secured by the escrow agreement or any other prepayment other than mandatory sinking fund prepayments unless (i) the right to make any such prepayment has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the offering statement for the Refunding Certificates, and (ii) as a condition to any such prepayment there shall be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such prepayment.

(c) The Board shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

(3) Trustee and Paving Agent.

(a) BAM shall receive prior written notice of any name change of the Trustee for the Insured Series 2024 Certificates or the resignation or removal of the Trustee. Any successor Trustee must be (i) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (ii) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (iii) otherwise approved by BAM in writing.

(b) No removal, resignation or termination of the Trustee shall take effect until a successor, meeting the requirements above or reasonably acceptable to BAM, shall be qualified and appointed.

(4) Amendments, Supplements and Consents. Except as otherwise provided in Section 11.01 of the Master Trust Agreement or the Related Documents, BAM's prior written consent is required for all amendments and supplements to the Trust Agreement or the Related Documents. The Board shall send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the Insured Series 2024 Certificates.

(a) Consent of BAM in Addition to Bondholder Consent. Any amendment, supplement, modification to, or waiver of, any provision of the Trust Agreement or the Related Documents that requires the consent of Owners of the Insured Series 2024 Certificates or adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.

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**ARTICLE VI
PROVISIONS RELATING TO INSURED SERIES 2024 CERTIFICATES**

SECTION 601. PROVISIONS REGARDING MUNICIPAL BOND INSURANCE POLICY; ADDITIONAL OBLIGATIONS OF THE BOARD. The following provisions relating to the Insured Series 2024 Certificates shall apply so long as BAM's Municipal Bond Insurance Policy is in full force and effect or any amounts are payable to BAM:

(1) Notice and Other Information to be given to BAM. The Board will provide BAM with all notices and other information it is obligated to provide (i) under its Disclosure Agreement and (ii) to the Owners of Insured Series 2024 Certificates or the Trustee under the Trust Agreement or the Related Documents.

The notice address of BAM is: Build America Mutual Assurance Company, 200 Liberty Street, 27th Floor, New York, New York 10281, Attention: Surveillance, Re: Policy No. _____, Telephone: (212) 235-2500, Telecopier: (212) 962-1710, Email: notices@buildamerica.com. In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 962-1524 and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(2) Defeasance. With respect to the Insured Series 2024 Certificates, for purposes of Section 12.01 of the Master Trust Agreement, "Refunding Securities" shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by BAM.

At least three Business Days prior to any defeasance with respect to the Insured Series 2024 Certificates, the Board shall deliver to BAM draft copies of an escrow agreement, an opinion of Special Counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Insured Series 2024 Certificates, a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to BAM and shall be in form and substance satisfactory to BAM. In addition, the escrow agreement shall provide that:

(a) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of Special Counsel that such substitution will not adversely affect the exclusion (if interest on the Insured Series 2024 Certificates is excludable) from gross income of the Owners of the Insured Series 2024 Certificates of the interest on the Insured

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(b) Insolvency. Any reorganization or liquidation plan with respect to the Board must be acceptable to BAM. The Trustee and each owner of the Insured Series 2024 Certificates hereby appoint BAM as their agent and attorney-in-fact with respect to the Insured Series 2024 Certificates and agree that BAM may at any time during the continuation of any proceeding by or against the Board under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (i) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (ii) the direction of any appeal of any order relating to any Claim, (iii) the posting of any surety, supersedeas or performance bond pending any such appeal, and (iv) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each owner of the Insured Series 2024 Certificates delegate and assign to BAM, to the fullest extent permitted by law, the rights of the Trustee and each owner of the Insured Series 2024 Certificates with respect to the Insured Series 2024 Certificates in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(c) Consent of BAM Upon Default. Anything in the Trust Agreement or the Related Documents to the contrary notwithstanding, upon the occurrence and continuance of a Default or an Event of Default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Insured Series 2024 Certificates or the Trustee for the benefit of the Owners of the Insured Series 2024 Certificates under the Trust Agreement or any Related Document. With respect to the Insured Series 2024 Certificates, no Default or Event of Default may be waived without BAM's written consent.

(d) BAM as Owner. Upon the occurrence and continuance of a Default or an Event of Default, BAM shall be deemed to be the sole Owner of the Insured Series 2024 Certificates for all purposes under the Trust Agreement or the Related Documents, including, without limitations, for purposes of exercising remedies and approving amendments.

(e) Consent of BAM for acceleration. For purposes of Section 8.02 of the Master Trust Agreement, BAM's prior written consent is required as a condition precedent to and in all instances of acceleration with respect to the Insured Series 2024 Certificates.

(f) Grace Period for Covenant Defaults. No grace period for a covenant default with respect to the Insured Series 2024 Certificates shall exceed 30 days without the prior written consent of BAM.

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(g) *Special Provisions for Insurer Default.* If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs 4(a)-(d) above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other Owner of the Insured Series 2024 Certificates for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, "Insurer Default" means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

(5) *BAM as Third Party Beneficiary.* BAM is recognized as and shall be deemed to be a third party beneficiary of the Trust Agreement and the Related Documents and may enforce the provisions of the Trust Agreement and the Related Documents as if it were a party thereto.

(6) *Payment Procedure Under the Policy.*

In the event that principal and/or interest represented by the Insured Series 2024 Certificates shall be paid by BAM pursuant to the Policy, the Insured Series 2024 Certificates shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Board, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Board to the registered Owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such registered Owners including, without limitation, any rights that such Owners may have in respect of securities law violations arising from the offer and sale of the Insured Series 2024 Certificates.

In the event that on the second (2nd) business day prior to any Payment Date on the Insured Series 2024 Certificates, the Paying Agent has not received sufficient moneys to

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The Trustee shall designate any portion of payment of principal represented by Insured Series 2024 Certificates paid by BAM, whether by virtue of mandatory sinking fund prepayment, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Series 2024 Certificates registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Series 2024 Certificate to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Series 2024 Certificate shall have no effect on the amount of principal or interest payable by the Board represented by any Series 2024 Certificate or the subrogation or assignment rights of BAM.

Payments with respect to claims for interest on and principal represented by Insured Series 2024 Certificates disbursed by the Paying Agent or Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the Board with respect to such Insured Series 2024 Certificates, and BAM shall become the Owner of such unpaid Insured Series 2024 Certificates and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise. The Related Documents shall not be discharged or terminated unless all amounts due or to become due to BAM have been paid in full or duly provided for.

Irrespective of whether any such assignment is executed and delivered, the Board and the Paying Agent and Trustee agree for the benefit of BAM that:

(a) They recognize that to the extent BAM makes payments directly or indirectly (e.g., by paying through the Paying Agent or Trustee), on account of principal of or interest represented by the Insured Series 2024 Certificates, BAM will be subrogated to the rights of such Owners to receive the amount of such principal and interest from the Board/Obligor, with interest thereon, as provided and solely from the sources stated in the Trust Agreement or the Related Documents and the Insured Series 2024 Certificates; and

(b) They will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Insured Series 2024 Certificates, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Series 2024 Certificates to Owners, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

(7) *Additional Payments.* To the extent permitted by law, the Board agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the

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pay all principal of and interest represented by the Insured Series 2024 Certificates due on such payment date, Trustee shall immediately notify BAM or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify BAM or its designee.

In addition, if the Trustee has notice that any Owner of the Insured Series 2024 Certificates has been required to disgorge payments of principal of or interest represented by the Insured Series 2024 Certificates pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law, then the Trustee shall notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of BAM.

The Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for Owners of the Insured Series 2024 Certificates as follows:

(a) If there is a deficiency in amounts required to pay interest and/or principal represented by the Insured Series 2024 Certificates, the Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such Owners of the Insured Series 2024 Certificates in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the Insured Series 2024 Certificates, (ii) receive as designee of the respective Owners (and not as Paying Agent) in accordance with the tenor of the Policy payment from BAM with respect to the claims for interest so assigned, (iii) segregate all such payments in a separate account (the "BAM Policy Payment Account") to only be used to make scheduled payments of principal of and interest on the Insured Series 2024 Certificates, and (iv) disburse the same to such respective Owners; and

(b) If there is a deficiency in amounts required to pay principal represented by the Insured Series 2024 Certificates, the Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such Owner of the Insured Series 2024 Certificates in any legal proceeding related to the payment of such principal and an assignment to BAM of the Insured Series 2024 Certificates surrendered to BAM, (ii) receive as designee of the respective Owners (and not as Paying Agent) in accordance with the tenor of the Policy payment therefore from BAM, (iii) segregate all such payments in the BAM Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Insured Series 2024 Certificates, and (iv) disburse the same to such Owners.

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administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Trust Agreement or the Related Documents ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The Board agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 5%, and (ii) the then applicable highest rate of interest on the Insured Series 2024 Certificates and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

Notwithstanding anything herein to the contrary, to the extent permitted by law, the Board agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Policy ("BAM Policy Payment"); and (ii) interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the Board, payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. Subject to the Board's right of non-appropriation, the Board hereby acknowledges that the BAM Reimbursement Amounts are payable from Available Revenues as Supplemental Rent as provided in the Lease Agreement and secured by the same collateral as the Insured Series 2024 Certificates.

(8) *Exercise of Rights by BAM.* The rights granted to BAM under the Trust Agreement or the Related Documents to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of the BAM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the Insured Series 2024 Certificates and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the Owners of the Insured Series 2024 Certificates or any other person is required in addition to the consent of BAM.

(9) BAM shall be entitled to pay principal or interest represented by the Insured Series 2024 Certificates that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Policy) and any amounts

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due on the Insured Series 2024 Certificates as a result of acceleration of the maturity thereof in accordance with the Trust Agreement or the Related Documents, whether or not BAM has received a claim upon the Policy.

(10) So long as the Insured Series 2024 Certificates are Outstanding or any amounts are due and payable to BAM, the Board shall not sell, lease, transfer, encumber or otherwise dispose of the Series 2005 Project or any material portion thereof, except upon obtaining the prior written consent of BAM.

(11) No contract shall be entered into or any action taken by which the rights of BAM or security for or source of payment of the Insured Series 2024 Certificates may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of BAM.

**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 2024 Supplemental Trust Agreement, the terms hereof shall control.

SECTION 702. THIRD PARTY BENEFICIARIES. Nothing in this Series 2024 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 2024 Supplemental Trust Agreement or any covenants, condition or stipulation hereof; and all covenants, stipulations, promises and agreements in this Series 2024 Supplemental Trust Agreement contained by or on behalf of the Corporation or the Board shall be for the sole and exclusive benefit of the Corporation, and its assignee, the Trustee, the Credit Enhancer and the Board. BAM shall be deemed a third party beneficiary of the Trust Agreement, including this Series 2024 Supplemental Trust Agreement.

SECTION 703. COUNTERPARTS. This Series 2024 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 2024 Supplemental Trust Agreement, nor shall they affect its meaning, construction or effect.

SECTION 705. LAWS. This Series 2024 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 2024 Supplemental Trust Agreement by their officers thereunto duly authorized as of the date and year first written above.

SCHEDULE 1

**COMPUTERSHARE TRUST COMPANY,
N.A., as successor Trustee**

LETTER OF INSTRUCTIONS

Authorized Officer

The School Board of Martin County, Florida
Stuart, Florida

(SEAL)

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

Computershare Trust Company, N.A., as Trustee
St. Paul, Minnesota

By: _____
President

Martin School Board Leasing Corporation
Stuart, Florida

ATTEST:

Re: \$[PAR AMOUNT] Refunding Certificates of Participation (School Board of Martin County, Florida Master Lease Program), Series 2024 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 Martin County, Florida

By: _____
Secretary

Ladies and Gentlemen:

**THE SCHOOL BOARD OF MARTIN
COUNTY, FLORIDA, as Lessee**

This letter of instructions is intended to set forth certain duties and requirements regarding the payment of rebatable arbitrage to the United States Treasury in compliance with Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code") to the extent necessary to preserve the tax-exempt treatment of interest on the above-referenced Refunding Certificates of Participation (the "Series 2024 Certificates"). The instructions contained in this letter are based upon said Section 148(f) of the Code and, by analogy, to the Regulations. However, it is not intended to be exhaustive.

(SEAL)

By: _____
Chair

The Series 2024 Certificates have been issued pursuant to a Master Trust Agreement, dated as of December 1, 2005, as amended and supplemented, including, in particular, as supplemented by the Series 2024 Supplemental Trust Agreement, dated as of May 1, 2024 (collectively, the "Trust Agreement"), among Computershare Trust Company, N.A., as successor trustee (the "Trustee"), the Martin School Board Leasing Corporation, a Florida not-for-profit corporation, as lessor (the "Corporation"), and The School Board of Martin County, Florida, a school board of the State of Florida, as lessee (the "Board"). The Series 2024 Certificates represent undivided proportionate interests of the Owners of the Series 2024 Certificates in the Basic Rent Payments to be made under a Master Lease-Purchase Agreement, dated as of December 1, 2005, as amended and supplemented, in

ATTEST:

By: _____
Superintendent/Secretary

particular as amended and supplemented by Second Amended and Restated Lease Schedule No. 2005, dated as of May 1, 2024 (collectively, the "Lease Agreement"), between the Corporation and the Board. Pursuant to an Assignment of Lease Agreement, dated as of December 1, 2005, as amended, in particular as amended by the Third Amendment to Assignment of Lease Agreement, dated as of May 1, 2024, between the Corporation and the Trustee, the Corporation has assigned all of its rights, title and interest in and to the Second Amended and Restated Lease Schedule No. 2005 (other than certain rights and obligations specifically excepted therein), including, without limitation, the right to receive the Basic Rent Payments, when due, to the Trustee for the benefit of the Owners of the Series 2024 Certificates.

Since the requirements of said Section 148(f) are subject to amplification and clarification, it may be necessary to supplement or modify the instructions contained in this letter from time to time to reflect any additional or different requirements of said Section and the Regulations or to specify that actions set forth in this letter are no longer required or that some further or different action is required to maintain or assure the exemption from federal income tax of the interest on the Series 2024 Certificates.

For purposes of this letter, any instructions relating to a fund, account or subaccount established under the Trust Agreement shall be deemed to apply only to that portion of such fund, account or subaccount allocable to the Series 2024 Certificates.

1. Tax Covenants. Pursuant to the Trust Agreement, the Corporation and the Board have made certain covenants designed to assure that the Interest Component of the Basic Rent Payments is and shall remain excludable from gross income for purposes of federal income taxation. In order to preserve this exemption, neither the Corporation nor the Board should, directly or indirectly, use or permit the use of any proceeds of the Series 2024 Certificates or the Lease Payments or any other funds or take or omit to take any action that would cause the Series 2024 Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Code or that would cause the Interest Component of the Basic Rent Payments to be subject to be included in gross income for federal income tax purposes under the provisions of the Code. The Board must comply with all other requirements as shall be determined by Special Counsel to be necessary or appropriate to assure that the Interest Component of the Basic Rent Payments will be excludable from gross income for purposes of federal income taxation. To that end, the Corporation and the Board shall comply with all requirements of Section 148 of the Code to the extent applicable to the Series 2024 Certificates.

2. Definitions. Capitalized terms used in this letter, but not otherwise defined herein, shall have the same meanings set forth in Exhibit A to the Trust Agreement and in the Board's Certificate as to Arbitrage and Certain Other Tax Matters relating to the Series 2024 Certificates.

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"Nonpurpose Investment" shall have the meaning ascribed to such term in Section 148 of the Code and shall include any Investment Property in which Gross Proceeds are invested which is not acquired to carry out the governmental purpose of the Series 2024 Certificates, e.g., obligations acquired with Gross Proceeds that are invested temporarily until needed for the governmental purpose of the Series 2024 Certificates, that are used to discharge a prior issue, or that are invested in a reasonably required reserve or replacement fund.

"Nonpurpose Payments" shall include the payments with respect to Nonpurpose Investments specified in Section 1.148-3(d)(1)(i)-(v) of the Regulations.

"Nonpurpose Receipts" shall include the receipts with respect to Nonpurpose Investments specified in Section 1.148-3(d)(2)(i)-(iii) of the Regulations.

"Pledged Moneys" means moneys that are reasonably expected to be used directly or indirectly to pay debt service on the Series 2024 Certificates (or to reimburse a municipal bond insurer) or as to which there is a reasonable assurance that such moneys or the earnings thereon will be available directly or indirectly to pay debt service on the Series 2024 Certificates (or to reimburse a municipal bond insurer) if the Board encounters financial difficulties.

"Pre-Issuance Accrued Interest" means amounts representing interest that has accrued on an obligation for a period of not greater than one year before its issue date but only if those amounts are paid within one year after the Issue Date.

"Proceeds" means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Certificates.

"Qualified Administrative Costs" means reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage and selling commissions that are comparable to those charged nongovernmental entities in transactions not involving tax-exempt bond proceeds, but not legal and accounting fees, recordkeeping, custody or similar costs. In addition, with respect to a guaranteed investment contract or investments purchased for a yield restricted defeasance escrow, such costs will be considered reasonable if (1) the amount of the fee the Board treats as a Qualified Administrative Cost does not exceed the lesser of (a) \$49,000 (for calendar year 2024), and (b) 0.2% of the "computational base," or, if more, \$5,000; and (2) the Board does not treat as Qualified Administrative Costs more than \$138,000 (for calendar year 2024) in brokers' commissions or similar fees with respect to all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with Gross Proceeds of the issue. For purposes of this definition only, "computational base" shall mean with respect to guaranteed investment contracts, the amount of Gross Proceeds the Board reasonably expects, as of the date the contract is acquired, to be deposited in the guaranteed investment contract over the term of the contract and for investments other than guaranteed investment contract,

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"Certificate Year" means any one-year period (or shorter period from the Issue Date) ending on the close of business on the day preceding the anniversary of the Issue Date; provided, however, that the Board may select any other day as the end of a Certificate Year if such selection is made prior to the earlier of the final maturity date of the Series 2024 Certificates or the fifth anniversary of the Issue Date.

"Code" means the Internal Revenue Code of 1986, as amended.

"Computation Date" means each date selected by the Board as a computation date pursuant to Section 1.148-3(e) of the Regulations and the Final Computation Date.

"Fair Market Value" means, when applied to a Nonpurpose Investment, the Fair Market Value of such Investment as determined in accordance with Section 4 hereof.

"Final Computation Date" means the date the Series 2024 Certificates are discharged.

"Gross Proceeds" means, with respect to the Series 2024 Certificates:

- (1) Amounts constituting Sale Proceeds of the Series 2024 Certificates.
- (2) Amounts constituting Investment Proceeds of the Series 2024 Certificates.
- (3) Amounts constituting Transferred Proceeds of the Series 2024 Certificates.
- (4) Other amounts constituting Replacement Proceeds of the Series 2024 Certificates.
- (5) Amounts that constitute Pledged Moneys (as defined below) and that are derived directly or indirectly from the Board (or a governmental unit of which the Board is a part) or any other person who substantially benefits from the issuance of the Series 2024 Certificates.

"Investment Proceeds" means any amounts actually or constructively received from investing proceeds of the Series 2024 Certificates.

"Investment Property" means any security, obligation or other property held principally as a passive vehicle for the production of income, within the meaning of Section 1.148-1(b) of the Regulations.

"Issue Date" means [CLOSING DATE], 2024.

"Net Proceeds" means Sale Proceeds, less the portion of such Proceeds invested in a reasonably required reserve or replacement fund under the Code.

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"computational base" shall mean the amount of Gross proceeds initially invested in such investments. The above-described safe harbor dollar amounts shall be increased each calendar year for cost-of-living adjustments pursuant to Section 1.148-5(e) of the Regulations.

"Rebatable Arbitrage" means, as of any Computation Date, the excess of the future value of all Nonpurpose Receipts over the future value of all Nonpurpose Payments.

"Rebate Fund" means the Rebate Fund established pursuant to the Trust Agreement and described in Section 3 hereof.

"Regulations" means Treasury Regulations Sections 1.148-0 through 1.148-11, 1.149(b)-1 and (d)-1, and 1.150-0 through 1.150-2, as amended, and any regulations amendatory, supplementary or additional thereto.

"Replacement Proceeds" means amounts that have a sufficiently direct nexus to the Series 2024 Certificates or to the governmental purpose of the Series 2024 Certificates to conclude that the amounts would have been used for that governmental purpose if the Proceeds of the Series 2024 Certificates were not used or to be used for that governmental purpose. For this purpose, governmental purposes include the expected use of amounts for the payment of debt service on a particular date. The mere availability or preliminary earmarking of amounts for a governmental purpose, however, does not in itself establish a sufficient nexus to cause those amounts to be Replacement Proceeds. Replacement Proceeds include, but are not limited to, amounts held in a sinking fund or a pledged fund. For these purposes, an amount is pledged to pay principal or interest on the Series 2024 Certificates if there is reasonable assurance that the amount will be available for such purposes in the event that the issuer encounters financial difficulties.

"Sale Proceeds" means any amounts actually or constructively received by the Board from the sale of the Series 2024 Certificates, including amounts used to pay underwriters' discount or compensation and interest other than Pre-Issuance Accrued Interest. Sale Proceeds shall also include, but are not limited to, amounts derived from the sale of a right that is associated with a Series 2024 Certificate and that is described in Section 1.148-4(b)(4) of the Regulations.

"Special Counsel" means Nabors, Giblin & Nickerson, P.A., Tampa, Florida or such other firm of nationally recognized bond counsel as may be selected by the Board.

"Tax-Exempt Investment" means (i) an obligation the interest on which is excluded from gross income pursuant to Section 103 of the Code, (ii) United States Treasury-State and Local Government Series, Demand Deposit Securities, and (iii) stock in a tax-exempt mutual fund as described in Section 1.150-1(b) of the Regulations. Tax-Exempt Investment shall not include a specified private activity bond as defined in Section 57(a)(5)(C) of the Code. For purposes of these Rebate Instructions, a tax-exempt mutual

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fund includes any regulated investment company within the meaning of Section 851(a) of the Code meeting the requirements of Section 852(a) of the Code for the applicable taxable year; having only one class of stock authorized and outstanding; investing all of its assets in tax-exempt obligations to the extent practicable; and having at least 98 percent of (1) its gross income derived from interest on, or gain from the sale of or other disposition of, tax-exempt obligations or (2) the weighted average value of its assets represented by investments in tax-exempt obligations.

"**Transferred Proceeds**" shall have the meaning provided therein in Section 1.148-9 of the Regulations.

"**Universal Cap**" means the value of all then outstanding Series 2024 Certificates.

"**Value**" (of a Series 2024 Certificate) means with respect to a Series 2024 Certificate issued with not more than two percent original issue discount or original issue premium, the outstanding principal amount, plus accrued unpaid interest; for any other Series 2024 Certificate, its present value.

"**Value**" (of an Investment) shall have the following meaning in the following circumstances:

(1) **General Rules.** Subject to the special rules in the following paragraph, an issuer may determine the value of an investment on a date using one of the following valuation methods consistently applied for all purposes relating to arbitrage and rebate with respect to that investment on that date:

(a) an investment with not more than two percent original issue discount or original issue premium may be valued at its outstanding stated principal amount, plus accrued unpaid interest on such date;

(b) a fixed rate investment may be valued at its present value on such date; and

(c) an investment may be valued at its Fair Market Value on such date.

(2) **Special Rules.** Yield restricted investments are to be valued at present value provided that (except for purposes of allocating Transferred Proceeds to an issue, for purposes of the Universal Cap and for investments in a commingled fund other than a bona fide debt service fund unless it is a certain commingled fund):

(a) an investment must be valued at its Fair Market Value when it is first allocated to an issue, when it is disposed of and when it is deemed acquired or deemed disposed of, and provided further that;

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receipt of such Rebtable Arbitrage from the Board, but in no event later than 60 days following the Computation Date, the Trustee must remit (but only from amounts received from the Board) an amount, as calculated by the Board, which when added to the future value of previous rebate payments is not less than 90 percent (100 percent with respect to the Computation Date on the final repayment or retirement of the Series 2024 Certificates plus the income, if any, from the investment of the Rebtable Arbitrage due the United States Government after the final Computation Date) of the Rebtable Arbitrage.

Each payment must be accompanied by Internal Revenue Service Form 8038-T.

(c) The obligation to pay Rebtable Arbitrage to the United States, as described in this letter, shall be treated as satisfied with respect to the Series 2024 Certificates if (i) Gross Proceeds are expended for the governmental purpose of the Series 2024 Certificates by no later than the date which is six months after the Issue Date and if it is not anticipated that any other Gross Proceeds will arise during the remainder of the term of the Series 2024 Certificates and (ii) the requirement to pay Rebtable Arbitrage, if any, to the United States with respect to the portion of the Reserve Account allocable to the Series 2024 Certificates, if any, is met. For purposes described above, Gross Proceeds do not include (i) amounts deposited in a bona fide debt service fund, so long as the funds therein constitute bona fide debt service funds, or a reasonably required reserve or replacement fund (as defined in Section 1.148-1 of the Regulations and meeting the requirements of Section 1.148-2(f) of the Regulations), (ii) amounts that, as of the Issue Date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the date which is six months after the Issue Date, (iii) amounts representing Sale or Investment Proceeds derived from any Purpose Investment (as defined in Section 1.148-1 of the Regulations) and earnings on those payments, and (iv) amounts representing any repayments of grants (as defined in Section 1.148-6(d)(4) of the Regulations). If Gross Proceeds are in fact expended by such date, then, except as to amounts, if any, on deposit in the Reserve Account, Rebtable Arbitrage with respect to such Gross Proceeds need not be calculated and no payment thereof to the United States Department of Treasury need be made. Use of Gross Proceeds to redeem Series 2024 Certificates shall not be treated as an expenditure of such Gross Proceeds.

Notwithstanding the foregoing, if Gross Proceeds which were reasonably expected to be Gross Proceeds on the Issue Date actually become available after the date which is six months after the Issue Date, as determined by the Board, then the requirements described herein relating to the calculation of Rebtable Arbitrage and the payment thereof to the United States must be satisfied, except that no such calculation or payment need be made with respect to the initial six-month period. Any other amounts not described in this Section which constitute Gross Proceeds, other than a bona fide debt service fund, will be subject to rebate.

(d) The Board and the Trustee should keep or cause to be kept proper books of records and accounts containing complete and correct entries of all transactions relating to

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(b) in the case of Transferred Proceeds, the Value of a Nonpurpose Investment that is allocated to Transferred Proceeds of a refunding issue on a transfer date may not exceed the Value of that investment on the transfer date used for purposes of applying the arbitrage restrictions to the refunded issue.

"**Yield**" means, generally, the discount rate which, when used in computing the present value of all the unconditionally payable payments of principal and interest on an obligation and all the payments for qualified guarantees paid and to be paid with respect to such obligation, produces an amount equal to the present value of the issue price of such obligation. Present value is computed as of the date of issue of the obligation. There are, however, many additional specific rules contained in the Regulations which apply to the calculation and recalculation of yield for particular obligations and such rules should be consulted prior to calculating the yield for the Series 2024 Certificates on any Computation Date. Yield shall be calculated on a 360-day year basis with interest compounded semi-annually. For this purpose, the purchase price of a Nonpurpose Investment or Tax-Exempt Investment is its Fair Market Value, as determined pursuant to Section 4 of this letter, as of the date that it becomes allocated to Gross Proceeds of the Series 2024 Certificates.

"**Yield on the Series 2024 Certificates**" means, for all Computation Dates, the Yield expected as of the date hereof on the Series 2024 Certificates over the term of such Series 2024 Certificates computed by:

(1) using as the purchase price of the Series 2024 Certificates, the amount at which such Series 2024 Certificates were sold to the public within the meaning of Sections 1273 and 1274 of the Code; and

(2) assuming that all of the Series 2024 Certificates will be paid at their scheduled maturity dates or in accordance with any mandatory redemption requirements.

3. Payment of Rebtable Arbitrage.

(a) In order to maintain the exemption from federal income tax of the Interest Component of the Basic Rent Payments, the Trustee, upon the written direction of the Board in accordance with Section 6.12 of the Trust Agreement, shall pay the Rebtable Arbitrage to the United States Government at the times and in the amounts determined herein from amounts on deposit in the Rebate Fund. For purposes of determining the Rebtable Arbitrage, the Board should cause the calculations to be made by competent tax counsel or other financial or accounting advisors or persons to ensure correct application of the rules contained in the Code and the Regulations relating to arbitrage rebate.

(b) Within 30 days after any Computation Date, the Board must calculate or cause to be calculated the Rebtable Arbitrage or any penalty due pursuant to Section 3(d) below. The Board agrees to pay the Trustee the amount of the Rebtable Arbitrage for deposit to the Rebate Fund on or before the same must be remitted by the Trustee. Upon

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the receipt, investment, disbursement, allocation and application of the moneys related to the Series 2024 Certificates, including moneys derived from, pledged to, or to be used to make payments on the Series 2024 Certificates. Such records shall, at a minimum, be sufficient to enable the Board to calculate the Rebtable Arbitrage and, if necessary, shall specify the account or fund to which each investment (or portion thereof) is to be allocated and shall set forth, in the case of each investment security, (i) its purchase price, (ii) identifying information, including par amount, coupon rate, and payment dates, (iii) the amount received at maturity or its sale price, as the case may be, including accrued interest, (iv) the amounts and dates of any payments made with respect thereto, and (v) the dates of acquisition and disposition or maturity.

4. **Market Price Rules.** Except as provided below, the Board agrees to comply with the requirements relating to the "Fair Market Value" of acquired Nonpurpose Investments, as defined in Section 1.148-5(d) of the Regulations ("Fair Market Value"). All investments required to be made pursuant to this letter shall be made to the extent permitted by law. In this regard, the Board agrees, among other things, that it will not acquire or cause to be acquired a Nonpurpose Investment (or any other investment acquired with Gross Proceeds or on deposit in the Rebate Fund), for a price in excess of its Fair Market Value or sell any such investment at a price (determined without any reduction for transaction costs) less than its Fair Market Value, except as provided below. For this purpose, the following rules shall apply:

(a) **Established securities markets.** Except as otherwise provided below, any market especially established to provide a security or obligation to an issuer of municipal obligations shall not be treated as an established market and shall be rebuttably presumed to be acquired or disposed of for a price that is not its Fair Market Value.

(b) **Arm's-length price.** Any transaction in which a Nonpurpose Investment is directly purchased with Gross Proceeds, or in which a Nonpurpose Investment allocable to Gross Proceeds is disposed of, shall be undertaken in a bona fide arm's-length manner, and no amount shall be paid to reduce the yield on the Nonpurpose Investment.

(c) **Safe harbor for establishing Fair Market Value for guaranteed investment contracts and Nonpurpose Investments purchased for a yield restricted defeasance escrow.** In the case of a guaranteed investment contract or Nonpurpose Investments purchased for a yield restricted defeasance escrow, the purchase price shall not be considered to be an arm's-length price unless all the following conditions are met:

(i) The Board makes a bona fide solicitation ("Bona Fide Solicitation") for the purchase of the investment that satisfies all of the following requirements:

(1) The bid specifications are in writing and are timely forwarded to potential providers;

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(2) The bid specifications include all terms of the bid that may directly or indirectly affect the yield or the cost of the investment;

(3) The bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Board or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the Board or any other person for purposes of satisfying these requirements;

(4) The terms of the bid specifications are such that there is a legitimate business purpose for each term other than to increase the purchase price or reduce the yield of the investment (e.g., for solicitations of Nonpurpose Investments for a yield restricted defeasance escrow, the hold firm period must be no longer than the Board reasonably requires);

(5) For purchases of guaranteed investment contracts only, the terms of the solicitation take into account the Board's reasonably expected deposit and draw down schedule for the amounts to be invested;

(6) All potential providers have an equal opportunity to bid (e.g., no potential provider is given the opportunity to review other bids before providing a bid); and

(7) At least three providers are solicited for bids that have an established industry reputation as a competitive provider of the type of investments being purchased.

(ii) The bids received by the Board must meet all of the following requirements:

(1) The Board receives at least three bids from providers that the Board solicited under a Bona Fide Solicitation and that do not have a material financial interest in the issue. A lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue. In addition, any entity acting as a financial advisor with respect to the purchase of the investment at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue. A provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

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(d) The Board shall retain certificates and records documenting compliance with the above requirements until three years after the last outstanding Series 2024 Certificate is redeemed including, but not limited to, the following:

(i) For purchases of guaranteed investment contracts, a copy of the contract, and for purchases of Nonpurpose Investments other than guaranteed investment contracts, the purchase agreement or confirmation;

(ii) The receipt or other record of the amount actually paid by the Board for the investments, including a record of any administrative costs paid by the Board and the certification required in paragraph (c)(iv) above;

(iii) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results;

(iv) The bid solicitation form and, if the terms of the purchase agreement or the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation; and

(v) For purchase of Nonpurpose Investments other than guaranteed investment contracts, the cost of the most efficient portfolio of State and Local Government Series Securities, determined at the time that the bids were required to be submitted.

5. Records. The Board and the Trustee should retain all records with respect to the calculations required by this letter for at least six years after the date on which the last of the principal of and interest on the Series 2024 Certificates has been paid, whether upon maturity, redemption, or acceleration thereof.

6. Modification Upon Receipt of Special Counsel Opinion. Notwithstanding any provision of this letter, if the Board and the Trustee shall receive an opinion of Special Counsel that any specified instructions set forth in this letter are no longer required or that some further or different action is required to maintain or assure the exclusion from federal gross income of the Interest Component of the Basic Rent Payments, the Board and the Trustee may conclusively rely on such opinion in complying with the requirements of this letter and the instructions contained in this letter shall be deemed to be modified to that extent. The provisions of this and the instructions contained in this letter may be amended or modified in any manner which is necessary to comply with such regulations as may be promulgated by the United States Treasury Department from time to time.

7. Accounting for Gross Proceeds. In order to perform the calculations required by the Code and the Regulations, it is necessary to track the investment and expenditure of all Gross Proceeds. To that end, the Board must adopt reasonable and

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(2) At least one of the three bids described in paragraph (c) (ii)(1) above is from a provider that has an established industry reputation as a competitive provider of the type of investments being purchased; and

(3) If the Board uses an agent to conduct the bidding process, the agent did not bid to provide the investment.

(iii) The winning bid must meet the following requirements:

(1) *Guaranteed investment contracts.* If the investment is a guaranteed investment contract, the winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(2) *Other Nonpurpose Investments.* If the investment is not a guaranteed investment contract, the following requirements are met:

(A) The winning bid is the lowest cost bona fide bid (including any broker's fees). The lowest bid is either the lowest cost bid for the portfolio or, if the Board compares the bids on an investment-by-investment basis, the aggregate cost of a portfolio comprised of the lowest cost bid for each investment. Any payment received by the Board from a provider at the time a guaranteed investment contract is purchased (e.g., an escrow float contract) for a yield restricted defeasance escrow under a bidding procedure meeting these requirements is taken into account in determining the lowest cost bid.

(B) The lowest cost bona fide bid (including any broker's fees) is not greater than the cost of the most efficient portfolio comprised exclusively of State and Local Government Series Securities from the United States Department of the Treasury, Bureau of Public Debt. The cost of the most efficient portfolio of State and Local Government Series Securities is to be determined at the time that bids are required to be submitted pursuant to the terms of the bid specifications. If such State and Local Government Series Securities are not available for purchase on the day that bids are required to be submitted because sales of those securities have been suspended, the cost comparison described in this paragraph is not required.

(iv) The provider of the investments or the obligor on the guaranteed investment contract certifies the administrative costs that it pays (or expects to pay) to third parties in connection with supplying the investment.

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consistently applied methods of accounting for all Gross Proceeds. Appendix I hereto sets forth a description of the required allocation and accounting rules with which the Board agrees to comply.

8. Administrative Costs of Investments. Except as otherwise provided in this Section 8, an allocation of Gross Proceeds to a payment or receipt on a Nonpurpose Investment is not adjusted to take into account any costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire the Nonpurpose Investment (administrative costs). Thus, administrative costs generally do not increase the payments for, or reduce the receipts from, Nonpurpose Investments.

In determining payments and receipts on Nonpurpose Investments, Qualified Administrative Costs are taken into account by increasing payments for, or reducing the receipts from, the Nonpurpose Investments. Qualified Administrative Costs are reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody and similar costs. General overhead costs and similar indirect costs of the Board such as employee salaries and office expenses and costs associated with computing Rebutable Arbitrage are not Qualified Administrative Costs.

Allocation and accounting rules are provided in Appendix I attached hereto.

9. Board Obligations. Except for any Rebutable Arbitrage which accrues prior to the date of termination of the Lease, the Board shall have no further obligations hereunder subsequent to the termination of the Lease Agreement.

[Remainder of page intentionally left blank]

10. Trustee Obligations. Except for matters set forth in Sections 3(a), (b) and (d) hereof and Section 6.12 of the Trust Agreement, the parties hereto agree that the Trustee shall have no further obligations hereunder or under the Trust Agreement relating to the matters set forth in this letter.

Respectfully submitted,

NABORS, GIBLIN & NICKERSON, P.A.

Acknowledged:

THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

By: _____
Chair

COMPUTERSHARE TRUST COMPANY, N.A., as successor Trustee

By: _____
Authorized Officer

MARTIN SCHOOL BOARD LEASING CORPORATION

By: _____
President

ALLOCATION AND ACCOUNTING RULES

(a) General Rule. Any issuer may use any reasonable, consistently applied accounting method to account for Gross Proceeds, investments and expenditures of an issue. An accounting method is "consistently applied" if it is applied uniformly within a Fiscal Period (as hereinafter defined) and between Fiscal Periods to account for Gross Proceeds of an issue and any amounts that are in a commingled fund.

(b) Allocation of Gross Proceeds to an Issue. Amounts are allocable to only one issue at a time as Gross Proceeds. Amounts cease to be allocated to an issue as Proceeds only when those amounts (i) are allocated to an expenditure for a governmental purpose; (ii) are allocated to Transferred Proceeds of another issue of obligations; or (iii) cease to be allocated to that issue at retirement of the issue or under the Universal Cap.

(c) Allocation of Gross Proceeds to Investments. Upon the purchase or sale of a Nonpurpose Investment, Gross Proceeds of an issue are not allocated to a payment for that Nonpurpose Investment in an amount greater than, or to a receipt from that Nonpurpose Investment in an amount less than, the Fair Market Value of the Nonpurpose Investment as of the purchase or sale date. The Fair Market Value of a Nonpurpose Investment is adjusted to take into account Qualified Administrative Costs allocable to the investment. Thus, Qualified Administrative Costs increase the payments for, or decrease the receipts from, a Nonpurpose Investment.

(d) Allocation of Gross Proceeds to Expenditures. Reasonable accounting methods for allocating funds from different sources to expenditures for the same governmental purpose include a "specific tracing" method, a "gross-proceeds-spent-first" method, a "first-in-first-out" method or a ratable allocation method, so long as the method used is consistently applied. An allocation of Gross Proceeds of an issue to an expenditure must involve a current outlay of cash for a governmental purpose of the issue. A current outlay of cash means an outlay reasonably expected to occur not later than five banking days after the date as of which the allocation of Gross Proceeds to the expenditure is made.

(e) Commingled Funds. Any fund or account that contains both Gross Proceeds of an issue and amounts in excess of \$25,000 that are not Gross Proceeds of that issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of the funds deposited therein, constitutes a "commingled fund." All payments and receipts (including deemed payments and receipts) on investments held by a commingled fund must be allocated (but not necessarily distributed) among each different source of funds invested in the commingled fund in accordance with a consistently applied, reasonable ratable allocation method. Reasonable ratable allocation methods include, without limitation, methods that allocate payments and receipts in proportion to either (i)

the average daily balances of the amounts in the commingled fund from each different source of funds during any consistent time period within its fiscal year, but at least quarterly (the "Fiscal Period"); or (ii) the average of the beginning and ending balances of the amounts in the commingled fund from each different source of funds for a Fiscal Period that does not exceed one month.

Funds invested in the commingled fund may be allocated directly to expenditures for governmental purposes pursuant to a reasonable consistently applied accounting method. If a ratable allocation method is used to allocate expenditures from the commingled fund, the same ratable allocation method must be used to allocate payments and receipts on investments in the commingled fund.

Generally, a commingled fund must treat all its investments as if sold at Fair Market Value either on the last day of the fiscal year or on the last day of each Fiscal Period. The net gains or losses from these deemed sales of investments must be allocated to each different source of funds invested in the commingled fund during the period since the last allocation. This mark-to-market requirement does not apply if (i) the remaining weighted average maturity of all investments held by a commingled fund during a particular fiscal year does not exceed 18 months, and the investments held by the commingled fund during that fiscal year consist exclusively of obligations; or (ii) the commingled fund operated exclusively as a reserve fund, sinking fund or replacement fund for two or more issues of the same issuer. Subject to the Universal Cap limitation, and the principle that amounts are allocable to only one issue at a time as Gross Proceeds, investments held by a commingled fund must be allocated ratably among the issues served by the commingled fund in proportion to either (i) the relative values of the bonds of those issues; (ii) the relative amounts of the remaining maximum annual debt service requirements on the outstanding principal amounts of those issues; or (iii) the relative original stated principal amounts of the outstanding issues.

(f) Universal Cap. Amounts that would otherwise be Gross Proceeds allocable to an issue are allocated (and remain allocated) to the issue only to the extent that the Value of the Nonpurpose Investments allocable to those Gross Proceeds does not exceed the Value of all outstanding bonds of the issue. Nonpurpose Investments allocated to Gross Proceeds in a bona fide debt service fund for an issue are not taken into account in determining the Value of the Nonpurpose Investments, and those Nonpurpose Investments remain allocated to the issue. To the extent that the Value of the Nonpurpose Investments allocable to the Gross Proceeds of an issue exceed the Value of all outstanding bonds of that issue, an issuer should seek the advice of Bond Counsel for the procedures necessary to comply with the Universal Cap.

(g) Expenditure for Working Capital Purposes. Subject to certain exceptions, the Proceeds of an issue may only be allocated to "working capital expenditures" as of any date to the extent that those expenditures exceed "available amounts" as of that date (i.e., "proceeds-spent-last").

For purposes of this section, "working capital expenditures" include all expenditures other than "capital expenditures." "Capital expenditures" are costs of a type properly chargeable (or chargeable upon proper election) to a capital account under general federal income tax principles. Such costs include, for example, costs incurred to acquire, construct or improve land, buildings and equipment having a reasonably expected useful life in excess of one year. Thus, working capital expenditures include, among other things, expenditures for current operating expenses and debt service.

For purposes of this section, "available amount" means any amount that is available to an issuer for working capital expenditure purposes of the type financed by the issue. Available amount excludes Proceeds of the issue but includes cash, investments and other amounts held in accounts or otherwise by an issuer for working capital expenditures of the type being financed by the issue without legislative or judicial action and without a legislative, judicial or contractual requirement that those amounts be reimbursed. Notwithstanding the preceding sentence, a "reasonable working capital reserve" is treated as unavailable. A working capital reserve is reasonable if it does not exceed five percent of the actual working capital expenditures of an issuer in the fiscal year before the year in which the determination of available amounts is made. For purpose of the preceding sentence only, in determining the working capital expenditures of an issuer for a prior fiscal year, any expenditures (whether capital or working capital expenditures) that are paid out of current revenues may be treated as working capital expenditures.

The proceeds-spent-last requirement does not apply to expenditures to pay (i) any Qualified Administrative Costs; (ii) fees for qualified guarantees of the issue or payments for a qualified hedge for the issue; (iii) interest on the issue for a period commencing on the Issue Date and ending on the date that is the later of three years from the Issue Date or one year after the date on which the financed project is placed in service; (iv) the United States for yield reduction payments (including rebate payments) or penalties for the failure to meet the spend down requirements associated with certain spending exceptions to the rebate requirement; (v) costs, other than those described in (i) through (iv) above, that do not exceed five percent of the Sale Proceeds of an issue and that are directly related to capital expenditures financed by the issue (e.g., initial operating expenses for a new capital project); (vi) principal or interest on an issue paid from unexpected excess sale or Investment Proceeds; (vii) principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a bona fide debt service fund; and (viii) principal, interest or redemption premium on a prior issue and, for a crossover refunding issue, interest on that issue. Notwithstanding the preceding paragraph, the exceptions described above do not apply if the allocation merely substitutes Gross Proceeds for other amounts that would have been used to make those expenditures in a manner that gives rise to Replacement Proceeds.

GROUND LEASE AGREEMENT

by and between

**SCHOOL BOARD OF MARTIN COUNTY, FLORIDA,
as Lessor**

and

**MARTIN SCHOOL BOARD LEASING CORPORATION,
as Lessee**

Dated as of December 1, 2005

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THIS GROUND LEASE AGREEMENT (hereinafter referred to as this "Ground Lease") is made and entered into as of December 1, 2005, by and between the **SCHOOL BOARD OF MARTIN COUNTY, FLORIDA**, a school board duly organized and existing under the laws of the State of Florida (the "Board"), as lessor, acting as the governing body of the School District of Martin County, Florida, and the **MARTIN SCHOOL BOARD LEASING CORPORATION**, a single-purpose, not-for-profit corporation organized and existing under the laws of the State of Florida, having an office in Stuart, Florida (the "Corporation"), as lessee.

Capitalized terms not otherwise defined herein shall have the meanings set forth in Exhibit A to the Trust Agreement referred to herein.

WHEREAS, the Board is the owner of certain parcels of real property located in Martin County, Florida and described in Exhibit A hereto (which, together with any easements or other rights or privileges in adjoining property inuring to the fee simple owner of such land by reason of ownership of such land and together with all parcels of real property hereunder made subject to the Ground Lease, is hereinafter referred to as the "Premises"); and

WHEREAS, the Corporation desires to acquire a leasehold interest in the Premises and construct thereon certain educational, administrative and maintenance facilities (together with the acquisition of certain Equipment, the "Series 2005 Project") and to lease the Series 2005 Project, including a sublease of the Premises, to the Board, all in accordance with the terms and provisions of the Lease Agreement; and

WHEREAS, the Corporation desires to locate each such educational, administrative and maintenance facility on the real property comprising the Premises;

WHEREAS, the Board owns that certain real property more particularly described on Exhibit B attached hereto and made a part hereof ("Servient Property") which such Servient Property now has or will hereafter have certain buildings, structures and improvements erected and situated thereon (collectively, the "Servient Buildings"); and

WHEREAS, it is anticipated that the Series 2005 Project may be attached to the Servient Property for pedestrian and vehicular ingress, egress and access to and from and between the Premises and the public roads adjoining the Servient Property (hereinafter referred to as "Access"); and may further be dependent upon the Servient Property for utility and other enjoyment of the Premises which such services include, but are not necessarily limited to, drainage, sewer and water service, electric and telephone service, gas service and parking of vehicles (collectively, the "Services"); and

WHEREAS, the Corporation desires to acquire from the Board, pursuant to this Ground Lease, and the Board is willing to grant to the Corporation, the right to utilize the Servient Property to the extent reasonably necessary for Access and for the Services and the Corporation and the Board desire to provide for the structural attachment of certain of the components of the Project to the Servient Buildings;

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein contained and for other valuable consideration, the parties hereto agrees as follows:

SECTION 1. LEASED PREMISES. (a) Pursuant to the terms and provisions hereof, the Board hereby leases, grants, demises and transfers the Premises and the Series 2005 Project, other than the Designated Facilities, to the Corporation. The Board hereby agrees to make all parcels of real property on which the Series 2005 Project is sited part of the Premises and subject to this Ground Lease. The Board shall execute, deliver and record one or more supplements to the Ground Lease upon acquisition of each such parcel.

(b) The aforesaid leasing, granting, demising and transfer of the Premises also includes the following rights ("Premises Rights") which such Premises Rights shall be deemed to be a part of the Premises:

(i) The right to utilize the Servient Property for Access and for the Services reasonably necessary to the full use and enjoyment of the Premises; provided that the locations on the Servient Property utilized for such purposes shall be reasonably agreed upon by the Corporation and the Board; and provided, further, that the Servient Property Rights shall include, but not necessarily be limited to, the right to utilize for such purposes any portion of the Servient Property (e.g., the Servient Property Rights shall include, but not necessarily be limited to, the right to utilize for appropriate purposes, any drives, parking areas, drainage facilities or sewer, water, gas, electric or telephone lines from time to time located upon the Servient Property, together with the right to "tie-in" or "connect" thereto). If the Lease Agreement terminates prior to the termination of this Ground Lease, the Corporation and the Board shall each have the right to install such meters or submeters as may be reasonably appropriate to the end that the Corporation is charged for consumption of such utilities on the Premises.

(ii) The Servient Buildings and the Series 2005 Project may contain certain elements, features or parts which are structural elements of both the Servient Buildings and the Series 2005 Project (hereinafter referred to as "Common Structural Elements"). Such Common Structural Elements include, but are not necessarily limited to the following:

(A) All utility lines, ducts, conduits, pipes and other utility fixtures and appurtenances which are located on or within either the Premises or the Series 2005 Project on the one hand or the Servient Property or Servient Buildings on the other hand and which, directly or indirectly, in any way, service the other.

(B) All division walls (hereinafter referred to as "Party Walls") between the Series 2005 Project and the Servient Buildings upon the common line between the Premises and the Servient Property (hereinafter referred to as the "Lot Line") provided that the mere fact that such a division wall is found not to be on the Lot Line shall not preclude that division wall from being the Party Wall.

(C) The roof and all roof support structures and any and all appurtenances to such roof and roof support structures including, without limitation, the roof covering, roof trim and roof drainage fixtures (collectively, the "Roofing") to the extent interrelated between the Series 2005 Project and the Servient Buildings. Should the Roofing of any building constituting a portion of the Project extend beyond the Lot Line, the right therefor is hereby granted and should the Roofing of the Servient Building extend beyond the Lot Line onto the Premises, the right therefor is hereby reserved.

(D) The entire concrete floor slab or wood floor system if utilized in lieu thereof and all foundational and support structures and appurtenances thereto to the extent interrelated between the Series 2005 Project and the Servient Buildings (collectively referred to as "Flooring"). Should the Flooring of the Series 2005 Project extend beyond the Lot Line onto the Premises, the right therefor is hereby reserved.

(iii) The Premises Rights further include that right of the Series 2005 Project to encroach upon the Servient Property as a result of minor inaccuracies in survey, construction or reconstruction or due to settlement or movement. The encroaching Series 2005 Project shall remain undisturbed for as long as same exist and, for so long as such encroachment exists, that portion of the Servient Property on which same exists shall be deemed to be a part of the Premises. In addition, the Premises Rights include the right to utilize that portion of the Servient Property as may be reasonably necessary in order to maintain and repair the Series 2005 Project. The Premises Rights further include cross rights of support and use over, upon, across, under, through and into Common Structural Elements in favor of the Corporation (and like rights are hereby reserved unto the Board) for the continued use, benefit and enjoyment and continued support, service, maintenance and repair of all such Common Structural Elements.

(c) Subject to the Permitted Encumbrances, the Board hereby warrants that (i) the Board owns the Premises in fee simple title, has full and insurable title to the fee estate in the Premises and owns unencumbered all such right, title and interest; (ii) all consents to or approvals of this Ground Lease required by law or any agreements or indentures binding upon the Board have been obtained; (iii) the Board has the right to lease the Premises to the Corporation pursuant to the terms and provisions hereof and to grant to the Board the Premises Rights; and (iv) this Ground Lease complies with all the requirements and restrictions of record applicable to the Premises and the Servient Property. The Board represents and warrants that none of the Permitted Encumbrances has an adverse effect on the use of the Premises or the enjoyment of the leasehold estate therein created under this Ground Lease.

SECTION 2. TERM. The initial term of this Ground Lease (the "Initial Ground Lease Term") shall be for the period commencing on the Commencement Date, and ending on the earlier of (a) the date on which the Series 2005 Certificates and any Completion Certificates related to the Series 2005 Project or any Certificates issued to refund the foregoing have been paid or provision for payment of such Certificates has been made pursuant to Section 12.01 of the Trust Agreement and any Supplemental Rent arising under the Lease Agreement shall have been paid or provided for, or (b) July 1, 2036 (both dates inclusive). As used herein, the expression "term hereof," "Ground Lease Term" or any similar expression refers collectively to the Initial Ground Lease Term and to any renewals of the Initial Ground Lease Term exercised by the Corporation or its assignee as provided in Section 22 hereof.

SECTION 3. USE OF PREMISES. (a) It is the express intent of the parties hereto that, for as long as no Event of Default or Event of Non-Appropriation under the Lease Agreement has occurred:

(i) the Premises shall be used by the Corporation as the site for acquisition, construction and installation of the Buildings comprising a portion of the Series 2005 Project;

(ii) the Buildings and Equipment comprising a portion of the Series 2005 Project shall be acquired, constructed and installed by the Board as agent for the Corporation as provided in Section 3.08 of the Lease Agreement; and

(iii) title to the Premises shall be in the Board upon commencement of the Ground Lease Term and title to all components of the Series 2005 Project, other than Designated Facilities, shall be in name of Corporation pursuant to the Lease Agreement, and title to the Buildings comprising a portion of the Series 2005 Project constructed on the Premises shall remain severed from title to the Premises until the earlier of (A) the date on which the Series 2005 Certificates and any Completion Certificates related to the Series 2005 Project or any Certificates

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Corporation from the exercise of the remedies permitted under the Lease Agreement during the preceding twelve months prior to such July 1 exceeded the Principal and Interest Requirements for such preceding twelve months and other amounts payable under the Lease Agreement; provided, however, that any portion of such fair market rental not paid in any year due to the provisions of this clause (iii) shall remain due and payable and shall accumulate from year to year and shall be paid in any future years to the extent that moneys received in such year from the exercise of the remedies permitted by the Lease Agreement exceed the Principal and Interest Requirements and the fair market rental due in such years; and

(iv) the failure to pay any portion of the fair market rental in any year due to insufficiencies of moneys realized from the exercise of the remedies permitted under the Lease Agreement (A) shall not give rise to any obligation to pay interest on such unpaid fair market rental, and (B) shall not constitute a default under this Ground Lease by the Corporation or the Trustee as the assignee of the Corporation.

SECTION 5. OWNERSHIP OF IMPROVEMENTS AND SURRENDER OF PREMISES. (a) The Corporation or its assignee shall at all times during the Ground Lease Term have a leasehold estate in the Premises with full right to vest the use, enjoyment and possession of such leasehold estate therein in a Permitted Transferee.

(b) Possession and use of the Premises, together with all improvements thereon, shall, upon the last day of the Ground Lease Term or earlier termination of this Ground Lease, automatically revert to the Board free and clear of liens and encumbrances other than Permitted Encumbrances without necessity of any act by the Corporation or any Permitted Transferee. Upon such termination of this Ground Lease, the Corporation or its assignee shall peaceably and quietly surrender to the Board the Premises together with any improvements located in or upon the Premises. Upon such surrender of the Premises, the Corporation or any Permitted Transferee, at the reasonable request of the Board, shall execute an instrument prepared by or on behalf of the Board in recordable form evidencing such surrender and shall deliver to the Board all books, records, construction plans, surveys, permits and other documents relating to, and necessary or convenient for, the operation of the Premises and the improvements thereon in the possession of the Corporation or any Permitted Transferee.

(c) Any personal property of the Corporation, any Permitted Transferee or any Person which shall remain on the Premises after expiration or earlier termination of the Ground Lease Term and for sixty (60) days after request by the Board for removal, shall, at the option of the Board, be deemed to have been abandoned and may be retained by the Board and the same may be disposed of, without accountability, in such manner as the Board may see fit.

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issued to refund the foregoing issued under the Trust Agreement shall no longer be Outstanding, and (B) the end of the Ground Lease Term.

(b) If the Lease Agreement has been terminated, the Corporation and each Permitted Transferee (as defined in Section 9(b) hereof) may use the Premises for any lawful purpose, in its sole discretion, and may alter, modify, add to or delete from the portions of the Series 2005 Project existing from time to time on the Premises.

(c) Neither the Corporation nor any Permitted Transferee shall use or permit the Premises to be used in violation of any valid present or future laws, ordinances, rules or regulations of any public or governmental authority at any time applicable thereto.

(d) The Board may at any time place portable educational facilities on the Premises. Such portables shall be owned by the Board.

SECTION 4. RENTAL. (a) So long as the Lease Agreement has not been terminated, the Corporation or its assignee shall pay to the Board as and for rental for the Premises the sum of ten dollars (\$10.00) per annum, which sum shall be due in advance on the Commencement Date (pro rated) and annually thereafter on the first day of each Renewal Lease Term.

(b) From and after the date on which the Lease Agreement has been terminated, the Corporation or its assignee shall pay as and for rental for the Premises an amount determined by an M.A.I. appraisal to be the fair market rental for the Premises (the "Appraisal"), which Appraisal shall be prepared by an appraiser selected by the Corporation (with the consent of the Trustee as assignee of the Corporation and the consent of MBIA Insurance Corporation); provided, however, that such fair market rental and the payment thereof shall be subject to the following adjustments and conditions:

(i) if the Lease Agreement has been terminated on a date other than June 30 of any year, the fair market rental determined pursuant to the Appraisal shall be pro rated for the number of days between the date terminated and the next succeeding June 30;

(ii) for each twelve-month period beginning on the July 1 next succeeding the date on which terminated and beginning on each succeeding July 1, the amount of the fair market rental determined by the Appraisal shall be adjusted by the percentage (positive or negative) which is equal to the Implicit Price Deflator of the Consumer Price Index published by the United States Department of Commerce for the region of the United States where Florida is located or for the United States as a whole if not so published for such region;

(iii) the fair market rental due in any year shall be paid in the current year only to the extent that the moneys received by the Trustee as assignee of the

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(d) If the Corporation or any Permitted Transferee holds over or refuses to surrender possession of the Premises after expiration or earlier termination of this Ground Lease, the Corporation or any Permitted Transferee shall be a tenant at sufferance and shall pay a rental rate equal to the fair market rental of the Premises determined in the manner provided in Section 4(b) hereof.

(e) The provisions of Sections 5(a), 5(b) and 5(c) hereof shall not apply to vending machines or other commercial equipment or trade fixtures located in or about the Premises to the extent that such equipment is readily removable from the Premises without causing material harm or damage thereto and that such equipment is not owned by the Corporation or any Permitted Transferee.

SECTION 6. BOARD'S INTEREST NOT SUBJECT TO CERTAIN LIENS. It is mutually intended, stipulated and agreed that neither the fee simple title (to the extent applicable) to nor any interest of the Board in the Premises or the Project may be subject to liens of any nature arising by reason of any act or omission of the Corporation or any Person claiming under, by or through the Corporation, including, but not limited to, mechanics' and materialmen's liens.

SECTION 7. INSURANCE. The Corporation covenants and agrees with the Board that the Corporation will cooperate with the Board in providing any information necessary for the Board to obtain and maintain in full force and effect insurance coverages desired by the Board or required by the Lease Agreement.

SECTION 8. CONDITION OF PREMISES, UTILITIES, CONCEALED CONDITIONS. (a) Except with regard to any environmental conditions and subject to the provisions of this Section 8, the Corporation agrees to accept the Premises in their presently existing condition, "as is."

(b) It is understood and agreed that the Board has determined that the Premises will safely or adequately support the Series 2005 Project, and hereby certifies same to the Corporation.

(c) The Board, at its sole expense, shall bring or cause to be brought to the Premises adequate connections for water, electrical power, storm sewerage and sewerage, and shall arrange with the appropriate utility companies for furnishing such services and shall provide to the Premises water service and capacity sufficient for operation, heating, ventilation and air conditioning equipment, and to the extent necessary to permit the Board to use the Series 2005 Project for the purposes intended or to permit such Series 2005 Project to comply with all requirements of law, the Corporation will provide and construct (but only to the extent of the proceeds of the Series 2005 Certificates available therefor) such roads, streets, sidewalks and other methods of ingress and egress necessary therefor. Nothing herein shall prohibit the Board from dedicating any such utilities or roads, streets and sidewalks to the appropriate governmental authority or duty constituted

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investor-owned utility as required or permitted by law, and the Corporation or the Trustee as assignee of the Corporation shall cooperate in such dedication by executing any deeds or other instruments prepared by or on behalf of the Board required to effect such dedication.

SECTION 9. LIMITATION ON LEASEHOLD MORTGAGES, ASSIGNMENT AND SUBLETTING. (a) If the Lease Agreement has been terminated and subject to the terms and conditions herein provided, the Corporation may enter into a mortgage or mortgages of its leasehold interest created hereby in the Premises as security for the performance of its obligations under any financing obtained by the Corporation, provided, however, the fee title to the Premises shall not be subject to, or otherwise encumbered by, any such mortgage; provided, however, that each such leasehold mortgage shall be subject to the provisions of Section 9(d) hereof. Any such mortgage executed by the Corporation or its assignee pursuant to the provisions of the preceding sentence shall be hereinafter called a "Leasehold Mortgage" and the holder of any such mortgage shall be hereinafter called the "Leasehold Mortgagee."

(b) Except as expressly provided in this Section 9(b), the Corporation or its assignee shall not assign this Ground Lease, or any portion hereof, or sublease all or any portion of the Premises or the Project at any time. Except as expressly permitted in this Section 9(b), any purported assignment, partial assignment or sublease without the Board's prior written consent in violation of this Section 9(b) shall be null and void. So long as the Lease Agreement has not been terminated, (i) the Corporation may assign this Ground Lease to the Trustee for the benefit of the Owners of the Series 2005 Certificates and the Owners of any Completion Certificates related to the Series 2005 Project or the owners of any Certificates issued to refund the foregoing, and (ii) the Corporation shall sublet all of the Premises to the Board (the "Initial Sublessee") under the Lease Agreement. If the Lease Agreement shall have been terminated, the Corporation or its assignee may sublet the Premises or assign its interest in this Ground Lease (a "Permitted Sublease") to any Person for any lawful purpose without the prior consent of the Board; provided, however, that no Permitted Sublease shall relieve the Corporation of any of its duties or obligations hereunder without the prior written consent of the Board; provided, however, that each Permitted Sublease shall be subject to the provisions of Section 9(d) hereof. "Permitted Transferee" shall mean a sublessee or assignee permitted by this Section 9(b).

(c) If the Lease Agreement shall have been terminated and the Corporation or its assignee proposes to create a Permitted Sublease of any portion of its interest in this Ground Lease, the Corporation or its assignee shall provide written notice thereof to the Board containing the names and addresses of the proposed assignee(s), sublessee(s) or transferee(s); provided, however, that failure to provide such notice shall not affect the validity or effectiveness of any Permitted Sublease to a Permitted Transferee.

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(b) Notwithstanding the foregoing provision, either the Board or the Corporation shall, after notifying the other party hereto of its intention to do so, have the right in its own name or behalf, or in the name and behalf of the other party hereto, to contest in good faith by all appropriate proceedings the amount, applicability or validity of any such tax or assessment, and in connection with such contest, the Board may refrain from paying such tax or assessment. Each party shall, upon request by the other party hereto, assist and cooperate with the other party hereto in any such proceedings.

(c) In the event that the Board shall fail to pay any of the items required under this Section 12, the Corporation or its assignee may, at its sole option, pay the same and any amounts so advanced therefor by it shall become an additional obligation of the Board and Supplemental Rent under the Lease Agreement.

SECTION 13. DEFAULT BY THE CORPORATION. (a) Each of the following events shall be deemed a default by the Corporation hereunder and a breach of this Ground Lease:

(i) If the Corporation or its assignee shall fail to pay, when due, any rent or portion thereof, or any other sum, if any, which the Corporation or its assignee is obligated to pay under the terms and provisions of this Ground Lease, and such rent or other sums, if any, remain unpaid for a period of thirty (30) days after receipt of written notice to the Corporation from the Board;

(ii) If the Corporation or its assignee shall attempt to mortgage the leasehold estate hereby created in violation of Section 9(a) hereof or to assign this Ground Lease, or any portion thereof, or to sublease any portion of the Premises or the Series 2005 Project in violation of Section 9(b) hereof; or

(iii) If the Corporation or its assignee shall use the Premises for any purposes not permitted by this Ground Lease, and such use shall continue for a period of thirty (30) days after the Board shall have given written notice to the Corporation or its assignee to desist from such use.

(b) In the event that the item of default set forth in Section 13(a)(iii) above is of such a nature that it cannot be remedied within the time limits therein set forth, then the Corporation shall have such additional time as is reasonably necessary to cure such default, provided the Corporation diligently commences the curing of such default within said time limits and proceeds to completely cure the same in a timely and diligent manner.

(c) In the event that any Permitted Transferee or Leasehold Mortgagee exists of record at the time that a default occurs hereunder, the Board shall give notice thereof to each such Permitted Transferee and Leasehold Mortgagee and each such party shall have thirty (30) additional days from receipt of such notice to cure such default; provided,

(d) If the Lease Agreement shall have been terminated, nothing herein shall prevent the Corporation or its assignee from entering into a Leasehold Mortgage or a Permitted Sublease for individual parcels of land constituting the Premises. It shall not be necessary for a Leasehold Mortgage or a Permitted Sublease to cover all of the Premises.

(e) The Board recognizes that the Corporation, or its assignee, has the right to re-let the Series 2005 Project under the terms of the Lease Agreement upon an Event of Default or Event of Non-Appropriation.

SECTION 10. UTILITY EASEMENTS. So long as the Lease Agreement has not been terminated, the Board reserves the right to grant nonexclusive utility easements, licenses, rights-of-way and other rights or privileges in the nature of easements to others over, under, through, across or on the Premises but only to the extent reasonably necessary to provide services to the Premises or any other real property adjacent to the Premises; provided, however, that such grant and any use permitted thereby is not detrimental to the use or operation of the Premises or to any other uses permitted hereunder after the Ground Lease Term, will not impose any cost upon the Corporation or its assignee, will not weaken, diminish or impair lateral or subjacent support to the improvements to the Premises, including, without limitation the Series 2005 Project, will not impair or diminish the security of any Leasehold Mortgagee or Permitted Transferee hereunder and the Board agrees to indemnify and save harmless, but only from Available Revenues, the Corporation or its assignee and any Leasehold Mortgagee and Permitted Transferee (whether the interest of such party in the Premises arises prior or subsequent to such grants) against any loss, claim, liability or damages, including legal costs and defense arising or accruing from the use or exercise of such easement.

SECTION 11. DUTIES DEEMED PERFORMED. All obligations of the Corporation hereunder which are assumed by the Initial Sublessee shall be deemed, as between the Board and the Corporation hereunder, fully performed whether or not such Initial Sublessee actually performs same.

SECTION 12. TAXES AND FEES. (a) The Board represents and warrants that this Ground Lease is and will be exempt from ad valorem and intangible taxation. However, for as long as the Lease Agreement is in effect, should the Premises thereon or any interest therein ever become subject to any such taxes, the Board agrees to pay any and all such lawful taxes, assessments or charges which at any time may be levied by any federal, state, county, city, or any tax or assessment levying body upon the Premises or the Series 2005 Project, or any interest in this Ground Lease, or any possessory right which the Corporation or its assignee may have in or to the Premises thereon by reason of its use or occupancy thereof or otherwise.

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however, that if the default is of such a nature that the same cannot be cured in such time, then such party shall have such additional time as is reasonably necessary to cure such default provided that such party diligently commences the curing of such default within such time and proceeds completely to cure same within a timely and diligent manner.

SECTION 14. REMEDIES OF BOARD. Upon the occurrence of any event of default as set forth in Section 13 hereof which has not been cured (and is not in the process of being cured) under Section 13(b) or 13(c) hereof, but not otherwise, the Board may take whatever action at law or in equity may appear necessary or desirable to enforce its rights hereunder; provided, the Board shall not have the right to terminate this Ground Lease until such time as the Series 2005 Certificates have been paid or provision for payment has been made pursuant to the terms and provisions of the Trust Agreement. The Board shall have recourse solely against the leasehold estate of the Corporation or its assignee in the Premises, and any proceeds thereof, for the payment of any liabilities of the Corporation or its assignee hereunder.

SECTION 15. NO WAIVERS. No waiver by either party hereto at any time of any of the terms, conditions, covenants or agreements of this Ground Lease, or noncompliance therewith, shall be deemed or taken as a waiver at any time thereafter of the same, nor of any other term, condition, covenant or agreement herein contained, nor of the strict and prompt performance thereof by the other party hereto. No delay, failure or omission of the Board to re-enter the Premises, nor by either party hereto to exercise any right, power, privilege or option arising from any default shall impair any right, power, privilege or option, or be construed to be a waiver of any such default, relinquishment thereof or acquiescence therein, and no notice by either party hereto shall be required to restore or revive time as being of the essence hereof after waiver by the Board of default in one or more instances. No option, right, power, remedy or privilege of the Board shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. It is agreed that each and all of the rights, powers, options or remedies given to each party by this Ground Lease are cumulative, and no one of them shall be exclusive of the other or exclusive of any remedies provided by law.

SECTION 16. QUIET ENJOYMENT. The Board agrees that the Corporation and any Permitted Transferee, upon the payment of the rent and all other payments and charges, if any, to be paid by the Corporation or its assignee under the terms of this Ground Lease, and observing and keeping the agreements and covenants of this Ground Lease on its part to be observed and kept, shall lawfully and quietly hold, occupy and enjoy the Premises during the term of this Ground Lease, without hindrance or molestation from the Board or anyone claiming by, through or under the Board.

SECTION 17. TERMS BINDING UPON SUCCESSORS. All the terms, conditions and covenants of this Ground Lease shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

SECTION 18. CONDEMNATION. In the event that any Person, public or private, shall by virtue of eminent domain or condemnation proceedings, or by purchase in lieu thereof, at any time during the term of this Ground Lease acquire title to the Premises:

(a) For as long as the Lease Agreement has not been terminated, the Net Proceeds resulting from the condemnation of any portion of the Premises acquired with the proceeds of Certificates shall be applied pursuant to the Lease Agreement.

(b) If the Lease Agreement shall have been terminated, (i) if such Person acquires title to such substantial portion thereof that the Corporation determines that it cannot economically make use of the residue for the lawful purposes intended by this Ground Lease, such acquisition of title shall terminate this Ground Lease, effective as of the date on which the condemning party takes possession thereof, and the Net Proceeds resulting therefrom shall be applied first to payment of the amount secured by any Leasehold Mortgage then outstanding hereunder, second, to payment of any outstanding Series 2005 Certificates, and, third, the balance, if any shall be paid to the Board and the Corporation, as their respective interests may appear; and (ii) if such Person acquires title to a portion of the Premises only, and the Corporation determines that it can economically make beneficial use of the residue thereof for the lawful purposes intended by this Ground Lease, then this Ground Lease shall continue in full force and effect and the Net Proceeds resulting therefrom shall be paid to the Board and the Corporation, as their respective interests appear.

(c) It is understood that the foregoing provisions of this Section 18 shall not in any way restrict the right of the Board or the Corporation to appeal the award made by any court or other public agency in any condemnation proceeding.

SECTION 19. NON-MERGER OF LEASEHOLD. There shall be no merger of this Ground Lease or of the leasehold estate hereby created with the fee estate in the Premises or any part thereof by reason of the fact that the same Person may acquire or hold, directly or indirectly, this Ground Lease or leasehold estate hereby created or any interest in this Ground Lease or in such leasehold estate and the fee estate in the Premises or any interest in such fee estate. There shall be no merger of this Ground Lease with the Lease Agreement by reason of the fact that the Board is the owner of the fee title to the Premises and the leasehold estate in all or a portion of the Series 2005 Project created under the Lease Agreement or by reason of the fact that the Corporation is the owner of the leasehold estate in the Premises created hereby and is the owner of the fee title in the Series 2005 Project as provided in the Lease Agreement. The leasehold interest granted by the Corporation to the Board under the Lease Agreement is and shall be independent of this Ground Lease. The Lease Agreement shall not be an assignment or surrender of the leasehold interest granted under this Ground Lease to the Board.

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party hereto nor their successors or assigns shall look to the Corporation for any damages, expenses, fees, charges or claims with respect to the failure of any obligations hereunder to be performed.

SECTION 25. NO RECOURSE UNDER AGREEMENT. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Ground Lease shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the payment of rent pursuant to Section 4 hereof or for any claim based thereon under this Ground Lease Agreement against any member, officer, employee or agent of the parties hereto.

SECTION 26. RADON GAS. Section 404.056, Florida Statutes, requires that the following notification be given: "RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."

SECTION 27. MISCELLANEOUS. (a) This Ground Lease shall be governed by, and be construed in accordance with, the laws of the State of Florida.

(b) Any notice required or desired to be given hereunder, or any items required or desired to be delivered hereunder, may be served or delivered personally or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Board: School District of Martin County
500 East Ocean Boulevard
Stuart, Florida 34994
Attention: Superintendent

If to the Corporation: School District of Martin County
500 East Ocean Boulevard
Stuart, Florida 34994
Attention: Superintendent

If to the Trustee: Wells Fargo Bank, National Association
7077 Bonneval Road, Suite 400
Jacksonville, Florida 32216
Attention: Corporate Trust Services

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SECTION 20. MEMORANDUM OF GROUND LEASE. Unless mutually agreed to the contrary, simultaneously with the execution of this Ground Lease, the Board and the Corporation shall each execute, acknowledge and deliver a Memorandum of Ground Lease with respect to this Ground Lease. Said Memorandum of Ground Lease shall not in any circumstances be deemed to change or otherwise to affect any of the obligations or provisions of this Ground Lease.

SECTION 21. CHANGES TO PROPERTY DESCRIPTION. The Board reserves the right to substitute other land for, or add land to all or any portion of the premises described in Exhibit A hereto, as same may be supplemented by supplements to this Ground Lease from time to time. The Board will do so only after notice and public hearing and subsequent adoption of a resolution in accordance with the Act. Upon such substitution the Memorandum of Ground Lease will be supplemented to reflect the change in legal description. Any such supplement shall be substantially in the form of Exhibit C attached hereto. Each substitution of a parcel of land subject to the provisions of this Ground Lease shall require the consent of the Credit Enhancer. Such consent by the Credit Enhancer shall only be required if the Credit Enhancer is not in default of its payment obligations under its Credit Facility or municipal Bond insurance policy.

SECTION 22. OPTION TO RENEW. In the event that the Lease Agreement shall have been terminated, and the Corporation, or the Trustee as the assignee of the Corporation, excludes the Board from possession of the Series 2005 Project, the Board grants to the Corporation and the Trustee the right and option to renew this Ground Lease for a period not to exceed ten years at a fair market rental to be determined, adjusted and paid in the manner and under the conditions set forth in Section 4(b) of this Ground Lease.

SECTION 23. ESTOPPEL CERTIFICATES. The Board, at any time and from time to time, upon not fewer than thirty (30) days prior written notice from the Corporation or the Trustee as assignee of the Corporation, will execute, acknowledge and deliver to the Corporation, the Trustee as assignee of the Corporation or any Permitted Transferee, a certificate of the Board certifying that this Ground Lease is unmodified (or, if there have been any modifications, identifying the same), that this Ground Lease is in full force and effect, if it is; and that there is no default hereunder (or, if so, specifying the default). It is intended that any such certificate may be relied upon by the Corporation or the Trustee as assignee of the Corporation or any Permitted Transferee.

SECTION 24. NONRECOURSE OBLIGATION OF THE CORPORATION. Notwithstanding anything to the contrary herein or in any exhibit, instrument, document or paper relating to this Ground Lease or any of the transactions contemplated hereby, the parties hereto hereby acknowledge and agree that upon the assignment by the Corporation of its rights hereunder to the Trustee pursuant to the Assignment of Lease Agreement and Assignment of Ground Lease Agreement, the Corporation shall have no further obligation, liability or responsibility hereunder and no

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or such other address or party as the party to be served may direct by written notice to the other party. If such notice is sent or delivery is made by registered or certified mail, such notice or delivery shall be deemed served, made and effective seventy-two (72) hours after posting.

(c) It is mutually acknowledged and agreed by the parties hereto that this Ground Lease contains the entire agreement between the Board and the Corporation with respect to the subject matter of this Ground Lease; that there are no verbal agreements, representations, warranties or other understandings affecting the same.

(d) Nothing herein contained shall be deemed to create a partnership or joint venture, nor shall the relationship between the parties be construed as principal and agent, or other than as landlord and tenant.

(e) The table of contents, headings and captions of this Ground Lease are inserted solely for convenience of reference, and under no circumstances shall they be treated or construed as part of, or as affecting, this Ground Lease.

(f) For purposes of computing any period of a number of days hereunder for notices or performance (but not for actual days of interest) of ten (10) days or fewer, Saturdays, Sundays and holidays shall be excluded.

(g) Any provision of this instrument in violation of the laws of the State of Florida shall be ineffective to the extent of such violation, without invalidating the remaining provisions of this instrument. In no event shall the Corporation or its assigns have any cause of actions against the officers or employees of the Board, or against any elected official of the Board based upon or materially related to any finding by any court that any or all provisions of this instrument violate Florida law.

(h) Nothing in this Ground Lease, expressed or implied, is to or shall be construed to confer upon or to give to any person or party other than the Corporation, and its assignee, the Trustee, the Credit Enhancer and the Board any rights, remedies or claims under or by reason of this Ground Lease or any covenants, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ground Lease contained by or on behalf of the Corporation or the Board shall be for the sole and exclusive benefit of the Corporation, and its assignee, the Credit Enhancer and the Board.

(i) This Ground Lease Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

(j) This Ground Lease may not be amended or modified without the prior written consent of the Credit Enhancer. Any action taken hereunder which requires or permits the consent, notice, direction or request of the Lessor or the Trustee, shall also

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require or permit the consent, notice, direction or request of the Credit Enhancer, which consent, direction or request shall not be unreasonably withheld.

IN WITNESS WHEREOF, the Board and the Corporation have caused this Ground Lease to be executed in duplicate, either of which may be considered an original, the day and year first above written.

SCHOOL BOARD OF MARTIN COUNTY, FLORIDA, as Lessor

(SEAL)

By: Lorie Shekailo
Chairman

Witness: [Signature]
Name: John R. Stokes

Witness: [Signature]
Name: THOMAS E. ELBERS

ATTEST:

By: Sara A. Wilcox
Superintendent/Secretary

Witness: [Signature]
Name: John R. Stokes

Witness: [Signature]
Name: THOMAS E. ELBERS

MARTIN SCHOOL BOARD LEASING CORPORATION, as Lessee

(SEAL)

By: Lorie Shekailo
President

Witness: [Signature]
Name: John R. Stokes

Witness: [Signature]
Name: THOMAS E. ELBERS

ATTEST:

By: Sara A. Wilcox
Secretary

Witness: [Signature]
Name: John R. Stokes

Witness: [Signature]
Name: THOMAS E. ELBERS

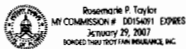
STATE OF FLORIDA)
)SS:
COUNTY OF MARTIN)

The foregoing Ground Lease Agreement was acknowledged before me this 14th day of December, 2005, by Lorie Shekailo and Dr. Sara A. Wilcox, the Chairman and Superintendent/Secretary, respectively, of the SCHOOL BOARD OF MARTIN COUNTY, FLORIDA. Such person(s) did not take an oath and:

- is/are personally known to me.
- produced a current Florida driver's license as identification.
- produced _____ as identification.

(SEAL)

Rosemarie P. Taylor
Name:
Notary Public, State of Florida
My Commission Expires:



STATE OF FLORIDA)
)SS:
COUNTY OF MARTIN)

The foregoing Ground Lease Agreement was acknowledged before me this 14th day of December, 2005, by Lorie Shekailo and Dr. Sara A. Wilcox, the President and Secretary, respectively, of the MARTIN SCHOOL BOARD LEASING CORPORATION. Such person(s) did not take an oath and:

- is/are personally known to me.
- produced a current Florida driver's license as identification.
- produced _____ as identification.

(SEAL)

Rosemarie P. Taylor
Name:
Notary Public, State of Florida
My Commission Expires:



EXHIBIT A

PREMISES DESCRIPTION

TRACT "A", TRES BELLE P.U.D. PLAT NO. 1, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 16, PAGE 4, PUBLIC RECORDS OF MARTIN COUNTY, FLORIDA.

EXHIBIT B

DESCRIPTION OF SERVIENT PROPERTY

[NONE]

EXHIBIT C

[FIRST, SECOND, THIRD, ETC.] GROUND LEASE SUPPLEMENT

This [First, Second, Third, etc.] Ground Lease Supplement ("Subject Supplement") is made and entered into as of _____ by the SCHOOL BOARD OF MARTIN COUNTY, FLORIDA (the "Board") acting as the governing body of the School District of Martin County, Florida (the "District") and MARTIN COUNTY SCHOOL BOARD LEASING CORPORATION, a single-purpose Florida not-for-profit corporation (the "Corporation"). All capitalized terms used herein and not otherwise defined shall have the meaning set forth therefor in the "Ground Lease" as hereinafter set forth.

WITNESSETH:

WHEREAS, the Board and the Corporation entered into a certain Ground Lease Agreement (the "Ground Lease") a memorandum of which was recorded in Official Records Book _____ at Page _____ of the Public Records of Martin County, Florida; and

WHEREAS, the Board owns that certain real property more particularly described in Exhibit A attached hereto and made a part hereof ("Subject Parcel"); and

WHEREAS, the Subject Parcel is a portion of the Project and, as such, is to be subject to the Ground Lease as contemplated thereby; and

NOW, THEREFORE, in consideration of the premises and for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged by each party hereto by the other party hereto, the parties hereto do hereby acknowledge and agree as follows:

1. The foregoing recitations are true and correct and are incorporated herein by reference.

2. The Subject Parcel is hereby declared to be a part of the Premises (as defined in the Ground Lease) which constitutes a portion of the Project and, therefore, is a part of the Premises as set forth in the Ground Lease with the leasehold estate, operation and effect of the Ground Lease applying to the Subject Parcel as fully and to the same extent as if the Subject Parcel were described in the Ground Lease and therein set forth to be a part of the Premises.

3. The Ground Lease, as modified by previous Ground Lease Supplements and] as modified hereby remains in full force and effect in accordance with the terms and provisions thereof.

IN WITNESS WHEREOF, each of the parties hereto have caused this Subject Supplement to be executed by their duly authorized officers or agents, all as of the day and year first above written.

SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

By: _____ Its: _____

Witness: _____ Name: _____

Witness: _____ Name: _____

ATTEST:

Its:

(SEAL)

MARTIN SCHOOL BOARD LEASING CORPORATION

By: _____ Its: _____

Witness: _____ Name: _____

Witness: _____ Name: _____

ATTEST:

Its:

(SEAL)

This document prepared by:

Ritesh S. Patel, Esq.
Nabors, Giblin & Nickerson, P.A.
2502 Rocky Point Drive, Suite 1060
Tampa, Florida 33607

FIRST AMENDMENT TO GROUND LEASE AGREEMENT

by and between

**THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA,
as Lessor**

and

**MARTIN SCHOOL BOARD LEASING CORPORATION,
as Lessee**

Dated as of May 1, 2024

**FIRST AMENDMENT TO
GROUND LEASE AGREEMENT**

This First Amendment to Ground Lease Agreement (the "First Amendment") is made and entered into as of May 1, 2024 by **THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA** (the "Board") acting as the governing body of the School District of Martin County, Florida (the "District") and the **MARTIN SCHOOL BOARD LEASING CORPORATION**, a single-purpose, not-for-profit corporation organized and existing under the laws of the State of Florida, having an office in Stuart, Florida (the "Corporation"). All capitalized terms used herein and not otherwise defined shall have the meaning set forth therein in the "Ground Lease" as hereinafter set forth. Reference to "Ground Lease" herein shall include the terms of this First Amendment to Ground Lease.

WITNESSETH:

WHEREAS, the Board and the Corporation entered into a certain Ground Lease Agreement dated as of December 1, 2005 (the "Ground Lease"), a memorandum of which Ground Lease was recorded in Official Records Book 2104 at Page 277 of the Public Records of Martin County, Florida; and

WHEREAS, in connection with the issuance of certain Refunding Certificates of Participation it is necessary to amend the Ground Lease as provided herein.

NOW, THEREFORE, in consideration of the premises and for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged by each party hereto by the other party hereto, the parties hereto do hereby acknowledge and agree as follows:

1. The foregoing recitations are true and correct and are incorporated herein by reference.
2. Section 2 of the Ground Lease is hereby amended and restated in its entirety to read as follows:

"The initial term of this Ground Lease (the "Initial Ground Lease Term") shall be for the period commencing on the Commencement Date, and ending on the earlier of (a) the date on which the Series 2014A Certificates, the Series 2024 Certificates and any Refunding Certificates related thereto have been paid in full or provision for payment in full of all of such Certificates has been made pursuant to Section 12.01 of the Trust Agreement and any Supplemental Rent arising under the Lease Agreement shall have been paid or provided for, or (b) July 1, 2036 (both dates inclusive). As used herein, the expressions "term hereof," "Ground Lease Term" or any similar expression refer to the Initial Ground Lease Term and to any

or in equity may appear necessary or desirable to enforce its rights hereunder; provided, the Board shall not have the right to terminate this Ground Lease until such time as the Series 2014A Certificates, the Series 2024 Certificates and any Certificates issued to refund the foregoing have been paid or provision for payment has been made pursuant to the terms and provisions of the Trust Agreement. The Board shall have recourse solely against the leasehold estate of the Corporation or its assignee in the Premises, and any proceeds thereof, for the payment of any liabilities of the Corporation or its assignee hereunder."

6. Section 18(b) of the Ground Lease is hereby amended and restated in its entirety to read as follows:

"(b) If the Lease Agreement shall have been terminated, (i) if such Person acquires title to such substantial portion thereof that the Corporation determines that it cannot economically make use of the residue for the lawful purposes intended by this Ground Lease, such acquisition of title shall terminate this Ground Lease, effective as of the date on which the condemning party takes possession thereof, and the Net Proceeds resulting therefrom shall be applied first to payment of the amount secured by any Leasehold Mortgage then outstanding hereunder, second, to payment of any outstanding Series 2014A Certificates, Series 2024 Certificates and any outstanding Refunding Certificates related thereto on a pro rata basis, and, third, the balance, if any shall be paid to the Board and the Corporation, as their respective interests may appear, and (ii) if such Person acquires title to a portion of the Premises only, and the Corporation determines that it can economically make beneficial use of the residue thereof for the lawful purposes intended by this Ground Lease, then this Ground Lease shall continue in full force and effect and the Net Proceeds resulting therefrom shall be paid to the Board and the Corporation, as their respective interests appear."

7. Special Terms and Conditions Required by Credit Enhancer. The Credit Enhancer for the Series 2024 Certificates maturing on July 1 in the years 20__ through 20__, inclusive (collectively, the "Insured Series 2024 Certificates"), shall be Build America Mutual Assurance Company ("BAM"). For purposes of the Ground Lease, the following provisions shall apply as long as the Insured Series 2024 Certificates remain outstanding:

(a) With respect to the Insured Series 2024 Certificates, and except as otherwise provided in the Lease Agreement, any amendment or modification to the Ground Lease shall be subject to the prior written consent of BAM.

(b) The Board represents, warrants and covenants that it has good and indefeasible marketable fee simple to the real property and all building, property and improvements comprising the Premises and the Series 2005 Project. The Board covenants and agrees to hold and maintain clean and marketable title to all of the

renewals of the Initial Ground Lease Term exercised by the Corporation or its assignee as provided in Section 22 hereof."

3. Section 3(a)(iii) of the Ground Lease is hereby amended and restated in its entirety to read as follows:

"(iii) title to the Premises shall be in the Board upon commencement of the Ground Lease Term and title to all components of the Series 2005 Project, other than Designated Facilities, shall be in name of Corporation pursuant to the Lease Agreement, and title to the Buildings comprising a portion of the Series 2005 Project constructed on the Premises shall remain severed from title to the Premises until the earlier of (A) the date on which the Series 2014A Certificates, the Series 2024 Certificates and any Certificates issued to refund the foregoing issued under the Trust Agreement shall no longer be Outstanding, and (B) the end of the Ground Lease Term."

4. Section 9(b) of the Ground Lease is hereby amended and restated in its entirety to read as follows:

"(b) Except as expressly provided in this Section 9(b), the Corporation or its assignee shall not assign this Ground Lease, or any portion hereof, or sublease all or any portion of the Premises at any time. Except as expressly permitted in this Section 9(b), any purported assignment, partial assignment or sublease without the Board's prior written consent in violation of this Section 9(b) shall be null and void. So long as the Lease Agreement has not been terminated, (i) the Corporation may assign this Ground Lease to the Trustee for the benefit of the Owners of the Series 2014A Certificates, the Series 2024 Certificates and any Refunding Certificates related thereto, and (ii) the Corporation shall sublet all of the Premises to the Board (the "Initial Sublessee") under the Lease Agreement. If the Lease Agreement shall have been terminated, the Corporation or its assignee may sublet the Premises or assign its interest in this Ground Lease (a "Permitted Sublease") to any Person for any lawful purpose without the prior consent of the Board; provided, however, that no Permitted Sublease shall relieve the Corporation of any of its duties or obligations hereunder without the prior written consent of the Board; provided, however, that each Permitted Sublease shall be subject to the provisions of Section 9(d) hereof. "Permitted Transferee" shall mean a sublessee or assignee permitted by this Section 9(b)."

5. Section 14 of the Ground Lease is hereby amended and restated in its entirety to read as follows:

"Upon the occurrence of any event of default as set forth in Section 13 hereof which has not been cured (and is not in the process of being cured) under Section 13(b) or 13(c) hereof, but not otherwise, the Board may take whatever action at law

2

Premises and the Series 2005 Project during the term of the Ground Lease. If necessary to maintain clear and marketable title to the leased properties, the Board shall take all actions necessary, including eminent domain or condemnation proceedings, to ensure that title to the leased proper ties is clear and marketable.

(c) BAM shall be recognized as being a third-party beneficiary under the Ground Lease and may enforce any right, remedy or claim conferred upon, given or granted hereunder.

(d) No termination, assignment (other than to the Trustee in accordance with the Trust Agreement and Assignment of Lease Agreement), transfer, release, disposition or sublease of the Ground Lease, the Premises, the Series 2005 Project or any portion thereof shall be permitted without the prior written consent of BAM.

(e) The foregoing insurer provisions shall control and supersede any conflicting or inconsistent provisions in the Ground Lease.

8. The Ground Lease, as modified hereby remains in full force and effect in accordance with the terms and provisions thereof.

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IN WITNESS WHEREOF, each of the parties hereto have caused this First Amendment to be executed by their duly authorized officers or agents, all as of the day and year first above written.

THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

ATTEST:

By: _____
Superintendent/Secretary
(SEAL)

By: _____
Chair

Witness: _____
Print Name: _____
Address: _____

Witness: _____
Print Name: _____
Address: _____

MARTIN SCHOOL BOARD LEASING CORPORATION

ATTEST:

By: _____
Secretary
(SEAL)

By: _____
President

Witness: _____
Print Name: _____
Address: _____

Witness: _____
Print Name: _____
Address: _____

STATE OF FLORIDA)
) SS:
COUNTY OF MARTIN

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this ___ day of May, 2024, by Jennifer Russell and Michael Maine, the Chair and Superintendent, respectively, of THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA, who are personally known to me or who have produced _____ as identification.

[Notary Seal]

(Signature of person taking acknowledgment)

(Name typed, printed or stamped)

(Title or rank)

(Serial number, if any)

STATE OF FLORIDA)
) SS:
COUNTY OF MARTIN

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this ___ day of May, 2024, by Jennifer Russell and Michael Maine, the President and Secretary/Treasurer, respectively, of the MARTIN SCHOOL BOARD LEASING CORPORATION, who are personally known to me or who have produced _____ as identification.

[Notary Seal]

(Signature of person taking acknowledgment)

(Name typed, printed or stamped)

(Title or rank)

(Serial number, if any)

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461.01

This document prepared by:

John R. Stokes, Esq.
Nabors, Giblin & Nickerson, P.A.
2502 Rocky Point Drive, Suite 1060
Tampa, Florida 33607



INSTR # 1904353
DR BK 02104 PG 0270
Pgs 0270 - 2767 (7pgs)
RECORDED 01/20/2006 09:59:49 AM
MARSHA EWING
CLERK OF MARTIN COUNTY FLORIDA
RECORDED BY L Wood

ASSIGNMENT OF GROUND LEASE AGREEMENT

by the

MARTIN SCHOOL BOARD LEASING CORPORATION

ASSIGNMENT OF GROUND LEASE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, that the MARTIN SCHOOL BOARD LEASING CORPORATION, a Florida single-purpose, not-for-profit corporation (the "Corporation"), for and in consideration of good and valuable considerations to it in hand paid by WELLS FARGO BANK, NATIONAL ASSOCIATION, not in its individual capacity, but solely as trustee (the "Trustee"), the receipt of which is hereby acknowledged, has sold, assigned, transferred and set over, and by these presents does sell, assign, transfer and set over unto the Trustee the instrument of ground lease and the leasehold estate created by said instrument of ground lease, being that certain Ground Lease Agreement, dated as of December 1, 2005, as the same may be supplemented, modified or amended from time to time (the "Ground Lease"), a Memorandum of Ground Lease Agreement describing which has been duly recorded in the public records of Martin County, Florida, granted by the School Board of Martin County, Florida, (the "Board"), acting as the governing body of the School District of Martin County, Florida to the Corporation in and to the Premises described therein; and

TO HAVE AND TO HOLD THE said instrument of ground lease, the leasehold estate created thereby, and any buildings and improvements thereon, unto Trustee, its successors and assigns forever; and

SECTION 1. ACCEPTANCE. The Trustee hereby accepts such assignment in trust for the purpose of securing payment of the Certificates and securing the rights of the Owners of the Certificates issued pursuant to the Trust Agreement.

SECTION 2. CONDITIONS. This Assignment of Ground Lease Agreement shall confer no rights and impose no duties upon the Trustee beyond those expressly provided in the Trust Agreement.

SECTION 3. REPRESENTATIONS AND AGREEMENTS. (a) With respect to the sale, assignment and conveyance of the rights, title and interest of the Corporation under the Ground Lease, the Corporation represents, warrants and covenants to and with the Trustee, for the benefit of the Owners of the Certificates, that:

(i) The Corporation is a not-for-profit educational corporation duly organized, validly existing and in good standing under the laws of the State of Florida, with corporate powers and authority to own its property and carry on its business as now being conducted.

(ii) The Corporation is duly qualified to transact business and hold property and is in good standing in the State of Florida and wherever necessary to perform its obligations under the Ground Lease, the Trust Agreement and this Assignment of Ground Lease Agreement.

Ground Lease and encumbrances permitted thereunder, including the Permitted Encumbrances.

(b) The Corporation does hereby covenant with the Trustee as grantee and assignee, its successors and assigns, that the Corporation (i) is the true and lawful owner of the leasehold estate created thereby, (ii) has good right to bargain, sell and transfer the same hereby, (iii) such leasehold estate of the Corporation is free and clear of any lien or encumbrance created by the Corporation, except for the "Lease Agreement" (as defined in the Ground Lease), (iv) that as of the date hereof there is no default under the terms of said Ground Lease, and (v) from and after this assignment, the Corporation will have no further interest in such Ground Lease or the leasehold estate thereby created except to enter into supplements thereto pursuant to Section 21 of the Ground Lease.

(c) The Corporation agrees to execute and deliver to the Trustee, upon request by the Trustee or the Owners of a majority in principal amount of the Certificates or any Credit Enhancer, any documents deemed necessary by the Trustee or such Owners or any Credit Enhancer to evidence further the assignment and conveyance herein made with respect to the Ground Lease including, without limitation, any amendments hereto necessary or desirable to assign to the Trustee any Supplements to the Ground Lease executed and delivered after the date hereof.

(d) In order to secure payment of the Certificates, the Corporation hereby authorizes the Trustee to take possession of the Projects, and title thereto in accordance with the provisions of the Trust Agreement and Lease Agreement, and sell or relet such Projects, or any portion thereof, in the circumstances described in the Trust Agreement.

SECTION 4. NON-RECOURSE. The parties hereto agree that the assignment contained in this Assignment of Ground Lease Agreement shall be non-recourse with respect to the Corporation, and the Corporation shall have no liability hereunder to the Trustee or the Owners of any Certificates, with respect to the occurrence of an Event of Default or Event of Non-Appropriation by the Board under the Ground Lease.

SECTION 5. NO INDIVIDUAL LIABILITY. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Assignment of Ground Lease Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the assignment effected by Section 2 hereof or for any claim based thereon under this Assignment of Ground Lease Agreement against any member, officer, employee or agent of the parties hereto.

SECTION 6. AMENDMENTS UPON DELIVERY OF ADDITIONAL LEASE SCHEDULES. The Corporation hereby agrees to deliver to the Trustee upon

(iii) The Corporation has full power, authority and legal right to enter into and perform its obligations under the Ground Lease, the Trust Agreement and this Assignment of Ground Lease Agreement; and the execution, delivery and performance of the Ground Lease, the Trust Agreement and this Assignment of Ground Lease Agreement by the Corporation have been duly authorized by all necessary corporate actions on the part of the Corporation, do not require any stockholder approval or the approval or consent of any trustee or holder of any indebtedness or obligations of the Corporation or any other Person or such required approvals and consents have heretofore been duly obtained.

(iv) The execution, delivery and performance of the Ground Lease, the Trust Agreement and this Assignment of Ground Lease Agreement do not contravene any provision of any Articles of Incorporation or Bylaws of the Corporation, and do not and will not conflict with, violate or result in any breach of or constitute a default under any indenture, mortgage, contract, agreement or instrument to which the Corporation is a party or by which it or any of its property is bound or any constitutional or statutory provision, or order, rule, regulation, decree or ordinance of any federal or state court, government or governmental body having jurisdiction over the Corporation or any of its properties and by which the Corporation or any of its property is bound.

(v) To the Corporation's knowledge, the Ground Lease and the Trust Agreement are in full force and effect and the Corporation is not in default thereunder; and, the Ground Lease, the Trust Agreement and this Assignment of Ground Lease Agreement are legal, valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with their respective terms, all such enforcement being subject to certain laws relating to bankruptcy, reorganizations, moratoriums and creditors' rights generally and to the exercise of judicial discretion in accordance with general principles of equity.

(vi) The Corporation has complied, and will at all times hereafter comply, with and duly perform its obligations under the Ground Lease, the Trust Agreement and this Assignment of Ground Lease Agreement.

(vii) There is no pending, or to the knowledge of the Corporation, threatened, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency in any way affecting the ability of the Corporation to perform its obligations under the Ground Lease, the Trust Agreement or this Assignment of Ground Lease Agreement.

(viii) The Ground Lease and the lease rights thereunder being herein assigned are free and clear of all claims, liens, mortgages, security interests and encumbrances arising through any act or omissions of the Corporation or any Person claiming by, through or under it, except the rights of the Board under the

the execution and delivery of any Lease Schedules after the date hereof relating to the Premises described in the Ground Lease an amendment to this Assignment of Ground Lease Agreement which provides for the assignment of the rights of the Corporation in and to said Lease Schedule in accordance with the terms hereof and confirms the representations and agreements of the Corporation set forth in Section 3 hereto as of the date thereof.

SECTION 7. COUNTERPARTS. This Assignment of Ground Lease Agreement may be executed in counterparts, and each of said counterparts shall be deemed an original for all purposes of this Assignment of Ground Lease Agreement. All of such counterparts taken together shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, Martin School Board Leasing Corporation, by its officer thereunto duly authorized, has affixed its corporate name and seal as of the 1st day of December 1, 2005.

MARTIN SCHOOL BOARD LEASING CORPORATION

(SEAL)

By: [Signature]
President

Witness: [Signature]
Name: John R. Stokes

Witness: [Signature]
Name: THOMAS E. GILFILLAN

ATTEST:

By: [Signature]
Secretary

Witness: [Signature]
Name: John R. Stokes

Witness: [Signature]
Name: THOMAS E. GILFILLAN

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APPENDIX D

FORM OF APPROVING OPINION OF SPECIAL COUNSEL

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APPENDIX D

FORM OF OPINION OF NABORS, GIBLIN & NICKERSON, P.A. WITH RESPECT TO THE SERIES 2024 CERTIFICATES

Upon delivery of the Series 2024 Certificates in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Special Counsel, proposes to render its opinion with respect to such Series 2024 Certificates in substantially the following form:

(Date of Delivery)

The School Board of Martin County, Florida
Stuart, Florida

School Board Members:

We have acted as Special Counsel in connection with the execution and delivery of \$[PAR AMOUNT] aggregate principal amount of Refunding Certificates of Participation (School Board of Martin County, Florida Master Lease Program), Series 2024 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 Martin County, Florida (the "Certificates") in connection with the Lease Agreement described below.

In that capacity, we have examined various documents including (i) the Master Lease-Purchase Agreement, dated as of December 1, 2005 (the "Lease Agreement"), between the Martin School Board Leasing Corporation, a Florida not-for-profit corporation, as lessor (the "Corporation"), and The School Board of Martin County, Florida, as lessee (the "Board"); (ii) Second Amended and Restated Lease Schedule No. 2005, dated as of May 1, 2024 ("Second Amended and Restated Lease Schedule No. 2005"), between the Corporation and the Board; (iii) the Master Trust Agreement, dated as of December 1, 2005 (the "Trust Agreement"), among Computershare Trust Company, N.A. (as successor in interest to Wells Fargo Bank, National Association), as trustee (the "Trustee"), the Board and the Corporation; (iv) the Series 2024 Supplemental Trust Agreement, dated as of May 1, 2024 (the "Series 2024 Supplemental Trust Agreement"), among the Trustee, the Board and the Corporation; (v) the Assignment of Lease Agreement, dated as of December 1, 2005, as amended and supplemented, in particular as amended and supplemented by a Third Amendment to Assignment of Lease Agreement, dated as of May 1, 2024 (the "Lease Assignment") between the Corporation and the Trustee, pursuant to which the Corporation has assigned by outright and absolute assignment its rights, title and interest in the Lease Agreement (other than to its rights of indemnification, its right to enter into lease schedules from time to time and certain obligations provided in Section 6.03 of the Lease Agreement) to the Trustee; (vi) the

Ground Lease Agreement, dated as of December 1, 2005, as amended by a First Amendment to Ground Lease Agreement, dated as of May 1, 2024 (collectively, the "Ground Lease"), between the Board, as lessor, and the Corporation, as lessee, pursuant to which the Board granted to the Corporation a leasehold interest in certain real property owned by the Board; and (vii) the Assignment of Ground Lease, dated as of December 1, 2005, from the Corporation to the Trustee. We have also examined a record of proceedings of the Board and the Corporation relating to all of the foregoing. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed in the Trust Agreement.

The proceeds of the Certificates, together with other legally available funds of the Bond, will be used for the principal purposes of (i) refunding, on a current basis, a portion of the outstanding Series 2014A Certificates maturing on and after July 1, 2025 (collectively, the "Refunded Certificates") and (ii) paying costs of issuance of the Certificates.

Certain proceeds of the Certificates will be deposited into an escrow deposit trust fund (the "Escrow Fund") established pursuant to the Escrow Deposit Agreement, dated [CLOSING DATE], 2024 (the "Escrow Agreement") between Computershare Trust Company, N.A., as Escrow Agent, and the Board, and invested in direct obligations of the United States of America (the "Escrow Securities") such that the principal of and interest on such obligations shall be sufficient to pay the principal of, prepayment premium, if any, and interest on the Refunded Certificates as the same shall become due or are prepaid prior to maturity.

Pursuant to the Lease Agreement, the Corporation is leasing certain educational and related facilities to the Board, including, without limitation, the Series 2005 Project and the Board is making Lease Payments to the Trustee, as assignee of the Corporation pursuant to the Lease Assignment, which include Basic Rent Payments. The Certificates evidence an undivided proportionate interest in the Basic Rent Payments under the Lease Agreement, as amended and supplemented by Second Amended and Restated Lease Schedule No. 2005. The Basic Rent Payments are payable solely from the Board's Available Revenues appropriated for such purpose. The Board is not legally required to budget and appropriate Available Revenues for this purpose. Basic Rent Payments are subject to annual appropriation by the Board. None of the Board, the State of Florida, nor any political subdivision or agency thereof shall be obligated to pay any sums due under the Lease Agreement from any source other than Available Revenues appropriated for such purpose, and the faith and credit of the Board are not pledged for payment of such sums due thereunder and such sums do not constitute debt of the Board within the meaning of any constitutional or statutory provision or limitation.

The Board has previously and may, from time to time in the future, lease other Projects from the Corporation pursuant to the Lease Agreement in addition to the Series 2005 Project. The acquisition, construction and installation of each such Project is financed by the issuance of a Series of certificates of participation pursuant to the Trust Agreement. Each Series of certificates of participation issued to finance a Project shall be secured independently of other Series of certificates of participation. The Board has agreed in the Lease Agreement to budget and appropriate in each Fiscal Year from Available Revenues sufficient moneys to make the Lease Payments for all Projects, including the Series 2005 Project, leased under the Lease Agreement or for none of them. The Board may also issue Refunding Certificates, which shall be on parity with the Certificates upon satisfying the conditions described therefor in the Trust Agreement.

The Certificates are dated and shall bear interest from their date of delivery, except as otherwise provided in the Trust Agreement. The Certificates will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum, as provided in the Trust Agreement. Interest shall be payable on each January 1 and July 1, commencing January 1, 2025. The Certificates are not subject to prepayment prior to maturity.

As to questions of fact material to our opinion, we have relied upon the representations of the Board contained in the Lease Agreement, the Trust Agreement and in the certified proceedings relating thereto and to the issuance of the Certificates and other certifications of officials furnished to us in connection therewith without undertaking to verify the same by independent investigation. Furthermore, we have assumed continuing compliance with the covenants and agreements contained in the Lease Agreement, the Trust Agreement and the other instruments relating to the transactions contemplated therein. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in any agreements, documents, certificates, representations and opinions relating to the Certificates and have relied solely on the facts, estimates and circumstances described and set forth therein. In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

Based upon the foregoing, under existing law, we are of the opinion that:

1. The Board is the duly organized and validly existing governing body of the School District of Martin County, Florida and has all necessary power and authority to execute and deliver the Lease Agreement, Second Amended and Restated Lease Schedule No. 2005, the Ground Lease, the Trust Agreement and the Series 2024 Supplemental Trust Agreement.

2. The Lease Agreement, Second Amended and Restated Lease Schedule No. 2005, the Ground Lease, the Trust Agreement and the Series 2024 Supplemental Trust Agreement have each been duly authorized, executed and delivered by the Board and each constitutes a valid and legally binding obligation of the Board, enforceable in accordance with its respective terms.

3. The Certificates, upon proper execution and authentication by the Trustee, shall evidence an undivided proportionate interest in the Basic Rent Payments to be made by the Board under the Lease Agreement, as amended and supplemented by Second Amended and Restated Lease Schedule No. 2005, on a pro rata basis with the Outstanding Series 2014A Certificates and shall be entitled to the benefits and security of the Trust Agreement, as amended and supplemented by the Series 2024 Supplemental Trust Agreement.

4. Under existing statutes, regulations, rulings and court decisions, prior to the termination of the Lease Agreement resulting from an Event of Non-Appropriation or Event of Default thereunder, the Interest Component of the Basic Rent Payments received by the owners of the Certificates is (a) excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, with respect to certain corporations, such Interest Component of the Basic Rent Payments is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in this paragraph are subject to the condition that all requirements of the Internal Revenue Code of 1986, as amended, must be satisfied subsequent to the issuance of the Certificates in order that the interest thereon be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Certificates to be so included in gross income retroactive to the date of issuance of the Certificates. The Board and the Corporation have covenanted in the Lease Agreement to comply with all such requirements. Ownership of the Certificates may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Certificates.

We express no opinion regarding the federal income tax or Florida tax consequences resulting from the ownership of the Certificates or the receipt by the owners thereof of payments on the Certificates following the termination of the Lease Agreement resulting from an Event of Non-Appropriation or Event of Default thereunder.

5. Assuming the deposit and application of cash and the Escrow Securities in accordance with the provisions of the Escrow Agreement, such application and deposit will cause, with respect to the Refunded Certificates only, the Trust Estate and the rights granted

in the Trust Agreement to cease, terminate and be void and the refunding of the Refunded Certificates shall not, in and of itself, cause the Interest Component of the Refunded Certificates to become included in the gross income of the owners thereof for purposes of federal income taxation.

In rendering the opinions set forth in paragraphs 4 and 5 above, we are relying upon (a) the arithmetical accuracy of certain computations included in schedules provided by PFM Financial Advisors LLC relating to the computations of projected receipts of the Escrow Securities and any other amounts deposited in the Escrow Fund, of the adequacy of such projected receipts and other sums to pay the principal of, prepayment premium, if any, and interest on the Refunded Certificates and (b) the verifications of the arithmetical accuracy of such computations by Samuel Klein and Company, LLP, a firm of independent certified public accountants.

The opinions expressed in paragraphs 1 and 2 hereof are qualified to the extent that (i) the enforceability of the Lease Agreement, Second Amended and Restated Lease Schedule No. 2005, the Trust Agreement, the Series 2024 Supplemental Trust Agreement and the Ground Lease and the rights of the owners of the Certificates may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity or public policy considerations, and (ii) we have assumed the due authorization, execution and delivery of the Trust Agreement and the Series 2024 Supplemental Trust Agreement by the Corporation and the Trustee and of the Lease Agreement, Second Amended and Restated Lease Schedule No. 2005 and the Ground Lease by the Corporation.

It should be noted that except as may expressly be set forth in an opinion delivered by us to the Underwriters of the Certificates on the date hereof (upon which only they may rely), we have not been engaged or undertaken to review (a) the accuracy, sufficiency or completeness of the Offering Statement or other offering material relating to the Certificates and we express no opinion relating thereto, and (b) the compliance with any federal or state law with regard to the sale or distribution of the Certificates and we express no opinion relating thereto.

The opinions set forth herein are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America. The only opinions rendered hereby shall be those expressly stated as such herein, and no opinion shall be implied or inferred as a result of anything contained herein or omitted herefrom.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts and circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur.

We have examined the form of the Certificates and, in our opinion, the form of the Certificates is regular and proper.

Respectfully submitted,

APPENDIX E

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

[\$[PAR AMOUNT] Refunding Certificates of Participation, Series 2024

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated [CLOSING DATE], 2024, is executed and delivered by The School Board of Martin County, Florida (the "School Board") and Digital Assurance Certification LLC, as Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC"), for the benefit of the Holders (hereinafter defined) of the captioned Certificates (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Certificates in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the School Board through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the School Board or anyone on the School Board's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Offering Statement (hereinafter defined). The following capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set forth in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB (as hereinafter defined).

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the annual financial statements of the School Board for the prior fiscal year, certified by an independent auditor as

prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Certificates" means the \$[PAR AMOUNT] Refunding Certificates of Participation, Series 2024 as listed on the attached Exhibit A, each with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the School Board and include the full name of the Certificates and the 9-digit CUSIP numbers for all Certificates to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification LLC, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the School Board pursuant to Section 9 hereof.

"Disclosure Representative" means the Assistant Superintendent of Finance of the District, or such other person as the School Board shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"District" means the School District of Martin County, Florida.

"Failure to File Event" means the School Board's failure to file an Annual Report on or before the Annual Filing Date.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of an obligation or instrument described in either clause (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries) or (b) treated as the owner of any Certificates for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule.

"Obligated Person" means the School 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), as shown on Exhibit A.

"Offering Statement" means that Offering Statement prepared by the School Board in connection with the Certificates, as listed on Exhibit A.

"Trustee" means the institution identified as such in the document under which the Certificates were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports. (a) The School Board shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB via the Electronic Municipal Market Access System ("EMMA") not later than 240 days after the end of each fiscal year of the School Board, commencing with the fiscal year ending June 30, 2024. Such date and each anniversary thereof is the "Annual Filing Date." The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the School Board of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification) no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the School Board will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern Time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the School Board irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the

MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the School Board are prepared but not available prior to the Annual Filing Date, the School Board shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the School Board pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies";
2. "Non-Payment related defaults, if material";
3. "Unscheduled draws on debt service reserves reflecting financial difficulties";
4. "Unscheduled draws on credit enhancements reflecting financial difficulties";
5. "Substitution of credit or liquidity providers, or their failure to perform";
6. "Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the Series 2024 Certificates, or other material events affecting the tax-exempt status of the Series 2024 Certificates";

7. "Modifications to rights of securities holders, if material";

8. "Bond calls, if material, and tender offers";

9. "Defeasances";

10. "Release, substitution, or sale of property securing repayment of the securities";

11. "Rating changes";

12. "Bankruptcy, insolvency or receivership or similar event of the Obligated Person";

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

14. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material";

15. "Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material"; and

16. "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties."

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the School Board pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking";
2. "change in obligated person";
3. "notice to investors pursuant to bond documents";
4. "certain communications from the Internal Revenue Service, other than those communications included in the Rule";
5. "secondary market purchases";
6. "bid for auction rate or other securities";
7. "capital or other financing plan";
8. "litigation/enforcement action";
9. "change of tender agent, remarketing agent, or other on-going party";
10. "derivative or other similar transaction"; and
11. "other event-based disclosures";

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the School Board pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information";
2. "change in fiscal year/timing of annual disclosure";
3. "change in accounting standard";
4. "interim/additional financial information/operating data";
5. "budget";

6. "investment/debt/financial policy";
7. "information provided to rating agency, credit/liquidity provider or other third party";
8. "consultant reports"; and
9. "other financial/operating data."

(viii) provide the School Board with evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The School Board may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year. The School Board's fiscal year commences on July 1 and ends on the immediately succeeding June 30.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the School Board, including, to the extent not set forth in the Audited Financial Statements:

Updates of information in the Offering Statement relating to:

1. Revenue sources and the table entitled "Anticipated Local Option Millage Levy Required to Cover Basic Rent Payments Represented by the Series 2024 Certificates and the Outstanding Series 2014A Certificates" as described under the heading "AVAILABLE REVENUES FOR CAPITAL OUTLAY PROJECTS";

2. The table entitled "Summary of Statistical Data" under the heading "THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA";

3. The tables entitled "Assessed Value of Taxable Property," "District Millage Rates," "District Property Tax Levies and Collections" and "Principal Taxpayers" under the heading "AD VALOREM TAXATION"; and

4. The tables entitled "Summary of General Fund Operations," "Ratio of Outstanding Debt by Type" and "Bond, Note and Lease Obligations Outstanding" under the heading "FINANCIAL RESULTS AND LIABILITIES OF THE DISTRICT."

(b) If available at the time of such filing, the Audited Financial Statements of the School Board for the prior fiscal year, prepared in accordance with generally accepted auditing standards, and Government Auditing Principles issued by the Comptroller General of the United States. If the School Board's Audited Financial Statements are not available by the time the Annual Report is required to be filed pursuant to Section 2(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Offering Statement, and the Audited Financial Statements shall be filed in the same manner as the Annual Report when they become available. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including Offering Statements of debt issues with respect to which the School Board is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the EMMA website. If the document incorporated by reference is a final offering statement, it must be available from the MSRB. The School Board will clearly identify each such document so incorporated by reference.

The School Board will reserve the right to modify from time to time the specific type of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the School Board; provided that the School Board will agree that any such modification will be done in a manner consistent with the Rule.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Certificates constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements relating to the Certificates reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2024 Certificates, or other material events affecting the tax-exempt status of the Series 2024 Certificates;
7. Modifications to rights of holders of the Certificates, if material;
8. Certificate calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Certificates, if material;
11. Rating changes on the Certificates;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or

jurisdiction over substantially all of the assets or business of the Obligated Person.

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

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

The School Board shall, in a timely manner not in excess of ten (10) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) of this Section 4 and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the School Board desires to make, contain the written authorization of the School Board for the Disclosure Dissemination Agent to disseminate such information, and identify the date the School Board desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the School Board or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two (2) business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the School Board determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with

a Certification. Such Certification shall identify the Notice Event that has occurred (which should be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the School Board desires to make, contain the written authorization of the School Board for the Disclosure Dissemination Agent to disseminate such information, and identify the date the School Board desires for the Disclosure Dissemination Agent to disseminate the information, (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the School Board as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB, in accordance with Section 2(e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the School Board shall indicate the full name of the Certificates and the 9-digit CUSIP numbers for the Certificates as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The School Board acknowledges and understands that other state and federal laws, including but not limited to, the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the School Board, and that the duties and responsibilities of the Disclosure Dissemination Agent do not extend to providing legal advice regarding such laws. The School Board acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The School Board may instruct the Disclosure Dissemination Agent to file Voluntary Event Disclosure with the MSRB, from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the School Board desires to make, contain the written authorization of the School Board for the Disclosure Dissemination Agent to disseminate such information, and identify the date the School Board desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the School Board as prescribed

in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The School Board may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the School Board desires to make, contain the written authorization of the School Board for the Disclosure Dissemination Agent to disseminate such information, and identify the date the School Board desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the School Board as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the School Board is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the School Board from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Annual Financial Statement, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the School Board chooses to include any information in any Annual Report, Annual Financial Statement, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that which is specifically required by this Disclosure Agreement, the School Board shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Annual Financial Statement, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the School Board and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Certificates upon the legal defeasance, prior prepayment or payment in full of all of the Certificates, when the School Board is no longer an obligated

person with respect to the Certificates, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The School Board has appointed Digital Assurance Certification LLC as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The School Board may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the School Board or DAC, the School Board agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Certificates. Notwithstanding any replacement or appointment of a successor, the School Board shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the School Board.

SECTION 10. Remedies in Event of Default. In the event of a failure of the School Board or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Certificates or under any other document relating to the Certificates, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the School Board has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the School Board and shall not be deemed to be acting in any fiduciary capacity for the School Board, the Holders of the Certificates or any other party. The Disclosure Dissemination Agent shall have no responsibility for the School Board's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have

no duty to determine, or liability for failing to determine, whether the School Board has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the School Board at all times.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. If the School Board has given its consent to the use of external counsel, the reasonable fees and expenses of such external counsel shall be payable by the School Board.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the School Board and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the School Board and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Certificates and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the School Board or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the School Board. No such amendment shall become effective if the School Board shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

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

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the School Board have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION
LLC, as Disclosure Dissemination Agent

By: _____
Shana Blanchard
Vice President

THE SCHOOL BOARD OF MARTIN
COUNTY, FLORIDA

By: _____
Jennifer Russell
Chair

EXHIBIT A
NAME AND CUSIP NUMBERS OF CERTIFICATES

Name of Issuer: THE SCHOOL BOARD OF MARTIN COUNTY,
FLORIDA

Obligated Person: The School Board of Martin County, Florida

Name of Bond Issue: Certificates of Participation, Series 2024

Date of Issuance: [CLOSING DATE], 2024

Date of Offering Statement: _____, 2024

Initial CUSIP Numbers: See below

EXHIBIT B
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: THE SCHOOL BOARD OF MARTIN COUNTY,
FLORIDA

Obligated Person: The School Board of Martin County, Florida

Name of Bond Issue: Certificates of Participation, Series 2024

Date of Issuance: [CLOSING DATE], 2024

Date of Offering Statement: _____, 2024

NOTICE IS HEREBY GIVEN that the School Board has not provided an Annual Report with respect to the above-named Certificates as required by the Disclosure Dissemination Agent Agreement, dated [CLOSING DATE], 2024, between the School Board and Digital Assurance Certification LLC, as Disclosure Dissemination Agent. The School Board has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification LLC, as
Disclosure Dissemination Agent, on behalf of
the School Board

cc: The School Board of Martin County, Florida
Obligated Person

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

School Board's and/or Other Obligated Person's Name: The School Board of Martin County, Florida

Name of Bond Issue: Certificates of Participation, Series 2024

School Board's Six-Digit CUSIP Number: 573208

Nine-Digit CUSIP Number(s) of the _____
Certificates to which this event notice
relates: _____

Number of pages of attached material event _____
notice: _____

Description of Notice Event (Check One):

1. ___Principal and interest payment delinquencies
2. ___Non-Payment related defaults, if material
3. ___Unscheduled draws on debt service reserves reflecting financial difficulties
4. ___Unscheduled draws on credit enhancements reflecting financial difficulties
5. ___Substitution of credit or liquidity providers, or their failure to perform
6. ___Adverse tax opinions, IRS notices or events affecting the tax status of the Certificates
7. ___Modifications to rights of holders of Certificates, if material
8. ___Bond calls, if material, and tender offers
9. ___Defeasances
10. ___Release, substitution, or sale of property securing repayment of the Certificates, if material
11. ___Rating changes
12. ___Bankruptcy, insolvency or receivership or similar event of the Obligated Person
13. ___Merger, consolidation or acquisition of the Obligated Person, if material
14. ___Appointment of a successor or additional trustee, or the change of name of a trustee, if material

15. ____ Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material

16. ____ Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties

____ Failure to provide annual financial information as required [C6]

I hereby represent that I am authorized by the School Board or its agent to distribute this information publicly:

Signature:

Name: [C6] _____ Title: [C7] _____

Employer: Digital Assurance Certification LLC Address: [C8] _____

City, State, Zip Code: _____

Voice Telephone Number: [C9] _____

Date: _____

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the Municipal Securities Rulemaking Board, pursuant to the Disclosure Dissemination Agent Agreement dated as of [CLOSING DATE], 2024, between the School Board and DAC.

School Board's and/or Other Obligated Person's Name: The School Board of Martin County, Florida

Name of Bond Issue: Certificates of Participation, Series 2024

School Board's Six-Digit CUSIP Number: 573208

Nine-Digit CUSIP Number(s) of the Certificates to which this event notice relates: _____

Number of pages of attached material event notice: _____

____ Description of Voluntary Event Disclosure (Check One):

1. "amendment to continuing disclosure undertaking";
2. "change in obligated person";
3. "notice to investors pursuant to bond documents";
4. "certain communications from the Internal Revenue Service";
5. "secondary market purchases";
6. "bid for auction rate or other securities";
7. "capital or other financing plan";
8. "litigation/enforcement action";
9. "change of tender agent, remarketing agent, or other on-going party";
10. "derivative or other similar transaction"; and
11. "other event-based disclosures."

I hereby represent that I am authorized by the School Board or its agent to distribute this information publicly:

Signature:

Name: [C6] _____ Title: [C7] _____

Employer: Digital Assurance Certification LLC Address: [C8] _____

City, State, Zip Code: _____

Voice Telephone Number: [C9] _____

Date: _____

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the Municipal Securities Rulemaking Board, pursuant to the Disclosure Dissemination Agent Agreement dated as of [CLOSING DATE], 2024, between the School Board and DAC.

School Board's and/or Other Obligated Person's Name: The School Board of Martin County, Florida

Name of Bond Issue: Certificates of Participation, Series 2024

School Board's Six-Digit CUSIP Number: 573208

Nine-Digit CUSIP Number(s) of the _____
Certificates to which this event notice
relates:

Number of pages of attached material event _____
notice:

____ Description of Voluntary Financial Disclosure (Check One):

1. ____ "quarterly/monthly financial information";
2. ____ "change in fiscal year/timing of annual disclosure";
3. ____ "change in accounting standard";
4. ____ "interim/additional financial information/operating data";
5. ____ "budget";
6. ____ "investment/debt/financial policy";
7. ____ "information provided to rating agency, credit/liquidity provider or other third party";
8. ____ "consultant reports"; and
9. ____ "other financial/operating data."

I hereby represent that I am authorized by the School Board or its agent to distribute this information publicly:

Signature:

Name: [C6] _____ Title: [C7] _____

Employer: Digital Assurance Certification LLC Address: [C8] _____

City, State, Zip Code: _____

Voice Telephone Number: [C9] _____

Date: _____

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the “Insurer’s Fiscal Agent”) for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer’s Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer’s Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer’s Fiscal Agent on behalf of BAM. The Insurer’s Fiscal Agent is the agent of BAM only, and the Insurer’s Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer’s Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



**FLORIDA
ENDORSEMENT TO
MUNICIPAL BOND
INSURANCE POLICY
NO.**

This Policy is not covered by the Florida Insurance Guaranty Association created under Part II of Chapter 631 of the Florida Insurance Code.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

Authorized Officer

