

Financial Affairs
Richard H. Hinds, Chief Financial Officer

SUBJECT: CERTIFICATE OF PARTICIPATION (AUCTION RATE) SERIES 2002A AND 2002B

COMMITTEE: FINANCIAL AFFAIRS

Resolution 02-46 is attached for the Board's consideration authorizing the issue of up to \$150,000,000 in Certificates of Participation Series 2002A and Series 2002B. The Certificates of Participation will be issued at a floating rate which resets every 35 days through the auction mechanism.

The following projects will be funded by this issue:

	Amount (in 000's)
Repayment of Revenue Anticipation Notes, Series 2002, including interest	43,270
Fire Code Repairs	23,000
Portable Classroom Replacement	10,900
Miami Jackson Sr. High Replacement	49,400
South Miami Sr. High Addition	16,000

The amount issued will include costs of issuance, underwriters discount at approximately \$4.95 per \$1000 in bonds and bond insurance. Costs of Issuance are presented in Exhibit A.

RECOMMENDED: That The School Board of Miami-Dade County, Florida

- (1) Approve Resolution 02-46 for the issuance of up to \$150,000,000 in Certificates of Participation, Series 2002A and 2002B and;
- (2) Approve the payment upon a successful completion of the issue of the costs of issuance listed as Exhibit A.

G-31

COST OF ISSUANCE

	NOT TO EXCEED
Financial Advisory Fee (per contract)	\$57,000
Out-of-pocket expenses	\$5,000
Special Tax Counsel Fee (per contract)	\$80,000
Out-of-pocket expenses	\$5,000
Rating Moody's Investors Service	\$45,000
Rating Standard & Poors	\$45,000
Printing/Binding Official Statement and Preliminary Official Statement, mailing, courier, trustee fees, secretarial fees and miscellaneous expenses paid to General Fund	\$30,000
Digital Assurance Certification (Disclosure Agent)	\$2,500
KPMG (consent letter)	\$8,000
TOTAL:	<u>\$215,500.00</u>

RESOLUTION 02-46

A RESOLUTION OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, AUTHORIZING EXECUTION OF SCHEDULE 2002-1 AND SCHEDULE 2002-2 TO THE MASTER LEASE PURCHASE AGREEMENT; AUTHORIZING EXECUTION OF A SERIES 2002 GROUND LEASE; APPROVING THE FORM OF A SERIES 2002 SUPPLEMENTAL TRUST AGREEMENT AND A SERIES 2002 ASSIGNMENT AGREEMENT; APPROVING THE NEGOTIATED SALE OF CERTIFICATES OF PARTICIPATION, SERIES 2002A IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$75,000,000 AND CERTIFICATES OF PARTICIPATION, SERIES 2002B IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$75,000,000; AND AUTHORIZING EXECUTION OF CERTIFICATE PURCHASE CONTRACTS FOR EACH SERIES; AUTHORIZING EXECUTION AND DELIVERY OF A FINAL OFFERING STATEMENT AND AUTHORIZING ITS DISTRIBUTION AND USE IN CONNECTION WITH THE OFFERING FOR SALE OF THE SERIES 2002A CERTIFICATES AND THE SERIES 2002B CERTIFICATES; AUTHORIZING THE EXECUTION AND DELIVERY OF A DISCLOSURE DISSEMINATION AGENT AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF AN AUCTION AGENT AGREEMENT FOR THE SERIES 2002A CERTIFICATES AND THE SERIES 2002B CERTIFICATES AND APPOINTING AN AUCTION AGENT THEREUNDER; AUTHORIZING THE ACCEPTANCE OF A COMMITMENT FOR THE ISSUANCE OF ONE OR MORE MUNICIPAL BOND INSURANCE POLICIES SECURING THE SERIES 2002A CERTIFICATES AND THE SERIES 2002B CERTIFICATES; PROVIDING FOR INCIDENTAL ACTION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, The School Board of Miami-Dade County, Florida (the "School Board") as the governing body of the School District of Miami-Dade County, Florida (the "District"), has determined to finance certain of its capital needs through a master lease-purchase agreement pursuant to Sections 230.23 and 235.056 Florida Statutes; and

WHEREAS, the School Board has the power under Section 230.23(2) Florida Statutes, to receive, purchase, acquire, lease, sell, hold, transmit and convey title to real and personal

property for educational purposes, and under Sections 230.23(9) and 235.056(2) (formerly 235.056(3)) Florida Statutes, to enter into leases or lease-purchase arrangements of sites and educational facilities for school purposes; and

WHEREAS, Miami-Dade County School Board Foundation, Inc. (the "Foundation"), a not-for-profit corporation, has been formed to lease purchase certain real property, educational facilities, buses and equipment to the School Board; and

WHEREAS, the Foundation and the School Board have provided for the lease-purchase financing of certain real property, educational facilities, buses and equipment (the "Facilities") from time to time by entering into a Master Lease Purchase Agreement dated as of August 1, 1994 (the "Master Lease"), and related agreements; and

WHEREAS, the Facilities to be leased from time to time will be identified on separate Schedules (each a "Schedule") attached to the Master Lease and each Schedule, together with the Master Lease, will constitute a Lease Agreement, of which the following are currently outstanding: (i) Schedule 1994A, dated as of August 1, 1994, as amended and restated as of June 1, 1998 and as further amended and restated as of November 1, 1998 (the Master Lease, together with Schedule 1994A, the "Series 1994A Lease Agreement"); (ii) (a) Schedule 1996A-1, dated as of April 15, 1996, as amended and restated as of November 1, 1998, and (b) Schedule 1996A-2, dated as of April 15, 1996, as amended and restated as of November 1, 1998 (the Master Lease together with Schedule 1996A-1, the "Series 1996A-1 Lease Agreement"; the Master Lease together with Schedule 1996A-2, the "Series 1996A-2 Lease Agreement"; and the Series 1996A-1 Lease Agreement and the Series 1996A-2 Lease Agreement, collectively the "Series 1996A Lease Agreement"); (iii) (a) Schedule 1996B-1, dated as of August 15, 1996, as amended and restated as of June 1, 1998, and as further amended and restated as of November 1, 1998, and (b) Schedule 1996B-2, dated as of August 15, 1996, as amended and restated as of November 1, 1998 (the Master Lease together with Schedule 1996B-1, the "Series 1996B-1 Lease Agreement"; the Master Lease together with Schedule 1996B-2, the "Series 1996B-2 Lease Agreement"; and the Series 1996B-1 Lease Agreement and the Series 1996B-2 Lease Agreement, collectively the "Series 1996B Lease Agreement"); (iv) (a) Schedule 1998B-1 dated as of June 1, 1998, and (b) Schedule No. 1998B-2 dated as of June 1, 1998 (the Master Lease together with Schedule 1998B-1, the "Series 1998B-1 Lease Agreement"; the Master Lease together with Schedule No. 1998B-2, the "Series 1998B-2 Lease Agreement"; and the Series 1998B-1 Lease Agreement and the Series 1998B-2 Lease Agreement, collectively the "Series 1998B Lease Agreement"); (v) Schedule 2000A, dated as of September 15, 2000 (the Master Lease together with Schedule 2000A, the "Series 2000A Lease Agreement"); (vi) Schedule 2000-QZAB, dated as of December 21, 2000 (the Master Lease together with Schedule 2000-QZAB, the "Series 2000-QZAB Lease Agreement"); (vii) (a) Schedule 2001-1, dated as of May 1, 2001 (the Master Lease together with Schedule 2001-1, the "Series 2001-1 Lease Agreement"); (b) Schedule 2001-2, dated as of May 1, 2001 (the Master Lease together with Schedule 2001-2, the "Series 2001-2 Lease Agreement"; the Series 2001-1 Lease Agreement and the Series 2001-2 Lease Agreement, the "Series 2001 Lease Agreements"); (viii) Schedule 2001-QZAB, dated as of June 1, 2001 (the Master Lease together with Schedule 2001-QZAB, the "Series 2001-QZAB Lease Agreement"); and (ix) Schedule 2001C, dated as of September 1, 2001 (the Master Lease together with Schedule 2001C, the "Series 2001C Lease Agreement"); and

WHEREAS, the School Board and the Foundation have determined to execute Schedule 2002-1 to be dated as of December 1, 2002 for the lease-purchase financing of (i) certain educational facilities and sites as described in Schedule 2002-1 to the Master Lease (the "Series 2002-1 Facilities") such facilities being located on certain lands described in Schedule 2002-1 (the "Series 2002 Facility Sites"), and (ii) the acquisition of school buses, maintenance vehicles, personal computers, software and other teaching equipment for technology education labs, replacement of portable buildings, fire code repairs and improvements, and the installation of security cameras in secondary schools (the "Series 2002-2 Facilities" which together with the Series 2002-1 Facilities are collectively referred to as the "Series 2002 Facilities"). The Master Lease together with Schedule 2002-1 attached thereto is referred to as the "Series 2002-1 Lease Agreement", and the Master Lease together with Schedule 2002-2 attached thereto is referred to as the "Series 2002-2 Lease Agreement") and the Series 2002-1 Lease Agreement and the Series 2002-2 Lease Agreement are hereinafter collectively referred to as the "Series 2002 Lease Agreement"; and

WHEREAS, the School Board will ground lease the Series 2002 Facility Sites to the Foundation pursuant to a ground lease to be dated as of December 1, 2002, which may be amended from time to time without further School Board action upon acquisition or modification by the School Board of title to additional Series 2002 Facility Sites (the "Series 2002 Ground Lease"); and

WHEREAS, the School Board will, pursuant to this resolution, after due notice as required by law, at a public meeting consider for approval, execution and delivery the Series 2002 Ground Lease, at which meeting a copy of the Series 2002 Ground Lease in final form is available for inspection and review by the public; and

WHEREAS, the Foundation has entered into a Master Trust Agreement dated as of August 1, 1994 (the "Trust Agreement"), with The Bank of New York Trust Company of Florida, N.A., as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.), Jacksonville, Florida as Trustee (the "Trustee") providing for the issuance of series of Certificates of Participation to the public from time to time, representing undivided proportionate interests in the principal portion and interest portion of the basic lease payments to be made by the School Board under the Master Lease and the Schedule or Schedules relating to such series of Certificates; and

WHEREAS, the following series of Certificates are currently outstanding: (i) Certificates of Participation, Series 1998A (the "Series 1998A Certificates") evidencing undivided proportionate interests of the holders thereof in basic lease payments paid under the Series 1994A Lease Agreement and the Series 1996B-1 Lease Agreement (with respect to both such Lease Agreements, on a pro rata basis with the holders of the hereinafter described Series 1998C Certificates); (ii) Certificates of Participation, Series 1998B (the "Series 1998B Certificates") evidencing undivided proportionate interests of the holders thereof in basic lease payments paid under the Series 1998B-1 Lease Agreement and the Series 1998B-2 Lease Agreement; (iii) Certificates of Participation, Series 1998C (the "Series 1998C Certificates") evidencing undivided proportionate interests of the holders thereof in basic lease payments paid under the Series 1994A Lease Agreement (on a pro rata basis with the holders of the Series 1998A

Certificates), the Series 1996A-1 Lease Agreement, Series 1996A-2 Lease Agreement, the Series 1996B-1 Lease Agreement (on a pro rata basis with the holders of the Series 1998A Certificates) and the Series 1996B-2 Lease Agreement; (iv) Certificates of Participation, Series 2000A (the "Series 2000A Certificates") evidencing undivided proportionate interests of the holders thereof in basic lease payments paid under the Series 2000A Lease Agreement; (v) Certificates of Participation, Series 2000-QZAB (the "Series 2000-QZAB Certificates") evidencing undivided proportionate interests of the holders thereof in basic lease payments paid under the Series 2000-QZAB Lease Agreement; (vi) Certificates of Participation, Series 2001A (the "Series 2001A Certificates") evidencing undivided proportionate interests of the holders thereof in basic lease payments paid under the Series 2001-1 Lease Agreement and the Series 2001-2 Lease Agreement (on a pro rata basis with the holders of the Series 2001B Certificates); (vii) Certificates of Participation, Series 2001B (the "Series 2001B Certificates") evidencing undivided proportionate interests of the holders thereof in basic lease payments paid under the Series 2001-1 Lease Agreement and the Series 2001-2 Lease Agreement (on a pro rata basis with the holders of the Series 2001A Certificates); (viii) Certificates of Participation, Series 2001-QZAB (the "Series 2001-QZAB Certificates") evidencing undivided proportionate interests of the holders thereof in basic lease payments paid under the Series 2001-QZAB Lease Agreement; and (ix) Certificates of Participation, Series 2001C (the "Series 2001C Certificates") evidencing undivided proportionate interests of the holders thereof in basic lease payments paid under the Series 2001C Lease Agreement; and

WHEREAS, for the purpose of constructing new educational facilities and refinancing certain educational facilities the School Board wishes to authorize the issuance by the Trustee of a series of certificates in an amount not to exceed \$75,000,000, to be designated Certificates of Participation, Series 2002A (the "Series 2002A Certificates") and a series of certificates in an amount not to exceed \$75,000,000, to be designated Certificates of Participation, Series 2002B (the "Series 2002B Certificates," collectively with the Series 2002A Certificates, the "Series 2002 Certificates"), each representing undivided proportionate interests in the principal portion and interest portion of the basic lease payments to be made by the School Board under the Series 2002 Lease Agreement; and

WHEREAS, the Foundation and the Trustee will enter into a Series 2002 Supplemental Trust Agreement, to be dated as of December 1, 2002 (the "Series 2002 Supplemental Trust Agreement"), pursuant to which the Series 2002 Certificates will be issued; and

WHEREAS, the Foundation and the Trustee will enter into an Assignment Agreement to be dated as of December 1, 2002 (the "Series 2002 Assignment Agreement"), pursuant to which the Foundation will unconditionally and irrevocably assign, without recourse, all of its right, title and interest as lessee of the Series 2002 Facility Sites under the Series 2002 Ground Lease, as sub-lessor of the Series 2002 Facility Sites and as lessor of the Series 2002 Facilities under the Series 2002 Lease Agreement, except for certain rights to hold title to certain Series 2002 Facilities, to indemnification and to receive notices, to the Trustee for the benefit of the Series 2002 Certificate holders; and

WHEREAS, in connection with the issuance of the Series 2002 Certificates, the School Board will acknowledge an Auction Agent Agreement, to be dated as of December 1, 2002 (the "Auction Agent Agreement"), with an Auction Agent designated herein; and

WHEREAS, all necessary approvals of the Department of Education have been received with respect to the Series 2002-1 Facilities to be leased thereunder, or are expected to be received prior to execution and delivery of the Series 2002-1 Lease Agreement; and

WHEREAS, payments represented by the Series 2002 Certificates shall be insured by one or more insurance policies (collectively, the "Series 2002 Insurance Policies") to be issued by a municipal bond insurance company whose municipal bond insurance policies result in ratings on insured obligations of "AAA" "Aaa" and "AAA" respectively, from Standard & Poor's Ratings Services, Moody's Investors Service and Fitch, Inc. (the "Series 2002 Insurer"); and

NOW THEREFORE, BE IT RESOLVED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA that:

Section 1. Schedule 2002-1, which together with the Master Lease constitutes the Series 2002-1 Lease Agreement, substantially in the form submitted to this meeting and attached hereto as **Exhibit A**, and Schedule 2002-2, which together with the Master Lease constitutes the Series 2002-2 Lease Agreement, substantially in the form submitted to this meeting and attached hereto as **Exhibit B**, are hereby approved, with such insertions, modifications and changes as may be approved by the Superintendent, and the Chair or Vice Chair and the Secretary, upon such approval by the Superintendent, are hereby authorized and directed to execute Schedule 2002-1 and Schedule 2002-2. The execution of Schedule 2002-1 and Schedule 2002-2 by the Chair or Vice Chair and the Secretary shall constitute conclusive evidence of the approval thereof. The School Board also authorizes the execution and delivery of a memorandum of lease with respect to the Series 2002-1 Lease Agreement and the recording thereof in the Official Public Records of Miami-Dade County, Florida.

Section 2. The Series 2002 Ground Lease between the School Board and the Foundation substantially in the form submitted to this meeting and attached hereto as **Exhibit C**, providing for the ground leasing of the Series 2002 Facility Sites to the Foundation, is hereby approved, with such insertions, modifications and changes as may be approved by the Superintendent, and the Chair or Vice Chair and the Secretary, upon such approval by the Superintendent, are hereby authorized and directed to execute the Series 2002 Ground Lease. The execution and delivery of the Series 2002 Ground Lease by the Chair or Vice Chair and the Secretary shall constitute conclusive evidence of the approval thereof. The School Board also authorizes the execution and delivery of a memorandum of ground lease with respect to the Series 2002 Ground Lease and the recording thereof in the Official Public Records of Miami-Dade County, Florida.

Section 3. The form of Series 2002 Supplemental Trust Agreement submitted to this meeting and attached hereto as **Exhibit D** is hereby approved, with such insertions, modifications and changes as may be approved by the Superintendent. The execution and

delivery of the Series 2002 Supplemental Trust Agreement by the Foundation and the Trustee shall constitute conclusive evidence of the approval thereof.

Section 4. The form of Series 2002 Assignment Agreement between the Foundation and the Trustee submitted to this meeting and attached hereto as **Exhibit E** is hereby approved, with such insertions, modifications and changes as may be approved by the Superintendent. The execution and delivery of the Series 2002 Assignment Agreement by the Foundation and the Trustee and the recording thereof in the Official Public Records of Miami-Dade County, Florida shall constitute conclusive evidence of the approval thereof.

Section 5. It is hereby found and declared that a negotiated sale of the Series 2002 Certificates is in the best interest of the School Board and is found to be necessary on the basis of the following reasons, as to which specific findings are hereby made:

(i) Due to the volatility of the market for “annual appropriation” tax exempt securities such as the Series 2002 Lease Agreements as evidenced by the Series 2002 Certificates, the School Board must be able to enter the market at the most advantageous times, rather than at specific advertised dates, thereby permitting the School Board to obtain the best possible prices and interest rates to be represented by the Series 2002 Certificates.

(ii) The financing of the Series 2002 Lease Agreement is a complex transaction involving two series of Certificates with variable auction rate, which requires the assistance of underwriters to structure the financing, to obtain credit enhancement upon terms and conditions favorable to the School Board and to deal with prospective investors.

The forms of the Series 2002A Purchase Contract (the “Series 2002A Purchase Contract”) and the Series 2002B Purchase Contract (the “Series 2002B Purchase Contract,” collectively with the Series 2002A Purchase Contract, the “Purchase Contracts”) among the Underwriters referred to therein, the Foundation and the School Board submitted to this meeting and attached hereto as **Exhibit F** and **Exhibit G**, respectively, and the sale of the Series 2002 Certificates by the Foundation and the Trustee upon the terms and conditions set forth therein, are hereby approved, with such insertions, modifications and changes as may be approved by the Superintendent, and the Chair or Vice Chair and the Secretary, upon such approval by the Superintendent, are hereby authorized and directed to execute the Purchase Contracts. The execution and delivery of such Purchase Contracts by the Chair or Vice Chair and the Secretary shall constitute conclusive evidence of the approval thereof.

Execution of the Series 2002A Purchase Contract is subject to the following additional requirements:

(i) the principal amount of the Series 2002A Certificates shall not exceed \$75,000,000,

(ii) the final maturity of the Series 2002A Certificates shall not exceed 30 years,

(iii) the Series 2002A Certificates shall be subject to optional prepayment while in an auction rate period on each interest payment date at a prepayment price not to exceed par,

(iv) the price at which the Series 2002A Certificates shall be sold to the Underwriters shall not be less than 99% of the face amount thereof, and

(v) the interest rate shall be fixed for an initial period not exceeding 60 days, after which the interest rate shall be an Auction Rate determined in accordance with the Series 2002 Supplemental Trust Agreement.

Execution of the Series 2002B Purchase Contract is subject to the following additional requirements:

(i) the principal amount of the Series 2002B Certificates shall not exceed \$75,000,000,

(ii) the final maturity of the Series 2002B Certificates shall not exceed 30 years,

(iii) the Series 2002B Certificates shall be subject to optional prepayment while in an auction rate period on each interest payment date at a prepayment price not to exceed par,

(iv) the price at which the Series 2002B Certificates shall be sold to the Underwriters shall not be less than 99% of the face amount thereof, and

(v) the interest rate shall be fixed for an initial period not exceeding 60 days, after which the interest rate shall be an Auction Rate determined in accordance with the Series 2002 Supplemental Trust Agreement.

Section 6. The Superintendent is hereby authorized to have prepared and the Chair or Vice Chair and the Secretary is hereby authorized to execute a final Offering Statement to be dated the date of the execution and delivery of the Purchase Contracts (the "Offering Statement") and, upon such execution, to deliver the same to the Underwriters for use by them in connection with the sale and distribution of the Series 2002A Certificates and the Series 2002B Certificates. The Offering Statement shall be substantially in the form submitted to this meeting and attached hereto as **Exhibit H**, with such changes as shall be approved by the Superintendent as necessary to conform the details of the Series 2002 Certificates and the requirements of the Purchase Contracts and such other insertions, modifications and changes as may be approved by the Superintendent. The execution and delivery of the Offering Statement by the Chair or Vice Chair and the Secretary shall constitute conclusive evidence of the approval thereof. The School Board hereby authorizes the Offering Statement and the information contained therein to be used in connection with the offering and sale of the Series 2002A Certificates and Series 2002B Certificates.

Section 7. The School Board hereby covenants and agrees that, in order to provide for compliance by the School Board with the secondary market disclosure requirements of the Rule, it will comply with and carry out all of the provisions of a that certain Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), by and between the School Board and Digital Assurance Certification, L.L.C., dated the date of delivery of the Series 2002 Certificates, as may be amended from time to time in accordance with the terms thereof. The Disclosure Agreement shall be substantially in the form attached hereto as **Exhibit I** with such

changes, amendments, modifications, omissions and additions as shall be approved by the Chair or Vice Chair or Superintendent who is hereby authorized to execute and deliver such Disclosure Agreement. Notwithstanding any other provision of this Resolution or the Series 2002 Supplemental Trust Agreement, failure of the School Board to comply with such Disclosure Agreement shall not be considered an event of default under the Series 2002 Supplemental Trust Agreement; provided, however, any Series 2002 Certificateholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School Board to comply with its obligations under this Section 7 and such Disclosure Agreement.

Section 8. A portion of the proceeds of the Series 2002 Certificates will be used to pay at maturity the principal of and interest on the School District of Miami-Dade County, Florida Revenue Anticipation Notes, Series 2002 (the "RAN's"), and the facilities financed by the issuance of the RAN's will be refinanced through the issuance of the Series 2002 Certificates. The Chief Financial Officer and the Treasurer are each authorized and directed to provide for the payment of the RAN's by depositing proceeds of the Series 2002 Certificates in an amount equal to the principal of and interest on the RAN's due on December 30, 2002, in a segregated account of the Capital Projects Fund until used for such purpose.

Section 9. The form of Auction Agent Agreement between the Trustee and the Auction Agent named herein, submitted to this meeting and attached hereto as **Exhibit J**, is hereby approved, with such insertions, modifications and changes as may be approved by the Superintendent. The Chair or Vice Chair, upon approval by the Superintendent, is hereby authorized and directed to acknowledge the Auction Agent Agreement. The execution and delivery of the Auction Agent Agreement shall constitute conclusive evidence of the approval thereof. Bankers Trust Company is hereby appointed as Auction Agent.

Section 10. The Chair or Vice Chair and the Secretary are hereby authorized to take such actions (including, without limitation, approval of changes to the documents herein approved) and to execute such commitments, agreements, certificates, instruments and opinions as shall be necessary or desirable to procure the issuance of the Series 2002 Insurance Policies by the Series 2002 Insurer.

Section 11. The Chair, Vice Chair, Secretary, Superintendent, Chief Financial Officer, Treasurer and School Board Attorney are each authorized and directed to execute and deliver all additional documents, contracts, instruments and certificates including documents relating to the issuance by the Series 2002 Insurer of the Series 2002 Insurance Policies, and relating to the implementation of a book-entry-only system of registration of the Series 2002 Certificates with The Depository Trust Company of New York, including the execution and delivery of a Blanket Letter of Representations, if appropriate, and to take all actions and steps, including without limitation to change the dated dates of any and all documents in the event of a delay in the issuance of the Series 2002 Certificates, on behalf of the School Board which are necessary or desirable in connection with the issuance of the Series 2002 Certificates, the execution and delivery and compliance with the provisions of the Master Lease, the Series 2002 Lease Agreements, the Series 2002 Ground Lease, the Master Trust Agreement, the Series 2002 Supplemental Trust Agreement, the Series 2002 Assignment Agreement, the Purchase Contracts

and the Disclosure Agreement, or the acquisition, construction and financing of the Series 2002 Facilities, and which are not inconsistent with the terms and provisions of this Resolution.

Section 12. If any section, paragraph, clause or provision of this Resolution shall be held invalid by any court of competent jurisdiction, such holding shall not affect any other section, paragraph, clause or provision of this Resolution.

Section 13. All resolutions or portions thereof previously adopted by the School Board which are inconsistent with the provisions of this resolution are hereby repealed to the extent of such inconsistency.

Section 14. This Resolution shall take effect immediately upon its adoption.

Adopted this 11th day of December, 2002.

Chair, The School Board of Miami-Dade
County, Florida

Attest:

Secretary, The School Board
of Miami-Dade County, Florida

EXHIBIT A

FORM OF SCHEDULE 2002-1

EXHIBIT B

FORM OF SCHEDULE 2002-2

EXHIBIT C

FORM OF SERIES 2002 GROUND LEASE

EXHIBIT D

FORM OF SERIES 2002 SUPPLEMENTAL TRUST AGREEMENT

EXHIBIT E

FORM OF SERIES 2002 ASSIGNMENT AGREEMENT

EXHIBIT F

FORM OF SERIES 2002A PURCHASE CONTRACT

EXHIBIT G

FORM OF SERIES 2002B PURCHASE CONTRACT

EXHIBIT H

DRAFT OF SERIES 2002 OFFERING STATEMENT

EXHIBIT I

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

EXHIBIT J

FORM OF AUCTION AGENT AGREEMENT

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS: (See "RATINGS" herein)

\$150,000,000
CERTIFICATES OF PARTICIPATION, SERIES 2002
Evidencing Undivided Proportionate Interests of the
Owners thereof in Basic Lease Payments to be made by
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
As Lessee, Pursuant to a Master Lease Purchase Agreement
with Miami-Dade County School Board Foundation, Inc., as Lessor

consisting of

\$75,000,000 Series 2002A

and

\$75,000,000 Series 2002B

Dated: Date of Issuance **Price: 100%** **Due: _____, 20__**

Series 2002A

Initial Auction Period: 35-day	First Auction Date: ____, 200[2][3]	First Interest Payment Date: ____, 200[2][3]	Initial CUSIP No.
--	---	--	--------------------------

Series 2002B

Initial Auction Period: 35-day	First Auction Date: ____, 200[2][3]	First Interest Payment Date: ____, 200[2][3]	Initial CUSIP No.
--	---	--	--------------------------

The Certificates of Participation, Series 2002A (the "Series 2002A Certificates") and the Certificates of Participation, Series 2002B (the "Series 2002B Certificates" and, together with the Series 2002A Certificates, the "Series 2002 Certificates") offered hereby evidence undivided proportionate interests in Basic Lease Payments to be made by The School Board of Miami-Dade County, Florida (the "School Board"), acting as the governing body of the School District of Miami-Dade County, Florida (the "District"), pursuant to a Master Lease Purchase Agreement dated as of August 1, 1994 (the "Master Lease") with Miami-Dade County School Board Foundation, Inc. (the "Foundation"), as supplemented by (i) Schedule 2002-1 dated as of December 1, 2002 (together with the Master Lease, the "Series 2002-1 Lease") and (ii) Schedule 2002-2 dated as of December 1, 2002 (together with the Master Lease, the "Series 2002-2 Lease" and, together with the Series 2002-1 Lease, the "Series 2002 Leases"), which leases provide for the lease purchase financing of certain real property and educational facilities by the School Board. The Series 2002 Leases and any other leases entered into pursuant to the Master Lease shall be referred to collectively as the "Leases".

The interest portion of the Basic Lease Payments represented by the Series 2002 Certificates will be payable on each Interest Payment Date (as described herein). The interest portion of the Basic Lease Payments represented by Series 2002A Certificates for the initial Auction Rate Period which commences on the date of original issuance will be determined at a rate established by Bear, Stearns & Co. Inc., prior to the delivery of the Series 2002A Certificates. The interest portion of the Basic Lease Payments represented by Series 2002B Certificates for the initial Auction Rate Period which commences on the date of issuance will be determined at a rate established by Salomon Smith Barney, prior to the delivery of the Series 2002B Certificates. After the initial Auction Rate Period, the interest portion of Basic Lease Payments represented by Series 2002 Certificates for each Auction Rate Period (initially the Auction Period is 35 days) will be calculated at the Auction Rates for such periods determined pursuant to the Auction Procedures as set forth in Appendix A to the Series 2002 Supplemental Trust Agreement (defined herein) and as described in Appendix F hereto until conversion to a Fixed Rate. Prospective purchasers of the Series 2002 Certificates should carefully review the Auction Procedures and should note that such procedures provide that (i) a Bid or Sell Order constitutes a commitment to purchase or sell Series 2002 Certificates based upon the results of an Auction, (ii) Auctions will be conducted through telephone communications and (iii)

settlement for purchases and sales will be made on the Business Day following an Auction. Beneficial interests in Series 2002 Certificates may be transferred only through a Broker-Dealer or pursuant to a Bid or Sell Order placed in an Auction.

When issued, the Series 2002 Certificates will initially be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Series 2002 Certificates (the "Beneficial Owners") will not receive physical delivery of the Series 2002 Certificates. Ownership by the Beneficial Owners of the Series 2002 Certificates will be evidenced through a book-entry only system of registration. As long as Cede & Co. is the registered owner as nominee of DTC, payment of the principal portion and interest portion of the Basic Lease Payments represented by the Series 2002 Certificates will be made directly to Cede & Co., which will in turn remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners. The principal portion of the Basic Lease Payments represented by the Series 2002 Certificates is payable on the due date set forth above or earlier redemption, upon surrender at the designated corporate trust office of The Bank of New York Trust Company of Florida, N.A., Jacksonville, Florida, as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.), as Trustee. Individuals may purchase beneficial interests in the Series 2002 Certificates in the amount of \$25,000 or integral multiples thereof.

The principal portions of Basic Lease Payments represented by the Series 2002 Certificates while bearing interest at the Auction Rate are subject to (i) optional prepayment prior to maturity on the Interest Payment Date immediately following the last day of an Auction Period, (ii) mandatory and extraordinary prepayment prior to maturity as described herein and (iii) mandatory tender for purchase upon conversion to a Fixed Rate from the Auction Rate.

THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS TO MAKE LEASE PAYMENTS. LEASE PAYMENTS ARE PAYABLE FROM FUNDS APPROPRIATED BY THE SCHOOL BOARD FOR SUCH PURPOSE FROM CURRENT OR OTHER FUNDS AUTHORIZED BY LAW AND REGULATIONS OF THE STATE OF FLORIDA DEPARTMENT OF EDUCATION. NEITHER THE DISTRICT, THE SCHOOL BOARD, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION THEREOF IS OBLIGATED TO PAY, EXCEPT FROM APPROPRIATED FUNDS, ANY SUMS DUE UNDER THE SERIES 2002 LEASES FROM ANY SOURCE OF TAXATION. THE FULL FAITH AND CREDIT OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF IS NOT PLEDGED FOR PAYMENT OF SUCH SUMS DUE THEREUNDER AND SUCH SUMS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NEITHER THE FOUNDATION, THE TRUSTEE NOR ANY CERTIFICATE HOLDER MAY COMPEL THE LEVY OF ANY AD VALOREM TAXES BY THE SCHOOL BOARD TO PAY ANY SUMS, INCLUDING THE BASIC LEASE PAYMENTS, DUE UNDER THE SERIES 2002 LEASES. SEE "RISK FACTORS" HEREIN.

In the opinion of Co-Special Tax Counsel, assuming continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and judicial decisions, the interest portion of the Basic Lease Payments paid to the Series 2002 Certificate holders is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. See "TAX TREATMENT" for a description of the alternative minimum tax on corporations and certain other federal tax consequences of ownership of the Series 2002 Certificates. However, no opinion is expressed with respect to the federal income tax consequences of any payments received with respect to the Series 2002 Certificates following termination of the Series 2002 Leases as a result of non-appropriation of funds or the occurrence of an event of default thereunder. Co-Special Tax Counsel is further of the opinion that the Series 2002 Certificates and the Series 2002 Leases are exempt from the Florida intangible personal property tax; provided, however, that no opinion is expressed with respect to the payment or reporting of intangible personal property tax on the Series 2002 Certificates following termination of the Series 2002 Leases.

The scheduled payment of the principal portion and the interest portion of Basic Lease Payments represented by the Series 2002 Certificates, will be [guaranteed under an insurance policy to be issued concurrently

with the delivery of the Series 2002 Certificates by _____ (the "Insurer"). See "CERTIFICATE INSURANCE" herein] [To Be Determined].

[LOGO]

The Series 2002 Certificates are offered when, as and if delivered and received by the Underwriters, subject to the approving legal opinion of Greenberg Traurig, P.A., Miami, Florida and McCrary & Associates, Miami, Florida, Co-Special Tax Counsel, and certain other conditions. Certain legal matters will be passed upon for the School Board and the Foundation by their Counsel, Johnny Brown, Esq., Miami, Florida and for the Underwriters by Orrick, Herrington & Sutcliffe LLP, New York, New York and Liebler, Gonzalez & Portuondo, P.A., Miami, Florida, Co-Underwriters Counsel. It is expected that settlement on the Series 2002 Certificates will occur through the facilities of DTC, in New York, New York, on or about _____, 2002.

This cover page contains certain information for quick reference only. It is not a summary of the transaction. Investors must read the entire Offering Statement to obtain information essential to the making of an informed investment decision. This Offering Statement applies only to Series 2002 Certificates while bearing interest at Auction Rates. For a more detailed description of the Auction Procedures, see "APPENDIX F – DESCRIPTION OF THE AUCTION PROCEDURES" herein. It is currently anticipated that, should any of the Series 2002 Certificates be converted to a Fixed Rate, a remarketing memorandum or remarketing circular will be distributed describing the Series 2002 Certificates operating in such Fixed Rate Mode.

Bear, Stearns & Co. Inc.

**Underwriter of the
Series 2002A Certificates**

Salomon Smith Barney

**Underwriter of the
Series 2002B Certificates**

Dated: _____, 2002

The initial term of the Series 2002-1 Lease commences on December __, 2002 and continues through and including June 30, 2003, and is automatically renewable annually thereafter through _____, 20__ unless earlier terminated as described herein. The initial term of the Series 2002-2 Lease commences on December __, 2002 and continues through and including June 30, 2003, and is automatically renewable annually thereafter through _____, 20__ unless earlier terminated as described herein.] The School Board may enter into other Leases under the Master Lease. Failure to appropriate funds to pay lease payments under any such Lease, or certain events of default under any such Lease, will result in the termination of all Leases, including the Series 2002 Leases. 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 the Series 2002 Certificates have any interest in or right to any proceeds of the disposition of facilities leased under any Lease other than the Series 2002 Leases. Co-Special Tax Counsel will express no opinion as to tax exemption or the effect of securities laws with respect to the Series 2002 Certificates following an event of non-appropriation or certain events of default under the Master Lease which result in termination of the lease term of all Leases. Transfer of the Series 2002 Certificates may be subject to compliance with the registration provisions of state and federal securities laws following an event of non-appropriation or certain events of default under the Master Lease which result in termination of the lease term of all Leases. (See "TAX TREATMENT" and "RISK FACTORS" herein). [An event of non-appropriation or certain events of default under the Master Lease which result in termination of the lease term of all Leases will not result in termination of the certificate insurance policy issued by _____.]

**THE SCHOOL DISTRICT OF
MIAMI-DADE COUNTY, FLORIDA**

BOARD MEMBERS

Dr. Michael M. Krop - Chair
Dr. Robert B. Ingram - Vice Chair
Agustin Barrera
Frank J. Bolaños
Frank J. Cobo
Perla Tabares Hantman
Betsy H. Kaplan
Dr. Marta Pérez
Dr. Solomon C. Stinson

DISTRICT OFFICIALS

Superintendent of Schools
Merrett R. Stierheim

Chief Financial Officer
Dr. Richard H. Hinds

Treasurer
Eduardo A. Alfaro

CO-SPECIAL TAX COUNSEL

Greenberg Traurig P.A.
Miami, Florida
McCrary & Associates
Miami, Florida

SCHOOL BOARD ATTORNEY

Johnny Brown, Esquire

FINANCIAL ADVISOR

De Lara Associates
New York, New York

No dealer, broker, sales representative or other person has been authorized by the School Board or the Underwriters to give any information or to make any representations, other than those contained in this Offering Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Offering Statement does not constitute an offer to sell or a solicitation of an offer to buy any securities, nor shall there be any sale of the Series 2002 Certificates by any person in any jurisdiction in 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 School Board, _____ (the "Insurer"), DTC and other sources that are considered to be reliable and, while not guaranteed as to accuracy or completeness, is believed to be correct. However, such is not to be construed as a representation of the School Board, the Foundation, the Trustee, the Financial Advisor or the Underwriters. Any statements in this Offering Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not as representations of fact, and the School Board, the Foundation, the Trustee, the Financial Advisor and the Underwriters expressly make no representations that such estimates, assumptions and opinions will be realized or fulfilled. Neither KPMG LLP nor any other independent accountants have compiled, examined, or performed any procedures with respect to any projected, forecasted or estimated financial information contained in this Offering Statement, nor have they expressed any opinion or any other form of assurance on such information or its achievability and assume no responsibility for, and disclaim any association with, any projected or estimated financial 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 Underwriters have provided the following sentence for inclusion in this Offering Statement. The Underwriters have reviewed the information in this Offering Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

UPON ISSUANCE, THE SERIES 2002 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 LOCAL GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING STATEMENT OR APPROVED THE SERIES 2002 CERTIFICATES FOR SALE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2002 CERTIFICATES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

	Page
SUMMARY STATEMENT.....S-1	22
INTRODUCTION..... 1	22
PURPOSE OF SERIES 2002	
CERTIFICATES..... 3	22
THE SERIES 2002 CERTIFICATES..... 3	22
General..... 3	22
Auction Rate Securities..... 4	22
Auction Agent..... 5	22
Broker-Dealer..... 5	23
Orders of Existing Owners and	
Potential Owners..... 5	23
Change of Auction Period..... 5	23
Prepayment..... 5	23
Selection..... 6	23
Notice of Prepayment..... 7	24
Effect of Prepayment..... 7	24
Book-Entry Only System..... 7	24
SECURITY FOR THE SERIES 2002	
CERTIFICATES..... 10	25
General..... 10	25
Lease Payments..... 10	25
Limited Obligation of the School Board..... 11	25
Additional Leases..... 11	25
Additional Certificates..... 11	25
Outstanding Certificates..... 12	25
Non-Appropriation Risk..... 12	25
Optional Prepayment Price..... 13	25
Certificate Insurance..... 13	25
No Reserve Account for Series 2002	
Certificates..... 13	25
CERTIFICATE INSURANCE..... 13	25
Certificate Insurance Policy..... 14	25
Rights of the Insurer..... 15	25
THE SERIES 2002 PROJECT..... 15	25
The Series 2002-1 Facilities..... 16	25
The Series 2002-2 Facilities..... 16	25
Substitution of Facilities..... 17	25
Relationship to District's General	
Obligation Bonds Capital	
Improvement Program..... 18	25
ESTIMATED SOURCES AND USES OF	
FUNDS..... 18	25
SERIES 2002 CERTIFICATES PAYMENT	
SCHEDULE..... 19	25
THE MASTER LEASE PROGRAM..... 22	22
THE LEASES..... 22	22
Authority..... 22	22
Terms of Leases..... 22	22
Termination of Lease Terms..... 23	22
Effect of Termination for Non-	
Appropriation or Default..... 23	22
Lease Payments..... 23	22
Lease Covenants..... 24	22
Budget and Appropriation..... 24	22
THE FOUNDATION..... 25	22
THE SCHOOL DISTRICT OF MIAMI-	
DADE COUNTY, FLORIDA..... 25	22
General Overview..... 25	22
Administration..... 26	22
District Organization..... 28	22
Biographical Information for Certain	
Administrators..... 28	22
Personnel, Teacher Salaries and Student	
Enrollment..... 29	22
Budget Process..... 31	22
Fiscal Year 200[2][3]- Status..... 32	22
District Financial Procedures..... 32	22
General Fund Operations..... 32	22
Property Damage Insurance..... 34	22
OPERATING REVENUES OF THE	
DISTRICT..... 34	22
State Sources..... 34	22
Local Sources..... 34	22
Federal Sources..... 35	22
DISTRICT REVENUES FOR CAPITAL	
PROJECTS..... 35	22
State Sources..... 35	22
State Indebtedness on Behalf of the	
District..... 36	22
Local Capital Outlay Sources..... 36	22
Obligations Under Unrelated Lease	
Purchase Agreements..... 37	22
AD VALOREM TAX PROCEDURES..... 38	22
Property Assessment..... 38	22
Constitutional Amendment..... 38	22
Procedure for Ad Valorem Tax	
Collections..... 38	22
Assessed Value of Taxable Property..... 39	22
Ad Valorem Tax Levies and Collections..... 40	22
Ad Valorem Millage Rates..... 40	22

TABLE OF CONTENTS
(continued)

	Page
Annual Debt Service	41
Current Debt Ratios and Bonded Debt Per Capita.....	42
THE CAPITAL IMPROVEMENT PROGRAM.....	43
OVERVIEW OF THE PROGRAM	43
RISK FACTORS.....	45
ANNUAL RIGHT OF THE SCHOOL BOARD TO TERMINATE THE SERIES 2002 LEASES.....	45
LIMITATION UPON DISPOSITION; ABILITY TO SELL OR RELET	45
TAX EFFECT UPON TERMINATION.....	45
APPLICABILITY OF SECURITIES LAWS	45
LOCAL OPTION CAPITAL OUTLAY MILLAGE REVENUE	45
STATE REVENUES.....	46
ADDITIONAL INDEBTEDNESS	46
NO RIGHT OF CERTIFICATE HOLDERS TO DIRECT REMEDIES	46
LITIGATION.....	46
RATINGS.....	47
TAX TREATMENT.....	47
DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS.....	48
CERTAIN LEGAL MATTERS	48
UNDERWRITING.....	48
FINANCIAL ADVISOR.....	48
INDEPENDENT AUDITORS.....	48
FORWARD LOOKING STATEMENTS	49
CONTINUING DISCLOSURE	49
MISCELLANEOUS.....	49
APPENDIX A Economy and Descriptive Statistics of the District and Miami-Dade County, Florida.....	A-1
APPENDIX B General Purpose Financial Statements of The School Board of Miami-Dade County, Florida for Fiscal Year ended June 30, 2002 and Independent Auditors' Report.....	B-1
APPENDIX C Forms of Certain Legal Documents	C-1
Master Lease Schedule 2002-1 Schedule 2002-2 Series 2002 Ground Lease Master Trust Agreement Series 2002 Supplemental Agreement Series 2002 Assignment Agreement	
APPENDIX D Form of Continuing Disclosure Certificate	D-1
APPENDIX E Form of Legal Opinion of Co- Special Tax Counsel	E-1
APPENDIX F Description of the Auction Procedures.....	F-1
[APPENDIX G Form of Certificate Insurance Policy.....	G-1]

SUMMARY STATEMENT

THE INFORMATION CONTAINED IN THIS SUMMARY STATEMENT IS SUBJECT IN ALL RESPECTS TO THE MORE COMPLETE INFORMATION CONTAINED IN THIS OFFERING STATEMENT AND THE OFFERING OF THE SERIES 2002 CERTIFICATES TO POTENTIAL PURCHASERS IS MADE ONLY BY MEANS OF THE ENTIRE OFFERING STATEMENT. UNDER NO CIRCUMSTANCES SHALL THIS SUMMARY STATEMENT BE REMOVED FROM THE REMAINDER OF THE OFFERING STATEMENT.

Capitalized terms, if not otherwise defined, have the meanings set forth for such terms in "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS" herein.

The District and the School Board

The School District of Miami-Dade County, Florida (formerly known as the School District of Dade County, Florida and hereinafter referred to as the "District") covers the same geographic area as Miami-Dade County, Florida (formerly known as Dade County, Florida and hereinafter referred to as the "County" or "Miami-Dade County") and encompasses [31] incorporated municipalities. As of June 30, 2002, the District included 331 schools and vocational/technical centers, approximately 374,725 students and approximately 48,000 full and part-time employees, including approximately 21,000 full-time teachers and 4,750 full-time paraprofessionals and technical staff. The School Board of Miami-Dade County, Florida (formerly known as The School Board of Dade County, Florida, and hereinafter referred to as the "School Board") is the governing body of the District. See "APPENDIX A - ECONOMY AND DESCRIPTIVE STATISTICS OF THE DISTRICT AND MIAMI-DADE COUNTY, FLORIDA" herein.

The Master Lease

The School Board entered into a Master Lease Purchase Agreement, dated as of August 1, 1994 (the "Master Lease"), between the Miami-Dade County School Board Foundation, Inc., a Florida not-for-profit corporation (formerly known as the Dade County School Board Foundation, Inc. and hereinafter referred to as the "Foundation"), as lessor, and the School Board, as lessee, for the purpose of lease-purchasing from time to time certain educational facilities, sites and equipment (the "Facilities") from the Foundation. Facilities to be leased from time to time will be identified on separate lease schedules (each a "Schedule") attached to the Master Lease. Upon execution and delivery thereof, each Schedule, together with the provisions of the Master Lease, will constitute a separate lease agreement (individually a "Lease" and collectively the "Leases"). See "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS - The Master Lease Purchase Agreement" herein.

The School Board has previously entered into (i) a Series 1994A Lease dated as of August 1, 1994, as amended and restated as of June 1, 1998 and as further amended and restated as of November 1, 1998 (the "Amended and Restated Series 1994A Lease"); (ii) a Series 1996A-1 Lease and Series 1996A-2 Lease each dated as of April 15, 1996, each amended and restated as of November 1, 1998 (collectively, the "Amended and Restated Series 1996A Leases"); (iii) a Series 1996B-1 Lease, dated as of August 15, 1996, as amended and restated as of June 1, 1998 and as further amended and restated as of November 1, 1998 (the "Amended and Restated Series 1996B-1 Lease"); and (iv) a Series 1996B-2 Lease, dated as of August 15, 1996, as amended and restated as of November 1, 1998 (the "Amended and Restated Series 1996B-2 Lease" and, together with the Amended and Restated Series 1994A Lease, the Amended and Restated Series 1996A Leases and the Amended and Restated Series 1996B-1 Lease, the "Amended and Restated Leases"). In conjunction with the Amended and Restated Series 1994A Lease and the Amended and Restated Series 1996B-1 Lease the Trustee issued \$132,500,000 Certificates of Participation, Series 1998A, dated June 1, 1998, of which \$131,020,000 aggregate principal amount is currently outstanding. In conjunction with the Amended and Restated Leases the Trustee issued \$283,700,000 Certificates of Participation, Series 1998C, dated November 1, 1998, of which \$215,145,000 aggregate principal amount is currently outstanding. The School Board has also previously entered into (i) a Series 1998B-1 Lease and a Series 1998B-2 Lease, each dated as of June 1, 1998 (collectively, the "Series 1998B Leases") and in conjunction therewith the Trustee issued \$69,605,000 Certificates of Participation, Series 1998B, dated June 1, 1998, of which \$62,505,000 aggregate principal amount is currently outstanding; (ii) a Series 2000A Lease, dated September 15, 2000 (the "Series 2000A Lease") and in conjunction therewith the Trustee issued \$100,720,000 Certificates of Participation, Series 2000A, dated September 15, 2000, of which \$94,620,000 aggregate principal amount is

currently outstanding; (iii) a Series 2000 QZAB Lease, dated December 21, 2000 (the "Series 2000 QZAB Lease") and in conjunction therewith the Trustee issued \$24,508,000 Certificates of Participation, Series 2000 QZAB, dated December 21, 2000, of which \$16,199,569.65 is currently outstanding; (iv) a Series 2001-1 Lease and a Series 2001-2 Lease, each dated as of May 1, 2001 and in conjunction therewith the Trustee issued \$133,650,000 Certificates of Participation, Series 2001A, of which \$132,775,000 aggregate principal amount is currently outstanding and \$54,650,000 Certificates of Participation, Series 2001B, all of which is currently outstanding, (v) a Series 2001 QZAB Lease, dated June 1, 2001 (the "Series 2001 QZAB Lease") and in conjunction therewith the Trustee issued \$15,000,000 Certificates of Participation, Series 2001 QZAB, of which \$8,799,384 aggregate principal amount is currently outstanding and (vi) a Series 2001C Lease dated as of September 1, 2001 and in conjunction therewith the Trustee issued \$42,235,000 Certificates of Participation, Series 2001C, of which \$40,865,000 aggregate principal amount is currently outstanding.

The Trust Agreement

The Foundation has entered into a Master Trust Agreement dated as of August 1, 1994 (the "Master Trust Agreement"), with The Bank of New York Trust Company of Florida, N.A., Jacksonville, Florida, as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.), as Trustee (the "Trustee") and the Foundation has authorized the execution and delivery of a Series 2002 Supplemental Trust Agreement dated as of December 1, 2002 (the "Series 2002 Supplemental Trust Agreement") with the Trustee, pursuant to which the Series 2002 Certificates will be executed and secured under the Master Trust Agreement. The Master Trust Agreement together with the Series 2002 Supplemental Trust Agreement shall be referred to as the "Trust Agreement." See "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS - The Master Trust Agreement" herein.

Purpose of Series 2002 Certificates

The Series 2002 Leases (as defined herein) are being entered into by the School Board and the Series 2002 Certificates are being issued for the principal purpose of providing funds to finance the cost of acquisition, construction, installation and equipping of the Series 2002 Facilities (as defined herein). See "PURPOSE OF THE SERIES 2002 CERTIFICATES" herein.

The Ground Lease

The School Board will hold title to all of the sites on which the Series 2002-1 Facilities (as defined below) are located (see "THE SERIES 2002 PROJECT" herein). All of such sites are located within the District. Pursuant to the Series 2002 Ground Lease dated as of December 1, 2002 between the School Board and the Foundation (the "Series 2002 Ground Lease"), the School Board will lease or sublease, as appropriate, the Series 2002 Facility Sites (as defined herein) to the Foundation for an initial term of 35 years subject to Permitted Encumbrances (as defined in the Series 2002 Ground Lease). See "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS - The Series 2002 Ground Lease" herein.

The Assignment Agreement

Pursuant to the Series 2002 Assignment Agreement dated as of December 1, 2002 (the "Series 2002 Assignment"), the Foundation will assign by outright and absolute title to the Trustee, for the benefit of the owners of the Series 2002 Certificates, substantially all of its right, title and interest in the Series 2002 Ground Lease and the Series 2002 Leases, including its right to receive Basic Lease Payments thereunder. See "SECURITY FOR THE SERIES 2002 CERTIFICATES" and "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS - The Series 2002 Assignment" herein.

Security for the Series 2002 Certificates

The Series 2002 Certificates evidence undivided proportionate interests in Basic Lease Payments to be made by the School Board under the Series 2002 Leases. The Series 2002 Certificates' undivided proportionate interests in Basic Lease Payments under the Series 2002 Leases are payable from Basic Lease Payments made pursuant to the Series 2002 Leases.

The Series 2002 Certificates are secured by and payable from the Trust Estate established pursuant to the Trust Agreement. Neither the Foundation nor the School Board has or will mortgage or grant a security interest in their respective interests in the Series 2002 Facilities to the Trustee. However, upon termination of the Series 2002 Leases or any Additional Lease (as defined herein) in the case of an event of non-appropriation or in the case of certain events of default, each such lease provides that the School Board must surrender possession of the Facilities (as defined herein) other than Facilities consisting of personal property excluded under the terms of the applicable Lease) to the Trustee as assignee of the Foundation for disposition by sale or re-letting of its interest in the Facilities, as provided in the Trust Agreement. ANY PROCEEDS OF ANY SUCH DISPOSITION OF THE SERIES 2002 FACILITIES WILL BE APPLIED TO THE PAYMENT OF THE SERIES 2002 CERTIFICATES. IN NO EVENT WILL OWNERS OF THE SERIES 2002 CERTIFICATES HAVE ANY INTEREST IN OR RIGHT TO ANY PROCEEDS OF THE DISPOSITION OF FACILITIES FINANCED WITH THE PROCEEDS OF ANOTHER SERIES OF CERTIFICATES. Further, the Foundation has agreed in the Series 2002 Assignment that, upon any such termination of the Series 2002 Leases, upon request of the Trustee, it will transfer its interest in the Series 2002 Facilities to the Trustee or to a transferee designated by the Trustee for the remaining term of the Series 2002 Ground Lease. The School Board may not be dispossessed of the Series 2002-2 Facilities or any other personal property financed, in whole or in part, with the proceeds of Certificates. See "SECURITY FOR THE SERIES 2002 CERTIFICATES," "THE SERIES 2002 PROJECT" and "THE LEASES" herein.

Liability of the School Board

THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS TO MAKE LEASE PAYMENTS. THE LEASE PAYMENTS ARE PAYABLE SOLELY FROM FUNDS APPROPRIATED BY THE SCHOOL BOARD FOR SUCH PURPOSE FROM CURRENT OR OTHER FUNDS AUTHORIZED BY LAW AND REGULATIONS OF THE DEPARTMENT OF EDUCATION. NEITHER THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO PAY, EXCEPT FROM APPROPRIATED FUNDS, ANY SUMS DUE UNDER THE SERIES 2002 LEASES FROM ANY SOURCE OF TAXATION. THE FULL FAITH AND CREDIT OF THE DISTRICT AND THE SCHOOL BOARD IS NOT PLEDGED FOR PAYMENT OF SUCH SUMS DUE THEREUNDER AND SUCH SUMS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL BOARD OR THE DISTRICT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NEITHER THE FOUNDATION, THE TRUSTEE NOR ANY CERTIFICATE HOLDER MAY COMPEL THE LEVY OF ANY AD VALOREM TAXES BY THE SCHOOL BOARD TO PAY ANY SUMS, INCLUDING THE BASIC LEASE PAYMENTS, DUE UNDER THE SERIES 2002 LEASES. See "RISK FACTORS" herein.

Lease Payments

All Lease Payments and all other amounts required to be paid by the School Board under the Series 2002 Leases and all other Leases will be made only from legally available funds appropriated for such purpose by the School Board. See "SECURITY FOR THE SERIES 2002 CERTIFICATES - Lease Payments" and "Limited Obligation of the School Board", and "DISTRICT REVENUES FOR CAPITAL PROJECTS" herein. The Trustee will collect directly all of the Basic Lease Payments.

Local Option Millage Levy

Pursuant to law, the School Board may set an additional non-voted millage known as the "Local Option Millage Levy", in an amount not to exceed 2.0 mills, for capital outlay and maintenance purposes. Up to three-fourths of the proceeds of the 2.0 mills may be expended for payments under lease-purchase agreements for educational facilities and sites. The Local Option Millage Levy constitutes the primary source of funds to make lease payments represented by the Series 2002 Certificates and any other certificates of participation issued in connection with the Master Lease or any other lease purchase arrangement entered into by the School Board. See "SECURITY FOR THE SERIES 2002 CERTIFICATES - Limited Obligation of the School Board" and "DISTRICT REVENUES FOR CAPITAL PROJECTS - Local Capital Outlay Sources" herein.

[Certificate Insurance

The scheduled payment of the principal portion and the interest portion of Basic Lease Payments represented by the Series 2002 Certificates, when due, will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2002 Certificates by _____ (the "Insurer"). See "CERTIFICATE INSURANCE" herein] [To Be Determined].

Additional Leases

The School Board may enter into other leases under the Master Lease in order to acquire additional Facilities (an "Additional Lease" or "Additional Leases," as the case may be). Failure to appropriate funds to pay Lease Payments under any existing Lease or Additional Lease will, and an event of default under any Additional Lease may, result in the termination of the Lease Term of all Leases, including the Series 2002 Leases. Upon any such termination of the Lease Term of all Leases, the School Board must surrender possession of all Facilities, including the Series 2002 Facilities (but not the Series 2002 Facilities or any other Facilities as may be specifically excluded under the terms of any Additional Lease) to the Trustee for the remaining term of the applicable ground lease, including the Series 2002 Ground Lease. The Trustee, as assignee of the Foundation, may sell or re-let its interest in the Series 2002 Facilities for the remainder of the term of the Series 2002 Ground Lease. THE PROCEEDS OF ANY SUCH DISPOSITION OF THE SERIES 2002 FACILITIES WILL BE APPLIED TO THE PAYMENT OF THE SERIES 2002 CERTIFICATES. IN NO EVENT WILL OWNERS OF ANY SERIES OF CERTIFICATES OTHER THAN THE SERIES 2002 CERTIFICATES HAVE ANY INTEREST IN OR RIGHT TO ANY PROCEEDS OF THE DISPOSITION OF THE SERIES 2002 FACILITIES. There can be no assurance that the remedies available to the Trustee upon any such termination of the Lease Term of all Leases and the disposition of the corresponding Facilities will produce sufficient amounts to pay the outstanding series of Certificates to which such Leases and Facilities correspond. See "SECURITY FOR THE SERIES 2002 CERTIFICATES" and "THE LEASES" herein.

The School Board may, in the future, also enter into lease purchase agreements upon terms and conditions other than those in the Master Lease. Unless otherwise expressly provided in this Offering Statement, failure to make payments under any such lease purchase agreement, or an event of default under any such lease agreement, will not affect the Lease Term or cause the termination of the Series 2002 Leases or any other Leases. See "SECURITY FOR THE SERIES 2002 CERTIFICATES - Additional Leases" herein.

Additional Series of Certificates

With respect to any Additional Lease, one or more series of Certificates in addition to the Series 2002 Certificates, may be authorized by the Foundation at the request of the School Board and executed and delivered by the Trustee for the purposes set forth in the Trust Agreement. The aggregate principal amount of Additional Certificates which may be executed and delivered under the provisions of the Trust Agreement is not limited. As of the date of issuance and delivery of the Series 2002 Certificates, there shall be outstanding under the Trust Agreement, \$131,020,000 aggregate principal amount of Certificates of Participation, Series 1998A, \$62,505,000 aggregate principal amount of Certificates of Participation, Series 1998B, \$215,145,000 aggregate principal amount of Certificates of Participation, Series 1998C, \$94,620,000 aggregate principal amount of Certificates of Participation, Series 2000A, \$16,199,569.65 aggregate principal amount of Certificates of Participation, Series 2000 QZAB, \$132,775,000 aggregate principal amount of Certificates of Participation, Series 2001A, \$54,650,000 aggregate principal amount of Certificates of Participation, Series 2001B, \$8,799,384 aggregate principal amount of Certificates of Participation, Series 2001 QZAB and \$40,865,000 aggregate principal amount of Certificates of Participation, Series 2001C. See "SECURITY FOR THE SERIES 2002 CERTIFICATES - Additional Certificates" herein.

At the request of the School Board, the Foundation also has previously caused to be issued by the Trustee, under a trust agreement unrelated to the Master Trust Agreement, the Series 1993 Certificates (as hereinafter defined), which are currently outstanding in the aggregate principal amount of \$24,535,000.

Optional Prepayment

While in a Auction Mode, the Series 2002 Certificates are subject to optional prepayment prior to maturity on the Interest Payment Date immediately following the last day of an Auction Period. See "THE SERIES 2002 CERTIFICATES - Prepayment - Optional Prepayment" herein.

[Mandatory Sinking Fund Prepayment

The Series 2002 Certificates are subject to mandatory prepayment in part, by reason of sinking fund payments as described herein. See "THE SERIES 2002 CERTIFICATES – Prepayment – Mandatory Sinking Fund Prepayment" herein.]

Extraordinary Prepayment

The Series 2002 Certificates are subject to extraordinary prepayment at any time in an amount equal to the principal portion of Basic Lease Payments prepaid under the Series 2002 Leases, at a Prepayment Price of par plus the interest accrued to the Prepayment Date, (a) in whole or in part, and if in part in accordance with the Series 2002 Supplemental Trust Agreement, if there are Net Proceeds equal to or greater than ten percent (10%) of the remaining principal portion of the Basic Lease Payments relating to the Series 2002-1 Facilities as a result of damage to, destruction or condemnation of any portion of the Series 2002-1 Facilities and an election is made by the School Board under the Series 2002-1 Lease to apply the amount to the prepayment of the principal portion of Basic Lease Payments, or (b) in whole, at the election of the Insurer, if the Lease Term of all Leases is terminated because funds have not been appropriated for Lease Payments under all Leases or an event of default has occurred under any Lease and the Lease Term of all Leases is terminated. See "THE SERIES 2002 CERTIFICATES - Prepayment - Extraordinary Prepayment."

Mandatory Tender For Purchase

The Series 2002 Certificates are subject to mandatory tender for purchase upon conversion to a Fixed Rate from the Auction Mode. See "THE SERIES 2002 CERTIFICATES - Conversion to Fixed Rate - Mandatory Tender for Purchase" herein.

The Foundation

The Foundation is a Florida not-for-profit corporation organized in February, 1988 for the purpose of acting as lessor under lease purchase agreements (such as the Master Lease) with the School Board and holding title to the educational facilities constituting Projects (excepting such Facilities and other equipment and similarly excluded items which are titled in the name of the School Board) under such lease purchase agreements. The Board of Directors of the Foundation consists of the members of the School Board; its officers are School Board members and employees. There presently is no litigation pending against the Foundation.

[End of Summary Statement]

OFFERING STATEMENT

\$150,000,000
CERTIFICATES OF PARTICIPATION, SERIES 2002
Evidencing Undivided Proportionate Interests of the
Owners thereof in Basic Lease Payments to be made by
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
As Lessee, Pursuant to a Master Lease Purchase Agreement
with the Miami-Dade County School Board Foundation, Inc., as Lessor

consisting of

\$75,000,000 Series 2002A
and
\$75,000,000 Series 2002B

INTRODUCTION

This Offering Statement, including the cover page, the summary statement and appendices hereto, is provided to furnish information in connection with the sale and delivery of \$75,000,000 aggregate principal amount of Certificates of Participation, Series 2002A (the "Series 2002A Certificates") and \$75,000,000 aggregate principal amount of Certificates of Participation, Series 2002B (the "Series 2002B Certificates" and, together with the Series 2002A Certificates, the "Series 2002 Certificates").

The Series 2002 Certificates evidence undivided proportionate interests of the owners thereof in the Basic Lease Payments to be made by the School Board under the Series 2002 Leases (as defined herein); provided that, the Series 2002 Certificates' undivided proportionate interests in the Basic Lease Payments under the Series 2002 Leases are payable from Basic Lease Payments made pursuant to the Series 2002 Leases (see "SECURITY FOR THE SERIES 2002 CERTIFICATES – Additional Certificates" herein). The Series 2002 Certificates are being executed and delivered pursuant to a Master Trust Agreement dated as of August 1, 1994 (the "Master Trust Agreement"), as supplemented by a Series 2002 Supplemental Trust Agreement dated as of December 1, 2002 (the "Series 2002 Supplemental Trust Agreement" and collectively, the "Trust Agreement"), each between the Miami-Dade County School Board Foundation, Inc., a Florida not-for-profit corporation (the "Foundation"), and The Bank of New York Trust Company of Florida, N.A., Jacksonville, Florida, as agent for The Bank of New York (successor by acquisition to NationsBank of Florida, N.A.), as trustee (the "Trustee").

In November, 1997, the voters of Dade County voted to rename Dade County, Florida as Miami-Dade County, Florida (the "County" or "Miami-Dade County"). As a result, by appropriate actions taken by each entity, the Dade County School Board, the School District of Dade County, Florida and the Dade County School Board Foundation, Inc. are now known as the "Miami-Dade County School Board," the "School District of Miami-Dade County, Florida," and the "Miami-Dade School Board Foundation, Inc.," respectively.

The School Board of Miami-Dade County, Florida (the "School Board"), as the governing body of the School District of Miami-Dade County, Florida (the "District"), has entered into a Master Lease Purchase Agreement dated as of August 1, 1994 (the "Master Lease"), between the Foundation, as lessor and the School Board, as lessee, for the purpose of lease purchasing from time to time certain educational facilities, sites, vehicles and equipment (the "Facilities") from the Foundation. Facilities to be lease purchased from time to time will be identified on separate lease schedules (each a "Schedule") attached to the Master Lease. Upon execution and delivery thereof, each Schedule, together with the provisions of the Master Lease, will constitute a separate lease agreement (individually a "Lease" and collectively the "Leases"). Commencing _____, 2002, the School Board will lease certain Series 2002 Facilities as identified in the Series 2002 Leases (as defined herein). The Series 2002 Certificates are being issued in order to provide funds to finance the cost of acquisition, construction, installation and equipping of the Series 2002 Facilities. See "PURPOSE OF THE SERIES 2002 CERTIFICATES" and "THE SERIES 2002 PROJECT" herein.

Pursuant to the applicable provisions of Florida law, including particularly Florida Statutes, Chapters 230, 235, 236 and 237, as amended, and a resolution adopted by the School Board on December __, 2002, the School Board has authorized the execution and delivery of (i) Schedule No. 2002-1 to the Master Lease as it may be amended from time to time (together with the Master Lease, the "Series 2002-1 Lease") and (ii) Schedule No. 2002-2 to the Master Lease as it may be amended from time to time (together with the Master Lease, the "Series 2002-2 Lease" and, together with the Series 2002-1 Lease, the "Series 2002 Leases").

The initial term of the Series 2002-1 Lease commences on December __, 2002 and continues through and including June 30, 2003, and is automatically renewable annually thereafter through and including _____, 20__, unless earlier terminated as described herein. The Series 2002-1 Facilities to be lease purchased by the School Board under the Series 2002-1 Lease include certain real property and educational facilities, as more particularly described herein (the "Series 2002-1 Facilities"). See "THE LEASES" and "THE SERIES 2002 PROJECT" herein.

The initial term of the Series 2002-2 Lease commences on December __, 2002 and ends on June 30, 2003, and is automatically renewable annually thereafter through and including _____, 20__, unless earlier terminated as described herein. The Series 2002-2 Facilities to be lease purchased by the School Board under the Series 2002-2 Lease include certain vehicles and equipment, as more particularly described herein (the "Series 2002-2 Facilities" and, together with the Series 2002-1 Facilities, the "Series 2002 Facilities"). See "THE LEASES" and "THE SERIES 2002 PROJECT" herein.

The School Board will hold title to all of the sites on which the Series 2002-1 Facilities are located (the "Series 2002 Facility Sites"). All of such sites are located within the District. See "THE SERIES 2002 PROJECT" herein.

Pursuant to the Series 2002 Ground Lease dated as of December 1, 2002 (the "Series 2002 Ground Lease"), the School Board will lease the Series 2002 Facility Sites to the Foundation for an initial term commencing December __, 2002, and ending _____, 20__, subject to Permitted Encumbrances (as defined in the Series 2002 Ground Lease) and subject to extension or earlier termination as provided therein. See "THE SERIES 2002 PROJECT - The Series 2002-1 Project" and "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS - The Series 2002 Ground Lease" herein.

Pursuant to the Series 2002 Assignment Agreement dated as of December 1, 2002, (the "Series 2002 Assignment") between the Foundation and the Trustee, the Foundation has irrevocably assigned to the Trustee for the benefit of the owners of the Series 2002 Certificates, substantially all of its right, title and interest in and to the Series 2002 Ground Lease and the Series 2002 Leases, including the right to receive the Basic Lease Payments and all other amounts due under the Series 2002 Leases. See "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS - Series 2002 Assignment Agreement" herein.

[The scheduled payment of the principal portion and the interest portion of Basic Lease Payments represented by the Series 2002 Certificates, when due, will be guaranteed under a certificate insurance policy (the "Policy") issued concurrently with the delivery of the Series 2002 Certificates by _____ (the "Insurer"). See "CERTIFICATE INSURANCE" herein.]

Brief descriptions of the School Board, the District, the Policy and the Series 2002 Facilities are included in this Offering Statement together with summaries of certain provisions of the Series 2002 Certificates, the Master Lease, the Series 2002 Leases, the Trust Agreement, the Series 2002 Ground Lease and the Series 2002 Assignment. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Master Lease, the Series 2002 Leases, the Trust Agreement, the Series 2002 Ground Lease and the Series 2002 Assignment are qualified in their entirety by reference to the respective complete documents. Copies of the documents may be obtained upon written request and payment of the costs of duplication to the Trustee at 10161 Centurion Parkway, 2nd Floor, Jacksonville, Florida 32256. Capitalized terms used herein and not otherwise defined will have the meanings given them in "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS" herein.

PURPOSE OF SERIES 2002 CERTIFICATES

The Series 2002 Certificates are being issued for the principal purpose of providing funds to: (i) finance the cost of acquisition, construction, installation and equipping of the Series 2002 Facilities and (ii) pay costs associated with the issuance of the Series 2002 Certificates. The Series 2002-1 Facilities to be financed consist of certain real property and educational facilities and the Series 2002-2 Facilities to be financed consist of school buses, certain fire safety improvements, technology education labs, maintenance vehicles, replacement of portables and security cameras. See "THE SERIES 2002 PROJECT – The Series 2002 Project" herein.

THE SERIES 2002 CERTIFICATES

General

The following is a summary of certain provisions of the Series 2002 Certificates. Reference is made to the Series 2002 Certificates themselves for the complete text thereof and to the Trust Agreement, and the discussion herein is qualified by such references.

The interest portion of Basic Lease Payments represented by Series 2002 Certificates will initially be determined at an Auction Rate through the last day of the initial Auction Rate Period. Thereafter, the interest portion of Basic Lease Payments represented by Series 2002 Certificates will be determined at Auction Rates for Auction Periods (initially, 35 days). At the option of the School Board, and subject to certain restrictions, the determination of the interest portion of Basic Lease Payments represented by Series 2002 Certificates may be converted to determination at a Fixed Rate. The School Board, at its option, may elect to have some of the interest portion of Basic Lease Payments represented by the Series 2002 Certificates determined at an Auction Rate and convert the balance to determination at a Fixed Rate. On the date of any such conversion, the Series 2002 Certificates affected by such conversion will be subject to mandatory tender at a purchase price equal to 100% of the principal amount thereof, plus accrued interest; provided, however, that in the event of a failed conversion, the Series 2002 Certificates will not be subject to mandatory tender, will be returned to their owners, will automatically be converted to an Auction Period and will bear interest at the ARS Maximum Rate for such Auction Period.

The following description applies to Series 2002 Certificates while in an Auction Mode only. For a more detailed description of the Auction Procedures, see "APPENDIX F – DESCRIPTION OF THE AUCTION PROCEDURES" herein. It is currently anticipated that, should any of the Series 2002 Certificates be converted to a Fixed Rate, a remarketing memorandum or remarketing circular will be distributed describing the Series 2002 Certificates operating in such Fixed Rate Mode.

The Series 2002 Certificates are being issued in the form of Auction Rate certificates under the Trust Agreement. The Series 2002 Certificates will be dated their date of issuance and will be initially in Auction Periods of 35 days, subject to conversion in whole only to another Auction Period or in whole or in part to a Fixed Rate as the School Board shall determine. The Series 2002 Certificates will mature on _____, 20___. The Series 2002 Certificates are issuable only as fully registered Series 2002 Certificates in Authorized Denominations of \$50,000 or any integral multiple thereof while in a 35-day Auction Period. The Series 2002 Certificates shall initially be issued exclusively in "book-entry" form and ownership of one fully registered Series 2002A Certificate and one fully registered Series 2002B Certificate, in the aggregate principal amount of the Series 2002B Certificates and the Series 2002B Certificates, and will be initially registered in the name of "Cede & Co." as nominee of The Depository Trust Company, New York, New York ("DTC"). See "THE SERIES 2002 CERTIFICATES - Book-Entry Only System" herein. So long as the Series 2002 Certificates are registered in the name of Cede & Co. principal of, and interest on, the Series 2002 Certificates will be paid to Cede & Co. as the registered owner.

Interest on the Series 2002 Certificates in a Auction Mode will be computed on the basis of a 360-day year for the actual number of days elapsed.

The principal of the Series 2002 Certificates payable at maturity or earlier prepayment thereof shall represent undivided proportionate interests in the principal portion of the Basic Lease Payments due on each of the dates set forth in the Series 2002 Leases with respect to the Series 2002 Certificates.

The interest portion of the Basic Lease Payments represented by the Series 2002 Certificates will be payable (i) in a Auction Rate Period (x) for an Auction Period of 91 days or less, on the Business Day immediately succeeding the last day of such Auction Period and (y) for an Auction Period of more than 91 days, each [13th Thursday] after the first day of such Auction Period and the Business Day immediately succeeding the last day of such Auction Period, and (ii) after conversion to a Fixed Rate, on each [May 1] and [November 1] after the Conversion Date, commencing on the [May] 1 or [November] 1 specified by the School Board in its Mode Conversion Notice (each of the dates described in (i) and (ii) being an "Interest Payment Date"). Said interest component represents undivided proportionate interests in the interest portion of Basic Lease Payments due in respect of each Interest Payment Date for the Series 2002 Certificates to and including the maturity or earlier prepayment of the Series 2002 Certificates.

The principal portion and interest portion of Basic Lease Payments represented by the Series 2002 Certificates are payable in the manner set forth under "THE SERIES 2002 CERTIFICATES - Book-Entry Only System" herein.

Auction Rate Securities

General. The Series 2002A Certificates and the Series 2002B Certificates initially will be issued as Auction Rate Securities in the aggregate principal amount of \$75,000,000 and \$75,000,000, respectively. The Series 2002 Certificates will be dated the date of their issuance and will mature on the maturity date set forth on the cover page of this Offering Statement. The initial Auction Rate on the Series 2002A Certificates for the period from the date of issuance thereof through the first Auction Date will be determined by Bear, Stearns & Co. Inc., prior to delivery of the Series 2002A Certificates. The initial Auction Rate on the Series 2002B Certificates for the period from the date of issuance thereof through the first Auction Date will be determined by Salomon Smith Barney Inc., prior to delivery of the Series 2002B Certificates. Thereafter, the Auction Rate for the Series 2002 Certificates will be determined for generally successive 35-day Auction Periods through the implementation of the Auction Procedures summarized under "APPENDIX F – DESCRIPTION OF THE AUCTION PROCEDURES", unless the Auction Periods for the Series 2002 Certificates of a series is changed to a 7-day Auction Period or a series of Series 2002 Certificates is converted to a Fixed Rate as provided in the Trust Agreement. While bearing interest at an Auction Rate, the Series 2002 Certificates will be issued in fully registered form without coupons in denominations of \$25,000 while in a 7-day Auction Period or \$50,000 while in a 35-day Auction Period, or any integral multiple thereof, subject to the book-entry procedures described herein.

While the Auction Rate Securities are book-entry certificates, as described below, payment of the principal and tender price of, premium, if any, and interest on any Auction Rate Securities will be made by wire transfer to DTC, to the account of Cede & Co. The interest on the Auction Rate Securities will be payable on the business day immediately following each Auction Period for such Series 2002 Certificates (an "ARS Interest Payment Date"). In the event the Auction Rate Securities are no longer book-entry certificates, principal and tender price of and premium, if any, on the Auction Rate Securities will be payable at the designated corporate trust office of the Trustee, and interest payments on the Auction Rate Securities are to be made by check mailed on the date due by the Trustee to the registered owners of such Auction Rate Securities as of the ARS Record Date (as defined below herein); provided, however, that if a holder or group of holders of \$1,000,000 or more aggregate outstanding principal amount of the Auction Rate Securities gives the Trustee written notice of such holding accompanied by sufficient wire transfer instructions, the payments of principal and tender price of, premium, if any, and interest on the Auction Rate Securities (other than the final payment of principal thereof) will be payable by wire transfer of immediately available funds on the date due. The "ARS Record Date" with respect to the Auction Rate Securities will be the second business day next preceding each ARS Interest Payment Date.

Transfer and Payment. In the event the Book-Entry Only System is discontinued, the following provisions will apply. The Series 2002 Certificates may be registered as transferred by the registered owner thereof or such owner's attorney or legal representative duly authorized in writing, upon presentation thereof accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by such owner's duly authorized attorney or legal representative. Any Series 2002 Certificate may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Series 2002 Certificates of the same series and maturity and of other authorized denominations. The Trustee and the School Board may charge a fee covering taxes, fees or other

governmental charges required to be paid in connection with any exchange or registration of transfer of any Series 2002 Certificate, except in the case of issuance of a Series 2002 Certificate for the unredeemed portion of a Series 2002 Certificate surrendered for redemption. Neither the School Board nor the Trustee will be required to register the transfer of or exchange of any Series 2002 Certificate (i) after notice calling such Series 2002 Certificate or portion thereof for redemption has been mailed or (ii) during the 15-day period next preceding the mailing of a notice of redemption of Series 2002 Certificates. For a description of the registration of transfer procedures while the Series 2002 Certificates are in the book-entry only system, see "THE SERIES 2002 CERTIFICATES – Book-Entry Only System" herein.

Applicable ARS Rate. So long as they are Auction Rate Securities, each series of Series 2002 Certificates will bear interest at rates (the "Applicable ARS Rate") established pursuant to the Auction Procedures described in "APPENDIX F – DESCRIPTION OF THE AUCTION PROCEDURES". An "ARS Interest Period" begins on and includes an ARS Interest Payment Date and ends on but excludes the next succeeding ARS Interest Payment Date; the first ARS Interest Period commences on the date of original delivery of the Auction Rate Securities. The Applicable ARS Rate will not exceed the ARS Maximum Rate. Interest on the Auction Rate Securities will be computed on the basis of a 360-day year for the actual number of days elapsed during the applicable ARS Interest Period. In certain circumstances, however, the Auction Procedure may be canceled or suspended. If the Auction Agent fails to receive a Notice of Percentage Change following its prior receipt of a Notice of Proposed Percentage Change or a Favorable Opinion authorizing an adjustment in the percentages used to determine certain rates relevant to, among others, the Applicable ARS Rate, the Auction Agent will cancel the succeeding auction and determine the applicable ARS Maximum Rate in accordance with the Auction Agent Agreement and the Applicable ARS Rate will be such ARS Maximum Rate until such conditions are satisfied. The Auction Agent will also suspend the Auction Procedures upon occurrence of any default in the payment of the principal of or premium, if any, and interest on the Auction Rate Securities. The Applicable ARS Rate for each ARS Interest Period for the Auction Rate Securities commencing after the occurrence of such default, unless such default is cured or waived at least two business days prior to such commencement, will be the interest rate per annum equal to the lesser of (i) 265% of the Index on such date, as such percentage may be adjusted pursuant to the Trust Agreement, or (ii) 15% per annum. The Auction Agent Agreement also requires that no further auctions be held if the ownership of the Auction Rate Securities is no longer maintained in a book-entry-only system. See "THE SERIES 2002 CERTIFICATES – Auction Rate Securities" herein and "APPENDIX F – DESCRIPTION OF THE AUCTION PROCEDURES".

Auction Agent

The Trustee will enter into Auction Agreements initially with _____, with respect to the Series 2002A Certificates and _____ with respect to the Series 2002B Certificates, pursuant to which, _____ and _____ as Agents for the Trustee, shall each perform the duties of Auction Agent. The Auction Agreements will provide, among other things, that each Auction Agent will determine the Auction Rate for each Auction in accordance with the Auction Procedures.

Broker-Dealer

The Auction Agent will enter into (i) with respect to the Series 2002A Certificates, a Broker-Dealer Agreement initially with Bear, Stearns & Co. Inc., pursuant to which Bear, Stearns & Co. Inc. will perform the duties of the Broker-Dealer and (ii) with respect to the Series 2002B Certificates, a Broker-Dealer Agreement initially with Salomon Smith Barney, Inc. pursuant to which Salomon Smith Barney, Inc. will perform the duties of the Broker-Dealer.

Orders of Existing Owners and Potential Owners

The procedures for submitting orders prior to the Submission Deadline on each Auction Date is described in APPENDIX F, as are the particulars with regard to the determination of the Auction Rate and the allocation of Series 2002 Certificates bearing interest at Auction Rates.

Change of Auction Period

The School Board may change the length of an Auction Period for all Series 2002 Certificates. On the change date, any Series 2002 Certificates which are not the subject of a specific Hold Order or Bid will be deemed to be subject to a Sell Order.

Prepayment

Optional Prepayment. The Series 2002 Certificates bearing interest at a Auction Rate are subject to optional prepayment upon request of the School Board prior to maturity, as a whole or in part, on any Interest Payment Date. Such Series 2002 Certificates shall be redeemed at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest thereon, if any.

Mandatory Sinking Fund Prepayment. Series 2002 Certificates maturing on _____, 20__ are subject to mandatory prepayment prior to maturity in part, from payments of the principal portion of Basic Lease Payments under the Series 2002 Leases, through the operation of a sinking fund, on each [May 1] in the years and in the amounts set forth below at a Prepayment Price of par plus the interest accrued to the Prepayment Date [To Come]:

	[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]		
<u>[May] 1 of the Year</u>	<u>Principal Amount</u>	<u>[May] 1 of the Year</u>	<u>Principal Amount</u>
	\$		\$

*

* Final Maturity

Notwithstanding the foregoing, with respect to Auction Rate Certificates, if the Auction Period in which the mandatory sinking fund prepayment is scheduled to occur is of a duration of six (6) months or less, the mandatory sinking fund prepayment scheduled to occur on such [May 1] shall be made on the first Interest Payment Date following the Auction Rate Period during which such scheduled sinking fund prepayment would otherwise have occurred.

Extraordinary Prepayment. Series 2002 Certificates shall be subject to extraordinary prepayment in whole or in part at any time, and if in part as described below under the subheading "Selection", as shall be designated by the School Board, and by lot within a maturity in such manner as the Trustee determines to be fair and appropriate, in an amount equal to the principal portion of Basic Lease Payments prepaid under the Series 2002 Leases, at a Prepayment Price of par plus the interest accrued to the Prepayment Date, if there are Net Proceeds equal to or greater than ten percent (10%) of the remaining principal portion of the Basic Lease Payments relating to the Series 2002-1 Facilities as a result of damage, destruction or condemnation of any portion of the Series 2002-1 Facilities and an election is made by the School Board under the Master Lease to apply the amount to the prepayment in part of the principal portions of Basic Lease Payments relating to the Series 2002-1 Facilities and represented by the Series 2002 Certificates.

[At the election of the Insurer], the Series 2002 Certificates are subject to extraordinary prepayment in whole at any time, at a Prepayment Price of par plus the interest accrued to the Prepayment Date, if the Lease Term of the Series 2002 Leases is terminated either because funds have not been appropriated for Lease Payments under the Series 2002 Leases or any other Leases or the School Board has defaulted under any of the Series 2002 Leases or any other Leases.

Selection

If less than all of the Series 2002 Certificates are called for prepayment, the particular Series shall be determined in accordance with the designation of such prepayment as the principal portion of the Basic Lease Payments represented by the Series 2002A Certificates or represented by the Series 2002B Certificates and the particular Series 2002 Certificates or portions of Series 2002 Certificates to be prepaid within each Series shall be in such order of maturity as shall correspond to the due dates of the principal portions of the Basic Lease Payments due under the Series 2002 Leases by the School Board in connection with its prepayment of the principal portion of Basic Lease Payments represented by such Series 2002 Certificates or portions thereof. If less than all of the Series 2002 Certificates of like maturity shall be called for prepayment, the particular Series 2002 Certificates or portions thereof to be prepaid shall be selected by lot by the Trustee in such manner as the Trustee shall deem fair and appropriate.

The Trustee shall assign to each such Outstanding Series 2002 Certificate to be redeemed a distinctive number for each unit of principal represented by such Series 2002 Certificate equal to the applicable minimum Authorized Denomination and shall select the particular Series 2002 Certificates or portions thereof to be redeemed using such method of selection as it shall, in its discretion, deem fair and appropriate; provided, however, the portion of such Series 2002 Certificates to be redeemed and the portion of such Series 2002 Certificates to be retained by the Holder thereof shall be in the principal amount of an Authorized Denomination for the Interest Mode to which such Series 2002 Certificates are then subject, and, provided, further, that if the Series 2002 Certificates are subject to both the Fixed Mode and the Auction Mode at the time of the redemption of less than all of the Series 2002 Certificates, the Trustee shall select the Series 2002 Certificates to be redeemed which are subject to such Interest Modes in the order of priority specified by the School Board, but shall choose the particular Series 2002 Certificates or portions of Series 2002 Certificates subject to a particular Interest Mode in such manner as the Trustee in its discretion may determine. New Series 2002 Certificates representing the unredeemed balance of the principal amount of any such Series 2002 Certificate shall be issued to the registered Holder thereof, without charge therefor. Any new Series 2002 Certificate issued pursuant to the Trust Agreement shall be in any Authorized Denominations in an aggregate unpaid principal amount equal to the unredeemed portion of the Series 2002 Certificate surrendered.

The foregoing notwithstanding, as long as a book-entry only system is used for determining ownership of Series 2002 Certificates, if less than all of the Series 2002 Certificates with the same maturity date are to be prepaid, DTC and the DTC Participants (as defined herein) shall determine, by lot, which of the Series 2002 Certificates with the same maturity date are to be prepaid. See "Book-Entry Only System."

Notice of Prepayment

When prepayment of Series 2002 Certificates is required, the Trustee will mail a copy of the notice required by the Trust Agreement, postage prepaid, not less than thirty (30) days before the Prepayment Date in the case of optional prepayments, sinking fund prepayment or prepayment due to damage, destruction or condemnation of the applicable Series 2002 Facilities, and not less than five (5) days nor more than ten (10) days before the Prepayment Date in the case of prepayment for termination of the Lease Term in the event of non-appropriation or in certain events of default under any Lease, to the Holders of any Series 2002 Certificates or portions thereof to be prepaid, at their last addresses appearing upon the Series 2002 Certificates registry books, but any defect in the notice to a particular Series 2002 Certificate holder will not affect the validity of the proceedings for the prepayment of Series 2002 Certificates.

Effect of Prepayment

If, on the Prepayment Date, moneys for the payment of the Prepayment Price of the Series 2002 Certificates or portions thereof to be prepaid are held by the Trustee and available therefor on the Prepayment Date

and if notice of prepayment has been given as described above, then from and after the Prepayment Date, the interest portion of the Series 2002 Certificates or the portion thereof called for prepayment will cease to accrue. If such moneys are not available on the Prepayment Date, the principal portion represented by such Series 2002 Certificates or portions thereof will continue to bear interest until paid at the same rate as would have accrued had such Series 2002 Certificates not been called for prepayment.

Book-Entry Only System [To Be Updated]

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

DTC will act as securities depository for the Series 2002 Certificates. The Series 2002 Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Series 2002 Certificate will be issued for each maturity of each series of the Series 2002 Certificates in the aggregate principal amount of such maturity, as set forth on the inside cover page hereof, and will be deposited with DTC.

DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of beneficial interests in the Series 2002 Certificates under the DTC System must be made by or through Direct Participants, which will receive a credit for the Series 2002 Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2002 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, but Beneficial Owners are 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 2002 Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2002 Certificates, except in the event that use of the book-entry system for the Series 2002 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2002 Certificates deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2002 Certificates with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2002 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2002 Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Series 2002 Certificates are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Series 2002 Certificates. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 2002 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2002 Certificates will be made to DTC. DTC's practice is to credit Direct Participants accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the School Board or the Foundation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2002 Certificates at any time by giving reasonable notice to the School Board or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2002 Certificates are required to be printed and delivered.

The School Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2002 Certificates will be printed and delivered.

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

The Foundation and the Trustee will send any notice of prepayment or other notice only to DTC as the registered owner of the Series 2002 Certificates. If less than all of the Series 2002 Certificates are being prepaid, DTC's practice is to determine by lot the amount of the interest of each DTC Participant in such issue to be prepaid. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the prepayment of the Series 2002 Certificates called for prepayment or of any other action premised on such notice. Prepayment of portions of any maturity of the Series 2002 Certificates will reduce the outstanding principal amount of such maturity held by DTC. In such event, DTC may implement, through its book-entry system, a prepayment of beneficial interests in Series 2002 Certificates held for the account of DTC Participants in accordance with its own rules or other agreements with DTC Participants, and then DTC Participants may implement a prepayment of beneficial interests in Series 2002 Certificates for the Beneficial Owners.

THE FOUNDATION AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO THE BENEFICIAL OWNERS, DTC PARTICIPANTS OR THE PERSONS FOR WHOM DTC PARTICIPANTS ACT AS NOMINEES WITH RESPECT TO THE SERIES 2002 CERTIFICATES, FOR THE ACCURACY OF RECORDS OF DTC, CEDE & CO. OR ANY DTC PARTICIPANT WITH RESPECT TO THE CERTIFICATES OR THE PROVIDING OF NOTICE OR PAYMENT OF PRINCIPAL, OR INTEREST, OR ANY PREMIUM ON THE SERIES 2002 CERTIFICATES, TO DTC PARTICIPANTS OR BENEFICIAL OWNERS, OR THE SELECTION OF SERIES 2002 CERTIFICATES FOR PREPAYMENT.

The Foundation and the Trustee cannot give any assurances that DTC, DTC Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2002 Certificates paid to DTC or its nominee, or any prepayment or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve or act in a manner described in this Offering Statement.

Payment of Series 2002 Certificates Upon Discontinuance of Book-Entry Only System. Upon discontinuance of the book-entry only system for the Series 2002 Certificates, the principal portion or Prepayment Price of the Series 2002 Certificates will be payable at the designated corporate trust office of the Trustee, which is presently located in Jacksonville, Florida. Upon such discontinuance, the interest portion represented by the Series 2002 Certificates will be payable by check or draft of the Trustee, mailed to the registered owner at the address shown on the Series 2002 Certificate register maintained by the Trustee as of the applicable Record Date (as defined in Appendix F hereto). Such interest portion may be paid by wire transfer within the United States to registered owners of \$1,000,000 or more in aggregate principal amount of Series 2002 Certificates, upon their written request received no later than the Record Date prior to an Interest Payment Date. The Trustee may charge such registered owner a reasonable fee for the cost of the wire transfer.

SECURITY FOR THE SERIES 2002 CERTIFICATES

General

The Series 2002 Certificates evidence undivided proportionate interests in Basic Lease Payments made by the School Board under the Series 2002 Leases. The Series 2002 Certificates are secured by and payable from the trust estate established for the Series 2002 Certificates (the "Trust Estate") pursuant to the Trust Agreement. The Trust Estate consists of all estate, right, title and interest of the Trustee in and to the Basic Lease Payments under the Series 2002 Leases, and all amounts held in the funds and accounts under the Trust Agreement, as supplemented, in accordance with the provisions of the Master Lease and the Trust Agreement, including investment earnings thereon, and any and all monies received by the Trustee pursuant to the Series 2002 Leases, and the Trust Agreement, which are not required to be remitted to the School Board or the Foundation pursuant to the Master Lease or the Trust Agreement.

Neither the Trustee, as assignee of the Foundation, nor the School Board has mortgaged or granted a security interest in their respective interests in the Series 2002 Facilities to the Trustee. Upon termination of the Series 2002 Leases, in the case of an event of non-appropriation or in the case of certain events of default, the Series 2002 Leases provide that the School Board must surrender possession of the Series 2002-1 Facilities to the Trustee as assignee of the Foundation for disposition by sale or re-letting of its interest in such Facilities, as provided in the Trust Agreement, and any proceeds of any such disposition will be applied to the payment of the Series 2002, after payment of the expenses of the Trustee. The School Board may not be dispossessed of the Series 2002-2 Facilities or any other personal property financed, in whole or in part, with the proceeds of Certificates. **IN NO EVENT WILL OWNERS OF ANY SERIES OF CERTIFICATES OTHER THAN THE SERIES 2002 CERTIFICATES HAVE ANY INTEREST IN OR RIGHT TO ANY PROCEEDS OF THE DISPOSITION OF THE SERIES 2002 FACILITIES.** See "THE LEASES - Effect of Termination for Non-Appropriation or Default" herein.

Lease Payments

All Lease Payments and all other amounts required to be paid by the School Board under the Series 2002 Leases and all other Leases will be made only from legally available funds appropriated for such purpose by the School Board. The Local Option Millage Levy (as defined herein) constitutes the primary source of funds to make Lease Payments and to pay all other amounts required to be paid by the School Board under the Series 2002 Leases and all other Leases (unless otherwise provided in such other Lease). See "DISTRICT REVENUES FOR CAPITAL PROJECTS – Local Capital Outlay Sources – The Local Option Capital Outlay Millage Levy" herein.

While the Master Trust Agreement provides for the establishment and maintenance of separate Lease Payment Accounts for Facilities to be financed by a series of Certificates issued thereunder, the Series 2002 Supplemental Trust Agreement establishes a single Lease Payment Account for the Series 2002 Facilities. Lease Payments due under the 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 legally available funds appropriated by the School Board for such purpose; provided that Lease Payments with respect to a particular schedule and series of Certificates may be additionally and separately secured by a credit facility. There is no limit on the number of additional Projects that may be financed under the Master Lease. Such additional projects may be financed through the sale of additional series of Certificates under the Trust Agreement. **THE SCHOOL BOARD MAY NOT BUDGET AND APPROPRIATE FOR A PORTION OF LEASE PAYMENTS DUE FOR ALL OF THE SERIES 2002 PROJECTS**

LEASED UNDER THE MASTER LEASE; IT MUST BUDGET AND APPROPRIATE FOR ALL SUCH LEASE PAYMENTS OR NONE OF THEM. THERE CAN BE NO ASSURANCE THAT SUFFICIENT FUNDS WILL BE APPROPRIATED OR OTHERWISE BE MADE AVAILABLE TO MAKE ALL OF THE LEASE PAYMENTS DUE UNDER THE MASTER LEASE.

Limited Obligation of the School Board

THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS TO MAKE LEASE PAYMENTS. THE LEASE PAYMENTS ARE PAYABLE SOLELY FROM FUNDS APPROPRIATED BY THE SCHOOL BOARD FOR SUCH PURPOSE FROM CURRENT OR OTHER FUNDS AUTHORIZED BY LAW AND REGULATIONS OF THE DEPARTMENT OF EDUCATION. NEITHER THE DISTRICT, THE SCHOOL BOARD, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION THEREOF IS OBLIGATED TO PAY, EXCEPT FROM APPROPRIATED FUNDS, ANY SUMS DUE TO THE TRUSTEE UNDER THE SERIES 2002 LEASES FROM ANY SOURCE OF TAXATION. THE FULL FAITH AND CREDIT OF THE SCHOOL BOARD AND THE DISTRICT IS NOT PLEDGED FOR PAYMENT OF SUCH SUMS DUE THEREUNDER AND SUCH SUMS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL BOARD OR THE DISTRICT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NEITHER THE FOUNDATION, THE TRUSTEE NOR ANY CERTIFICATE HOLDER MAY COMPEL THE LEVY OF ANY AD VALOREM TAXES BY THE SCHOOL BOARD TO PAY ANY SUMS, INCLUDING THE BASIC LEASE PAYMENTS, DUE UNDER THE SERIES 2002 LEASES. See "RISK FACTORS" herein.

Additional Leases

The School Board may enter into Additional Leases under the Master Lease. Failure to appropriate funds to make Lease Payments under the Series 2002 Leases or any Additional Lease will, or certain events of default under any such Lease may, result in the termination of the Lease Term of all Leases, including the Series 2002 Leases. Upon any such termination of the Lease Term of all Leases, the School Board must surrender all Facilities, including the Series 2002-1 Facilities (but not the Series 2002-2 Facilities or such other Facilities specifically excluded under the applicable Leases) to the Trustee for sale or re-letting of the Trustee's interest. THE PROCEEDS OF ANY DISPOSITION OF THE SERIES 2002-1 FACILITIES WILL BE APPLIED TO THE PAYMENT OF THE SERIES 2002 CERTIFICATES. IN NO EVENT WILL OWNERS OF THE SERIES 2002 CERTIFICATES HAVE ANY INTEREST IN OR RIGHT TO ANY PROCEEDS OF THE DISPOSITION OF FACILITIES FINANCED WITH THE PROCEEDS OF ANOTHER SERIES OF CERTIFICATES. There can be no assurance that the remedies available to the Trustee upon any termination of the Lease Term of all Leases and the disposition of the Series 2002-1 Facilities will produce sufficient amounts to pay the Series 2002 Certificates.

In addition to the Series 2002 Leases, the School Board has previously entered into the Amended and Restated Leases, the Series 1998B Leases, the Series 2000A Lease, the Series 2000 QZAB Lease, the Series 2001 QZAB Lease under the Master Lease and the Series 2001 Leases, in connection with which there is currently outstanding \$131,020,000 aggregate principal amount of Series 1998A Certificates, \$62,505,000 aggregate principal amount of Series 1998B Certificates, \$215,145,000 aggregate principal amount of Series 1998C Certificates, \$94,620,000 aggregate principal amount of Series 2000A Certificates, \$16,199,569.65 aggregate principal amount of Series 2000 QZAB Certificates, \$132,775,000 aggregate principal amount of Series 2001A Certificates, \$54,650,000 aggregate principal amount of Series 2001B Certificates, \$8,799,384 aggregate principal amount of Series 2001 QZAB Certificates and \$40,865,000 aggregate principal amount of Series 2001C Certificates. -

For a discussion of remedies available to the Trustee in the event of the non-appropriation of funds to pay Lease Payments or in the event of default by the School Board under any Lease, see "THE LEASES - Termination of Lease Terms" and "- Effect of Termination for Non-Appropriation or Default" and "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS —The Master Lease Purchase Agreement" herein.

For additional lease purchase obligations incurred by the School Board pursuant to a separate lease purchase agreement unrelated to the Master Lease, see "DISTRICT REVENUES FOR CAPITAL PROJECTS - Obligations Under Unrelated Lease Purchase Agreement - Series 1993 Certificates" herein.

Additional Certificates

With respect to any Additional Lease, one or more series of Additional Certificates may be authorized by the Foundation at the request of the School Board and executed and delivered by the Trustee for the purpose of (a) financing the cost of acquisition, construction, installation and equipping of any Facilities or the completion thereof, (b) financing the cost of increasing, improving, modifying, expanding or replacing any Facilities, (c) paying or providing for the payment of the principal portion and interest portion of the Basic Lease Payments with respect to, or the Purchase Option Price (as described under "SECURITY FOR THE SERIES 2002 CERTIFICATES - Optional Prepayment Price") of, all or a portion of the Facilities financed from the proceeds of any series of Certificates previously executed and delivered, (d) funding a Reserve Account in an amount equal to the applicable Reserve Account Requirement, if any, (e) capitalizing the interest portion of Basic Lease Payments during construction, or (f) paying the applicable Costs of Issuance. The aggregate principal amount of Additional Certificates which may be executed and delivered under the provisions of the Trust Agreement is not limited, except as may be provided with respect to a particular series of Additional Certificates in any Supplemental Trust Agreement creating such series.

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 the Master Trust Agreement shall rank *pari passu* and be equally and ratably secured under the Master Trust Agreement with each other Certificate of such series, but not with any Certificates of any other series, (except with respect to the Series 2002A Certificates and Series 2002B Certificates as described below, or except for refunding certificates issued in the case of the partial refunding of a series of certificates or except for the issuance of completion certificates), without preference, priority or distinction of any such Certificate over any other such Certificate, except that to the extent that Basic Lease Payments available for payment to all Certificate holders are less than all amounts owed with respect to all series of Certificates on any Payment Date, such amounts available shall be applied on a pro-rata basis to Certificate holders 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 the Master Trust Agreement.

The Series 2002A Certificates shall rank *pari passu* and be equally and ratably secured under the Trust Agreement with the Series 2002B Certificates, without preference, priority or distinction of any Series 2002A Certificate over a Series 2002B Certificate or a Series 2002B Certificate over a Series 2002A Certificate.

Outstanding Certificates

Under the Master Trust Agreement, the School Board has previously caused to be issued by the Trustee, the Series 1998A Certificates which are currently outstanding in the aggregate principal amount of \$131,020,000, the Series 1998B Certificates which are currently outstanding in the aggregate principal amount of \$62,505,000, the Series 1998C Certificates which are currently outstanding in the aggregate principal amount of \$215,145,000, the Series 2000A Certificates, which are currently outstanding in the aggregate principal amount of \$94,620,000, the Series 2000 QZAB Certificates which are currently outstanding in the aggregate principal amount of \$16,199,569.65, the Series 2001A Certificates which are currently outstanding in the aggregate principal amount of \$132,775,000, the Series 2001B Certificates which are currently outstanding in the aggregate principal amount of \$54,650,000, the Series 2001 QZAB Certificates which are currently outstanding in the aggregate principal amount of \$8,799,384 and the Series 2001C Certificates which are currently outstanding in the aggregate principal amount of \$40,865,000. See "SECURITY FOR THE SERIES 2002 CERTIFICATES - Additional Leases" herein.

At the request of the School Board, the Foundation has previously caused to be issued by the Trustee under a trust agreement unrelated to the Master Trust Agreement, the Series 1993 Certificates, which are currently outstanding in the aggregate principal amount of \$24,535,000. See "SECURITY FOR THE SERIES 2002 CERTIFICATES - Additional Leases" and "DISTRICT REVENUES FOR CAPITAL PROJECTS - Obligations Under Unrelated Lease Purchase Agreement - Series 1993 Certificates" herein. There are no cross-default or cross-appropriation provisions between the Master Lease and the separate lease purchase agreement relating to the Series 1993 Certificates.

Non-Appropriation Risk

THE SCHOOL BOARD IS NOT LEGALLY REQUIRED TO APPROPRIATE MONEYS FOR THE PURPOSE OF MAKING LEASE PAYMENTS. FOR A DISCUSSION OF REMEDIES AVAILABLE TO THE TRUSTEE IN THE EVENT OF THE NON-APPROPRIATION OF FUNDS TO PAY LEASE PAYMENTS, SEE "THE LEASES - TERMINATION OF LEASE TERMS" AND "- EFFECT OF TERMINATION FOR NON-APPROPRIATION OR DEFAULT." THERE CAN BE NO ASSURANCE THAT THE REMEDIES AVAILABLE TO THE TRUSTEE IN THE EVENT OF NON-APPROPRIATION WILL PRODUCE SUFFICIENT AMOUNTS TO PAY THE SERIES 2002 CERTIFICATES AND THE OUTSTANDING CERTIFICATES.

Optional Prepayment Price

The School Board has the right to prepay all or a portion of the Basic Lease Payments represented by the Series 2002 Certificates and in connection therewith remove all or a portion of, as the case may be, the Facilities from the Series 2002 Leases from the lien of the Series 2002 Ground Lease by paying the Purchase Option Price for the specific Facilities being purchased or, to the extent permitted by law, by substituting other Facilities for the Facilities being acquired. [No such partial prepayment of the Series 2002 Certificates which is accomplished by the removal of the specific Facilities from the Series 2002 Leases and from the lien of the Series 2002 Ground Lease may be made without the prior consent of the Insurer]. The Purchase Option Price, as of each Lease Payment Date, is (i) the Basic Lease Payment then due plus the amount so designated by the School Board [and approved by the Insurer], as the remaining principal portion due with respect to such Series 2002 Facility; (ii) minus any credits pursuant to the provisions of the Series 2002 Leases; (iii) plus an amount equal to the interest to accrue with respect to the Series 2002 Certificates to be prepaid as a result of the release of such Series 2002 Facility from the Series 2002-1 Lease or Series 2002-2 Lease, as the case may be, from such Lease Payment Date to the next available date for prepaying such Series 2002 Certificates unless such prepayment shall occur on such Lease Payment Date; and (iv) plus an amount equal to a pro-rata portion of any other amounts then due and owing under the Series 2002-1 Lease or Series 2002-2 Lease, as the case may be, relating to such Series 2002 Facility, including any prepayment premiums payable on the Series 2002 Certificates prepaid.

[Certificate Insurance

The scheduled payment of the principal portion and the interest portion of Basic Lease Payments represented by the Series 2002B Certificates, when due, will be guaranteed under the certificate insurance policy to be issued concurrently with the delivery of the Series 2002 Certificates by _____. See "CERTIFICATE INSURANCE" herein.] [To Be Determined]

No Reserve Account for Series 2002 Certificates

THERE IS NO RESERVE ACCOUNT ESTABLISHED FOR THE SERIES 2002 CERTIFICATES. However, pursuant to a Supplemental Trust Agreement authorizing the issuance of any series of Certificates, there may be established and maintained a separate Reserve Account to secure the payment of the principal and/or interest portion of the Basic Lease 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 - FORMS OF CERTAIN LEGAL DOCUMENTS - The Master Trust Agreement" herein.

[CERTIFICATE INSURANCE

THE INFORMATION IN THIS SECTION CONCERNING THE CERTIFICATE INSURANCE POLICY AND THE INSURER HAS BEEN OBTAINED FROM _____; NEITHER THE SCHOOL BOARD NOR THE UNDERWRITERS TAKE RESPONSIBILITY FOR THE ACCURACY THEREOF.

The following information has been furnished by the Insurer to describe the certificate insurance policy to be issued with respect to the Series 2002B Certificates. A specimen of the certificate insurance policy is attached as Appendix G hereto.]

[Certificate Insurance Policy] [To Be Determined]

[Rights of the Insurer

Under the provisions of the Trust Agreement, the Insurer is granted certain rights and the Foundation has provided additional covenants for the benefit of the Insurer. By purchasing the Series 2002 Certificates, the holders thereof, on their own behalf and on the behalf of all subsequent holders of the Series 2002 Certificates will have consented to such provisions.]

THE SERIES 2002 PROJECT

The Series 2002 Project consists of the lease purchase financing and acquisition, construction, installation and equipping of the Series 2002 Facilities, the leasing of the Series 2002-1 Facility Sites by the School Board to the Foundation pursuant to the Series 2002 Ground Lease and the subleasing of the Series 2002-1 Facility Sites back to the School Board. The School Board will hold title to all of the Series 2002-1 Facility Sites. All of the Series 2002-1 Facilities are located in the District. Under certain conditions set forth in the Series 2002 Lease, the School Board may substitute components for the Series 2002 Project. See “– Substitution of Facilities” below. The following is a brief general description of the schools and facilities which comprise the Series 2002 Facilities.

Miami Jackson Senior High School Replacement/State School SSS. This school is to be located at 1751 N.W. 36th Street, the existing site of Miami Jackson Senior High School. This facility has a recommended student capacity of 2,715 and consists of forty-four senior high school classrooms; six science rooms; five science laboratories; a driver education classroom; two health classrooms; eleven skills laboratories; an exceptional student education suite; three art laboratories; physical education spaces; vocational spaces; media center; administration areas; student services spaces; food service spaces; auditorium and stage; music laboratories; custodial spaces; public use areas; and other areas.

South Miami Senior High School/State School . This project consists of the construction of a 900 student station addition on the site of South Miami Senior High School located at 6856 S.W. 53rd Street. The project includes senior high school classrooms, associated core spaces and infrastructure, a parking lot and a dining shelter.

Fire Code Repairs and Improvements. A portion of the Series 2002-2 Facilities consists of the continuation of a program to correct fire code deficiencies District-wide. This includes, but is not limited to, replacement of fire alarms and the installation of fire sprinkler and piping systems at various sites throughout the District.

Replacement of Portables. Under legislation recently adopted by the State legislature, the District is required to replace all portables used as classrooms which are deemed unsatisfactory based on age and/or condition. The District has elected to replace unsatisfactory portables using a combination of modular buildings (concretables) and conventional construction. The District will utilize a portion of the proceeds of the Series 2002 Certificates to provide permanent (conventional construction) classrooms at various sites. The estimated number of classrooms with associated restrooms and spaces to be constructed in this phase is seventy-seven. The estimated number of student stations to be provided is 2,025.

Repayment of the District’s Revenue Anticipation Notes, Series 2002. A portion of the proceeds of the Series 2002 Certificates will be used to repay the District’s Revenue Anticipation Notes, Series 2002 which funded various improvements and equipment such as school buses, fire code repairs, technology education laboratories, maintenance vehicles, replacement of portable classrooms, security cameras for school sites and the beginning of planning and design for the Miami Jackson Senior High School replacement and the South Miami Senior High School addition.

Estimated Series 2002 Project Budget. The following table sets forth the School Board’s current estimates of the cost of each of the facilities comprising the Series 2002 Facilities. Actual costs may be greater or less than those shown.

Facility Description

Series 2002 Facilities

Miami Jackson Senior High School Replacement	\$49,400,000
South Miami Senior High School	16,600,000
Fire Code Repairs and Improvements	23,000,000
Replacement of Portables	10,900,000
Repayment of Revenue Anticipation Notes, Series 2002	<u>43,270,000</u>
Grand Total	<u>\$143,170,000</u>

The foregoing reflects the current expectation of the School Board and the District as of the date of this Offering Statement as to the nature, scope and cost of the Series 2002 Facilities and is subject to change and amendment.

Substitution of Facilities

To the extent permitted by law [and with the prior consent of the Insurer], the School Board may substitute for any portion of the Facilities described above other facilities owned by the School Board, provided such substituted facilities (a) have the same or greater remaining useful life, (b) have a fair market value equal to or greater than the Facilities for which they are substituted, (c) are of substantially equal usefulness as the Facilities to be replaced and provide essential governmental services, (d) are free and clear of all liens and encumbrances, except Permitted Encumbrances, and (e) are approved for substitution by the Florida Department of Education. In order to effect such substitution, the Facilities to be replaced will be released from the encumbrance of the Series 2002 Leases and Series 2002 Ground Lease and the facilities to be substituted shall be incorporated into said Series 2002 Leases and Series 2002 Ground Lease.

There must also be delivered at the time of substitution an opinion of counsel as to the legality and validity of such substitution under the laws of the State, [a policy of title insurance (if required by the Insurer)] and an opinion of counsel as described in the Master Lease with respect to a substitute Facility Site. For purposes of the preceding paragraph, "fair market value" will be determined on the basis of an MAI appraisal performed by an appraiser jointly selected by the School Board and the Trustee.

Relationship to District's General Obligation Bonds Capital Improvement Program

Each of the projects described above and any additional projects financed or to be financed under the Master Lease are in addition to those facilities financed pursuant to the District's general obligation school bonds capital improvement program. See "THE CAPITAL IMPROVEMENT PROGRAM" herein. Generally, the educational facilities financed by the District under the Master Lease or similar lease purchase arrangements consist of facilities that were not included in the original authorization for the District's general obligation bonds capital improvement program.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Series 2002 Certificates, exclusive of accrued interest, shall be applied as follows:

Sources of Funds:	<u>Series 2002A</u>	<u>Series 2002B</u>	<u>Total</u>
Par Amount of Series 2002 Certificates	\$	\$	
Less: Net Original Issue Discount			
Total Sources of Funds			

Uses of Funds:

Deposit to Series 2002 Acquisition Account
Series 2002 Cost of Issuance Subaccount (1)
Bond Insurance Premium
Underwriters Discount
Total Sources of Funds

(1) Includes printing costs, counsel fees and other costs of issuance.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

SERIES 2002 CERTIFICATES PAYMENT SCHEDULE

Payment requirements on the Series 2002 Certificates, are as follows:

<u>Payment Date</u>	Series 2002 Principal Portion	Series 2002 Interest Portion ⁽¹⁾	Series 2002 Period Total	Series 2002 Annual Total
__/__/__	\$	\$	\$	\$

Total

(1) Based on an assumed Auction Rate of ___%. This rate is assumed to be in effect until the final maturity of the Series 2002 Certificates.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

**AGGREGATE PAYMENTS ON OUTSTANDING
CERTIFICATES OF PARTICIPATION**

The aggregate annual lease payment requirements on the District's outstanding Series 1993 Certificates, the Series 1998A Certificates, the Series 1998B Certificates, the Series 1998C Certificates, the Series 2000A Certificates, the Series 2000 QZAB Certificates, the Series 2001 QZAB Certificates, the Series 2001A Certificates, the Series 2001B Certificates, the Series 2001C Certificates, the Series 2002 Certificates, as of the date of delivery of the Series 2002 Certificates, are set forth below [TO BE UPDATED].

Fiscal Year Ending June 30	Series 1993 Certificates ⁽¹⁾	Series 1998A Certificates	Series 1998B Certificates	Series 1998C Certificates	Series 2000A Certificates ⁽²⁾	Series 2000 QZAB Certificates ⁽³⁾	Series 2001 QZAB Certificates ⁽³⁾⁽⁴⁾	Series 2001A Certificates	Series 2001B Certificates ⁽⁵⁾	Total
2001	\$ 4,880,858.75	\$ 6,779,750	\$ 4,985,298	\$ 24,983,821	\$ 2,932,008	--	--	--	--	\$ 44,561,735.06
2002	4,864,040.00	7,088,450	4,984,966	28,460,715	8,242,070	1,472,688.15	838,160.88	7,543,932.50	2,618,645.82	66,113,668.60
2003	4,849,195.00	7,090,385	4,974,379	28,296,465	8,329,570	1,472,688.15	838,160.88	7,528,307.50	2,922,256.92	66,301,407.20
2004	4,838,968.75	7,091,548	4,972,754	28,147,465	8,330,970	1,472,688.15	838,160.88	7,544,382.50	2,656,597.20	65,893,533.73
2005	4,817,237.50	7,091,915	4,961,504	23,735,840	8,322,745	1,472,688.15	838,160.88	9,016,657.50	4,014,159.70	64,270,907.48
2006	4,801,318.75	7,091,293	4,967,991	23,586,446	8,326,633	1,472,688.15	838,160.88	9,018,817.50	3,747,041.46	63,850,389.24
2007	4,779,950.00	7,094,540	3,132,539	23,427,371	8,312,971	1,472,688.15	838,160.88	9,020,067.50	3,744,291.65	61,822,579.43
2008	4,764,550.00	16,783,769	2,860,879	12,371,473	8,306,535	1,472,688.15	838,160.88	9,019,067.50	3,743,750.03	60,160,871.56
2009	4,741,912.50	16,789,775	3,988,771	11,258,240	8,314,051	1,472,688.15	838,160.88	9,015,423.76	3,511,246.54	59,930,268.71
2010	--	16,790,463	2,908,884	11,582,731	8,290,186	1,472,688.15	838,160.88	9,015,093.76	3,992,847.20	54,891,053.74
2011	--	16,789,388	2,916,789	11,575,956	8,284,614	1,472,688.15	838,160.88	8,997,612.50	3,515,861.97	54,391,069.75
2012	--	16,784,975	2,918,675	11,576,581	8,288,184	1,472,688.15	838,160.88	9,015,112.50	3,978,506.93	54,872,883.46
2013	--	16,790,256	2,919,781	11,573,819	8,269,321	1,472,688.15	838,160.88	9,014,712.50	3,732,174.25	54,610,913.28
2014	--	16,788,263	2,920,175	11,572,013	8,253,231	--	838,160.88	9,014,412.50	3,739,958.30	53,126,212.31
2015	--	2,375,875	4,328,319	11,570,375	8,249,084	--	--	9,018,662.50	3,735,631.94	39,277,946.94
2016	--	2,381,750	4,327,319	11,565,875	8,237,376	--	--	9,016,637.50	3,745,607.62	39,274,565.12
2017	--	2,377,125	4,331,569	11,568,375	8,222,750	--	--	9,015,562.50	3,748,177.06	39,263,558.31
2018	--	2,377,125	3,594,694	16,805,750	8,207,213	--	--	9,014,887.50	3,561,354.17	43,561,022.92
2019	--	9,279,625	3,607,194	9,892,625	8,216,569	--	--	9,018,887.50	3,913,975.71	43,928,875.71
2020	--	9,261,000	3,630,319	9,889,375	8,201,113	--	--	9,018,887.50	3,573,494.18	43,571,687.93
2021	--	1,536,750	3,625,291	17,613,625	8,189,175	--	--	9,017,137.50	3,896,111.16	43,878,089.29
2022	--	1,540,500	3,642,169	17,599,750	--	--	--	9,013,843.76	3,739,701.42	35,535,963.93
2023	--	1,538,875	3,659,294	17,579,875	--	--	--	9,016,968.76	3,722,961.76	35,517,974.27
2024	--	1,537,000	3,661,788	17,576,875	--	--	--	9,015,487.50	3,734,795.13	35,525,945.13
2025	--	1,539,750	3,684,284	17,553,875	--	--	--	9,013,887.50	3,639,888.89	35,431,685.77
2026	--	10,468,125	11,008,606	1,276,125	--	--	--	9,016,400.00	3,822,138.87	35,591,395.12
2027	--	18,865,125	3,913,184	--	--	--	--	9,017,000.00	3,648,131.11	35,443,440.49
2028	--	--	22,710,394	--	--	--	--	9,018,250.00	3,788,791.68	35,517,935.43
2029	--	--	--	--	--	--	--	9,017,750.00	3,729,105.36	12,746,855.36
2030	--	--	--	--	--	--	--	9,018,250.00	3,719,913.17	12,738,163.17
2031	--	--	--	--	--	--	--	9,014,250.00	3,727,930.54	12,742,180.54
2032	--	--	--	--	--	--	--	--	--	--
	<u>\$43,338,033</u>	<u>\$231,923,395</u>	<u>\$134,137,809</u>	<u>\$422,641,436</u>	<u>\$168,326,366</u>	<u>\$17,672,257.80</u>	<u>\$10,896,091.44</u>	<u>\$266,044,350.04</u>	<u>\$109,365,047.74</u>	<u>\$1,404,344,778.95</u>

- (1) The Series 1993 Certificates have been issued under a separate trust agreement unrelated to the Master Trust Agreement. There are no cross-default or cross-appropriation provisions between the Master Lease and the separate lease purchase agreement relating to the Series 1993 Certificates. Column does not add due to rounding.
- (2) The Series 2000A Certificates are paid from certain educational facilities impact fee revenues received from Miami-Dade County.
- (3) Estimated Series 2000 QZAB Bond and Series 2001 QZAB lease payments are shown net of projected earnings on corresponding guaranteed investment contracts.
- (4) Assumes \$15,000,000 aggregate principal amount of Series 2001 QZAB Certificates are issued.
- (5) Based on an assumed Auction Rate of 5.0%. This rate is assumed to be in effect until the final maturity of the Series 2002 Certificates.

THE MASTER LEASE PROGRAM

In order to provide for the lease purchase financing and refinancing from time to time of Facilities, the School Board has authorized the execution and delivery of the Master Lease between the School Board and the Foundation. Facilities to be leased from time to time will be identified on separate Schedules to the Master Lease. Upon execution and delivery thereof, each Schedule, together with the provisions of the Master Lease, will constitute a separate Lease. See "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS - The Master Lease Purchase Agreement."

The Series 2002 Leases are two of fourteen leases entered into under the Master Lease. In addition to the Series 2002 Leases, the School Board has previously entered into the Amended and Restated Leases, [the Series 1998A?] the Series 1998B [the Series 1998C?] Leases, the Series 2000A Lease, the Series 2000 QZAB Lease, the Series 2001 QZAB Lease and the Series 2001 Leases under the Master Lease, for the financing of [36 schools, a warehouse, a headquarters administration building annex and garage, and vehicle maintenance facilities]. UPDATE In connection with the Amended and Restated Leases, there are currently outstanding \$131,020,000 aggregate principal amount of Series 1998A Certificates and \$215,145,000 aggregate principal amount of Series 1998C Certificates. In connection with the Series 1998B Leases, there is currently outstanding \$62,505,000 aggregate principal amount of Series 1998B Certificates. In connection with the Series 2000A Lease, there is currently outstanding \$94,620,000 aggregate principal amount of Series 2000A Certificates. In connection with the Series 2000 QZAB Lease, there is currently outstanding \$16,199,569.65 aggregate principal amount of Series 2000 QZAB Certificates and in connection with the Series 2001 QZAB Lease, there is currently outstanding \$8,799,384 aggregate principal amount of Series 2001 QZAB Certificates. In connection with the Series 2001A, 2001B and 2001C Leases, there is currently outstanding \$132,775,000, \$54,650,000 and \$40,865,000 aggregate principal amount of Series 2001A, 2001B and 2001C Certificates, respectively. See "SECURITY FOR THE SERIES 2002 CERTIFICATES — Additional Leases" and "— Additional Certificates" and "THE LEASE" herein.

In addition, the School Board may, in the future, also enter into lease purchase arrangements upon terms and conditions other than those in the Master Lease. Failure to make payments under any such lease agreement, or an event of default under any such lease agreement, will not affect the Lease Term or cause the termination of the Series 2002 Leases or any other Leases.

The School Board has previously caused the Series 1993 Certificates, currently outstanding in the aggregate principal amount of \$24,535,000, to be issued on its behalf pursuant to a lease purchase arrangement unrelated to the Master Lease and the Master Trust Agreement. See "DISTRICT REVENUES FOR CAPITAL PROJECTS - Obligations Under Unrelated Lease Purchase Agreements - Series 1993 Certificates" herein.

THE LEASES

The following is a brief summary of certain provisions of the Series 2002 Leases, which is not intended to be definitive. Reference is made to "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS - Master Lease Purchase Agreement" for the complete text.

Authority

The Series 2002 Leases are entered into pursuant to the authority granted under Sections 230.23 and 235.056(2), Florida Statutes, as amended, for the purpose of providing for the acquisition, construction, installation and equipping of the Series 2002 Facilities.

Terms of Leases

Under the Series 2002-1 Lease, the Foundation leases to the School Board the Series 2002-1 Facilities. The Series 2002-1 Lease has an original Lease Term commencing on December __, 2002 through and including June 30, 2003, and is automatically renewable annually thereafter through _____, 20___, unless sooner terminated in accordance with the provisions of the Series 2002-1 Lease.

Under the Series 2002-2 Lease, the Foundation leases to the School Board the Series 2002-2 Facilities. The Series 2002-2 Lease has an original Lease Term commencing on December __, 2002 through and including June 30,

2003, and is automatically renewable annually thereafter through _____, 20___, unless sooner terminated in accordance with the provisions of the Series 2002-2 Lease.

Termination of Lease Terms

The Lease Term of each Lease, including the Series 2002 Leases, will terminate upon the earliest of any of the following events:

- (a) Each Lease will terminate on the latest Lease Payment Date set forth in such Lease;
- (b) All Leases will terminate in the event of non-appropriation of funds for the payment of Lease Payments;
- (c) All Leases will terminate upon a default by the School Board with respect to any Lease and the termination of the Lease Term of all Leases by the Trustee pursuant to the Master Lease; and
- (d) A particular Lease will terminate upon payment by the School Board of the Purchase Option Price of all the particular Facilities leased under such Lease by the School Board or upon provision for such payment pursuant to the Master Lease.

Effect of Termination for Non-Appropriation or Default

Upon termination of the Lease Terms of the Series 2002 Leases for a reason referred to in (b) or (c) under "THE LEASES - Termination of Lease Terms" above, the School Board is required to immediately surrender and deliver possession of all of the Series 2002-1 Facilities financed under the Series 2002-1 Lease to the Trustee. Upon such surrender, the Trustee will sell or re-let its interest in the Series 2002-1 Facilities in such manner and to such person or persons for any lawful purpose as it, [in its or the Insurer's sole discretion], determines to be appropriate. THE NET PROCEEDS, IF ANY, DERIVED FROM ANY SUCH SALE OR RELETING OF THE LEASEHOLD INTEREST IN THE SERIES 2002-1 FACILITIES WILL BE APPLIED FIRST TO THE PAYMENT IN FULL OF THE SERIES 2002 CERTIFICATES AND THEN AS DESCRIBED IN THE SERIES 2002-1 LEASE. IN NO EVENT WILL OWNERS OF ANY SERIES OF CERTIFICATES OTHER THAN THE SERIES 2002 CERTIFICATES HAVE ANY INTEREST IN OR RIGHT TO ANY PROCEEDS OF THE DISPOSITION OF THE SERIES 2002 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 2002-1 Facilities to the Trustee, see "APPENDIX C - FORMS OF CERTAIN LEGAL DOCUMENTS - Master Lease Purchase Agreement." The foregoing notwithstanding, under the Series 2002 Leases, the School Board may not be dispossessed of any personal property financed, in whole or in part with the proceeds of the Series 2002 Certificates.

There can be no assurance that the remedies available to the Trustee upon any termination of the Lease Terms of the Series 2002 Leases for non-appropriation or default and the disposition of the Series 2002-1 Facilities will produce sufficient amounts to pay the outstanding Series 2002 Certificates and the Series 2002 Certificates. The federal income tax status of payments made to Series 2002 Certificate holders after such termination may also be adversely affected. See "TAX TREATMENT." Further, after such termination of the Lease Terms of the Series 2002 Leases, transfer of the Series 2002 Certificates may be subject to the registration provisions of applicable federal and state securities laws. Accordingly, there is no assurance that the market for the Series 2002 Certificates will not be impaired following termination of the Lease Terms of the Series 2002 Leases.

Lease Payments

Subject to the conditions stated in the Series 2002 Leases, the School Board has expressed its current intent to make all Lease Payments due under the Series 2002 Leases. PROVIDED, HOWEVER, THAT NEITHER THE SCHOOL BOARD, THE DISTRICT, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION THEREOF, IS OBLIGATED TO PAY, EXCEPT FROM APPROPRIATED FUNDS, ANY SUMS DUE TO THE FOUNDATION UNDER THE SERIES 2002 LEASES FROM ANY SOURCE OF TAXATION, AND THE FULL FAITH AND CREDIT OF THE SCHOOL BOARD AND THE DISTRICT IS NOT PLEDGED FOR PAYMENT OF SUCH SUMS DUE THEREUNDER, AND THE SUMS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL BOARD OR THE DISTRICT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR

STATUTORY PROVISION OR LIMITATION. All Lease Payments due under the Series 2002 Leases will be made from current or other funds authorized by law and regulations of the State Department of Education and appropriated for such purpose by the School Board.

Prior to each interest or principal payment date on the Series 2002 Certificates, the School Board is required to pay to the Trustee the Basic Lease Payment then due on such date, which amount corresponds to the next succeeding payment due on the Series 2002 Certificates, as follows: (a) as to the principal portion of Basic Lease Payments, on each [April 15], commencing [April 15], 200__; and (b) as to the interest portion of Basic Lease Payments, while the Series 2002 Certificates bear interest at a Auction Rate, on the last Business Day which is at least three days prior to each Interest Payment Date.

Lease Payments due under the Series 2002 Leases may be reduced, when applicable, by amounts credited as follows:

- (a) The Trustee will deposit into the corresponding Lease Payment Subaccount interest income in accordance with the Trust Agreement and apply such interest income as provided in the Trust Agreement.
- (b) On completion of the acquisition, construction, installation and equipping of the Facilities and upon the payment of all Costs of such Facilities or on termination of the Lease Term, the amounts, if any, remaining on deposit in the Acquisition Account will be transferred to the appropriate Lease Payment Subaccount to be applied to Basic Lease Payments next coming due under the Series 2002 Leases.
- (c) The Trustee will deposit in the Lease Payment Subaccount or the Prepayment Account, as the case may be, Net Proceeds realized in the event of damage, destruction or condemnation as provided for in the Series 2002 Leases to be applied to Basic Lease Payments under the Series 2002 Leases or the Prepayment Price of the Series 2002 Certificates.

Lease Covenants

Under the Series 2002 Leases, the School Board is responsible for the acquisition, construction, installation and equipping of the Series 2002 Facilities pursuant to the specifications of the School Board, including the letting of all contracts for the acquisition, construction, installation and equipping of the Series 2002 Project. In the Series 2002 Leases, the School Board covenants that it will (i) maintain the Series 2002 Facilities at all times during the Lease Terms in good repair and condition, (ii) pay applicable taxes, assessments, utility charges and other governmental charges, and (iii) provide applicable insurance coverage which may include self insurance, including property and liability insurance, all in accordance with the terms and provisions relating to these requirements, contained in the Series 2002 Leases.

Budget and Appropriation

The cost and expense of the performance by the School Board of its obligations under the Series 2002 Leases and the incurrence of any liabilities of the School Board under such Leases including, without limitation, the payment of the corresponding Lease Payments and all other amounts required to be paid by the School Board under such Leases, are subject to and dependent upon appropriations being duly made from time to time by the School Board for such purposes. Under no circumstances will the failure of the School Board to appropriate sufficient funds constitute a default or require payment of a penalty, or in any way limit the right of the School Board to purchase or utilize educational facilities similar in function to those leased under the Series 2002 Leases.

Unless the School Board, at a public meeting held prior to the end of the then current Fiscal Year, gives notice of its intent not to appropriate the funds necessary to make the Lease Payments coming due in the following Fiscal Year under the Series 2002 Leases, the Superintendent is required to include in the Superintendent's tentative budget proposal, in a separate line item, the funds necessary to make such Lease Payments, and such Series 2002 Leases will be automatically renewed on June 30 of the current Fiscal Year, for the following Fiscal Year, subject to appropriation being made by the School Board in the final official budget. If no such appropriation is made in the final adopted budget or if no official budget is adopted as of the last day on which a final budget is required to have been adopted under Chapter 237, Florida Statutes, as amended, and applicable regulations thereunder, such Series 2002 Leases will

terminate as of the date of adoption of the final official budget or the last date on which a final budget is required to have been adopted, whichever is earlier, and under which no appropriation has been made.

If the School Board declares its intent at such public meeting prior to the end of the then current Fiscal Year not to appropriate the funds necessary to make Lease Payments under the Leases, they will not be automatically renewed for the following Fiscal Year, and shall terminate on June 30 of the then current Fiscal Year. The School Board will, however, provide written notice of any non-appropriation of funds, as described above, to the Trustee [and the Insurer] within three business days after declaring its intent not to appropriate the funds necessary to make payments under such Leases. For a discussion of the effect of termination of the Lease Term of any Lease, including the Series 2002 Leases, see "THE LEASES - Effect of Termination for Non-Appropriation or Default" herein.

THE FOUNDATION

Miami-Dade County School Board Foundation, Inc. (formerly known as Dade County School Board Foundation, Inc.) is a Florida not-for-profit corporation formed on February 29, 1988 for the purpose of acting as lessor in connection with "annual appropriation" capital financings for the School Board.

The President and Secretary of the Foundation is Merrett R. Stierheim, Superintendent of Schools; the Vice President and Treasurer is Dr. Richard H. Hinds, Chief Financial Officer. The sole member of the Foundation is the School Board. This sole membership is not assignable or otherwise transferable. There is no litigation pending against the Foundation.

Pursuant to the Series 2002 Assignment, the Foundation will assign and convey to the Trustee for the benefit of the Series 2002 Certificate holders, all of the Foundation's right, title and interest, (i) as lessee of the Series 2002-1 Facility Sites under the Series 2002 Ground Lease, and (ii) as lessor of the Series 2002-1 Facility Sites, the Series 2002-1 Facilities under the Series 2002-1 Lease. This includes, without limitation, the right of the Trustee to receive for the benefit of Certificate holders all Basic Lease Payments and other amounts required to be paid by the School Board under the Series 2002-1 Lease.

Pursuant to the Amended and Restated Leases, the Series 1998B Lease, the Series 2000A Lease, the Series 2000 QZAB Lease and the Series 2001 QZAB Lease entered into under the Master Lease, the Foundation leases to the School Board certain educational Facilities. See "THE MASTER LEASE PROGRAM" herein.

Pursuant to a separate lease purchase agreement unrelated to the Master Lease, the Foundation currently leases to the School Board a senior high school and has caused a separate series of certificates of participation to be issued in connection therewith. See "DISTRICT REVENUES FOR CAPITAL PROJECTS - Obligations Under Unrelated Lease Purchase Agreements - Series 1993 Certificates" herein.

THE SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA

General Overview

The District is the fourth largest school system in the nation as measured by student enrollment. Located at the hub of the southeast coast of Florida and in the most populous area of the State, the geographic boundaries of the District are coterminous with those of Miami-Dade County. Miami-Dade County is the largest county in the southeastern United States in both land area and population with a current population of approximately 2 million and a land area of 2,352 square miles. The District services the unincorporated areas of Miami-Dade County and all 31 municipalities within the boundaries of Miami-Dade County, including the cities of Miami, Miami Beach, Coral Gables, Hialeah and Pinecrest.

As of June 30, 2002, the District consisted of 331 schools and vocational/technical centers, approximately 374,725 students and approximately 48,000 full and part-time employees, including over 21,000 full-time teachers and approximately 4,750 full-time paraprofessionals and technical staff. Management of the District is independent of the various municipal governments of Miami-Dade County, including Miami-Dade County itself. The Tax Collector of Miami-Dade County (the "County Tax Collector") collects the ad valorem school tax for the District, but Miami-Dade County exercises no control over its expenditure.

Administration

The School Board. The School Board is a public corporation existing under the laws of the State of Florida, particularly Section 230.21, Florida Statutes, and is the governing body of the District. The School Board consists of nine members elected from single member districts. The District switched to this form of governance in November of 1996.

Under existing statutes, the School Board's duties and powers include, but are not limited to, 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, and programs for gifted students and handicapped students, including students in residential care facilities; the appointment, compensation, promotion, suspension and dismissal of employees; the establishment of courses of study and the provision of adequate instructional aids; and the establishment of a system to transport students to school or school-related activities.

The School Board also has broad financial responsibilities, including the approval of the annual budget, adoption of the school tax levy and the establishment of a system of accounting and budgetary controls.

The Chair of the School Board and the Vice Chair of the School Board are elected by the members of the School Board annually. The Superintendent of Schools is the ex-officio Secretary of the School Board.

School Board Members. The following are brief resumes of the members of the School Board with the expirations of their respective terms as indicated:

DR. MICHAEL M. KROP, CHAIR, was elected to the School Board in 1980 and re-elected in 1984, 1988, 1992, 1996 and 2000. In 1996 he was elected to represent District 3. He served as Chair of the School Board from 1987 to 1989. Dr. Krop is an orthodontist, served as chief of the orthodontics department at Mt. Sinai Hospital, and is a past president of the East Coast and Miami Beach Dental Societies. His community activities include serving on the boards of the United Way of Miami-Dade County, the Education Fund, the Milton Littman Scholarship Foundation, the Magnet School Educational Choice Association, and the Miami Museum of Science. Dr. Krop received his M.S.D. in Orthodontics from Northwestern University, D.D.S. from Temple University and B.A. from Penn State University. His term expires in November, 2004.

DR. ROBERT B. INGRAM, VICE CHAIR, was elected to the Board in 1998 to represent District 1. He serves as a Full Professor and Chairperson of the Division of Extension and Continuing Education at Florida Memorial College. Dr. Ingram's academic credentials include a Ph.D. in Applied Behavioral Science from Union Institute, Cincinnati, Ohio, as well as a Masters Degree in Administration and Supervision of Adult Education and a Bachelor of Science degree in Urban Justice from Florida International University. Dr. Ingram has been a police officer in the Miami Police Department, the Chief of Police in Opa-Locka, Florida, the Mayor of Opa-Locka and the President of the National Conference of Black Mayors and City Manager of South Miami, Florida. Dr. Ingram has received numerous awards for his dedicated community service and fostering of positive race relations. His term expires in November, 2004.

AGUSTIN BARRERA, MEMBER, was elected to the School Board in November 2002 to represent District 6. Mr. Barrera is an engineer by profession and has been active in community organizations for several years. His term expires in November, 2006.

FRANK J. BOLAÑOS, MEMBER, was appointed to the School Board by Governor Jeb Bush in July 2001 to represent District 5. Mr. Bolaños is an executive with over 20 years of strategic planning, customer service, financial services, marketing and public relations experience. In his current position as Regional Director for BellSouth The Real Yellow Pages, he is responsible for all aspects of product management and marketing activities in South Florida and throughout four Southeastern states. Mr. Bolaños is associated with a number of civic, professional and business organizations. He serves as Executive Board member of the New World School of the Arts Story Theater for Children, Director of the Hialeah-Miami Springs Northwest Dade Chamber of Commerce, and member of the Board of Governors of the Greater Miami Chamber of Commerce. Mr. Bolaños was a Councilman of the Doral Community Council, Director of the Stars/Hope Scholarship & Mentoring Program, Vice Chairman of the Executive Committee of the Greater Miami Chamber of Commerce, Director of the Inter-American Businessmen's Association, Director of the

Florida International University Alumni Association and Trustee of the United Way of Miami-Dade County. He attended Riverside, Kensington and Melrose Elementary Schools, Miami Springs Junior High School and graduated from Miami Senior High School. Mr. Bolaños has an A.A. from Miami-Dade Community College, a B.A. from Florida International University and has completed numerous executive business courses and seminars including the Strategic Planning Executive Training Seminar at Harvard School of Business. His term expires in November, 2004.

FRANK J. COBO, MEMBER, was elected to the School Board in June 2001 to represent District 7. He is president of Frank J. Cobo & Associates, Inc., a real estate company, and is associated with a number of professional and civic organizations, including the Alliance for Career Education and the Coalition for Quality Education. Mr. Cobo is a native Floridian and received his Associate of Arts degree from Miami-Dade Community College. He currently chairs the Facilities Planning and Construction Committee and the Selection Committee for Early Retirement Programs. He is a member of the Federal Programs & Grants Administration Committee and the Personnel Management & Services Committee. Mr. Cobo's term expires in November, 2004.

PERLA TABARES HANTMAN, MEMBER, was elected to the Board in 1996 and re-elected in 1998 and 2002 to represent District 4. In 1999, she was nominated and unanimously elected as Chair of the School Board and is currently serving her third term in that position. Ms. Hantman attended the University of Havana, Cuba, and Barry University in Miami, where she earned a Bachelor's Degree. In 1991, Ms. Hantman was awarded a Doctor of Humanities, Honoris Causa degree from Gregorian University of Rome, Italy. Ms. Hantman began her public service career working for the Cuban Refugee Program in the Department of Health, Education and Welfare (HEW). She later worked for the U.S. Department of State in the United States Foreign Service at the American Embassy in Mexico City. Ms. Hantman has been appointed by several Florida governors to various state executive posts, including the Florida Board of Regents, where she was a member for six years, and the Metropolitan Planning Organization where she currently serves her second term. In 1997, she received the Stephen P. Clark Children's Award for Outstanding Miami-Dade County Educator. Ms. Hantman received Florida International University's Distinguished Service Medallion in Community Service in April 2000. She chairs the Personnel Services, Media Communications and Marketing Committee. Her term expires in November, 2006.

BETSY H. KAPLAN, MEMBER, was elected to the School Board in 1988 and re-elected in 1992. In 1996 and 2000, Ms. Kaplan was re-elected to represent District 9. She served as chair of the School Board in 1993-1994 and 1994-1995. Ms. Kaplan has served as president of the Dade County Council PTA/PTSA and as region president of the Dade and Monroe Counties' PTA, and has also participated in numerous citizens' organizations related to public education. Ms. Kaplan served on the Instructional Academic Advisory Committee from 1982 to 1988, chairing the committee from 1986 to 1988, and on the Attendance Boundary Committee and the Instructional Oversight Committee. Ms. Kaplan has been a teacher for Dade County Public Schools, a college instructor, and has served as an administrative aide to a former school board member. A graduate of Miami Edison Senior High School, she holds an A.B. and a B.F.A., cum laude and magna cum laude, from Wesleyan College and Conservatory, Macon, Georgia. Her term expires in November, 2004.

DR. MARTA PÉREZ, MEMBER, was elected to the Board in 1998 and re-elected in 2002 to represent District 8. She was employed by the Miami-Dade County School System as a middle school teacher from 1974 to 1979. In 1996, Dr. Perez was elected as Community Councilwoman for Area 10 and became the first chairperson for that council. In 1996 she received her Doctorate in Philosophy from the University of Miami. While serving on the School Board, Dr. Perez has been an active member of the Elementary and Secondary School Committee, Investment Advisory Selection Committee, School Operations Committee and is the Chairperson for the Financial Affairs Committee. Dr. Perez is currently the Vice-President of the Miami-Dade School Readiness Coalition and has been elected President of the South Florida Consortium of School Boards. She is also the Miami-Dade County School Board delegate to the Florida School Boards Association where she is the Chair of the Multicultural Committee. Dr. Perez became the first Hispanic in history to earn the distinction of being a Certified School Board Member. She is a member of the National School Boards Association, Council of Urban Boards of Education and of the Council of Great City Schools. Dr. Perez is also a member of the League of Woman Voters, National Parkinson's Foundation, University of Miami Amigos Association and the Coalition of Hispanic American Women. She has also been honored with the following awards: Academic Excellence from the Graduate School of the University of Miami, Women and Power Award, American Bahamian Federation Award for Civic Leadership and Community Service, and One Nation Public Service Award. Other distinctions honoring Dr. Perez include her nomination to Phi Delta Kappa's (Education Honor Society) "Legislature of the Year," 1998, certified Parliamentarian in Florida, membership in Phi Kappa Phi Honor Society, and Phi Lambda Pi Honor Society. Her term expires in November, 2006.

DR. SOLOMON C. STINSON, MEMBER, was elected to the School Board in November 1996 and re-elected in 1998 and 2002 to represent District 2 after working 36 years in education. Starting out as a teacher, he rose through the ranks to attain the position of Deputy Superintendent for School Operations. Dr. Stinson is associated with a number of professional and civic organizations, including the Miami-Dade County Youth Fair and Exposition and Jobs of Miami. He has a B.S. from Alabama State University; an M.A. in school administration and supervision from Florida State University; and a Ph.D. in school administration from the University of Iowa. He is certified in science, elementary education, and adult education. His term expires in November, 2006.

District Organization

Superintendent of Schools. The chief executive officer of the District is the Superintendent of Schools (the "Superintendent"), who is appointed by the School Board. The Superintendent oversees operations of the school system, makes policy recommendations to the School Board, and performs the duties assigned by law and the regulations of the State Department of Education.

The Superintendent also prepares the annual budget for approval by the School Board, recommends the tax levy necessary to operate schools, is responsible for all financial transactions of the District, keeps such records as approved by the School Board, provides for the investment of available District funds and is responsible for debt issuance plans of the District. The Office of the Chief Auditor is responsible for the Audit Committee as well as conducting all internal audits and coordinating annual external audits.

Operating Offices and Bureaus. The support operations of the District are currently divided into eight major components along functional lines, as follows:

Education is responsible for the planning and improvement of the operations of all kindergarten through twelfth grade school programs. It provides direct and instructional support to schools.

Facilities Planning and Construction oversees the planning, construction and maintenance of facilities as well as acquisition of sites for their construction.

Financial Affairs includes purchasing, accounting, budget management, capital budget, and treasury management. It develops and administers the systems and procedures for forecasting, budgeting, acquiring, disbursing, receiving, investing and accounting of District funds. It also develops the School Board's annual legislative program (both State and federal) and provides staff support in the State capitol and in Washington, D.C. during legislative sessions to lobby for passage of the District's programs.

School Operations oversees the Region Superintendents. It also manages food service, pupil transportation, school boundaries and desegregation and support services.

Legislative, Labor Relations & Governmental Affairs manages all aspects of collective bargaining, labor contract administration, the conduct of arbitration on behalf of the School Board and other regulatory proceedings. It is also responsible for risk management and personnel management and services.

Management and Accountability includes management information systems (the District's computer system), school police, and the minority business enterprise program.

Federal Programs and Grants Administration is responsible for federal programs and grants administration.

Biographical Information for Certain Administrators

The following is biographical information for certain administrators of the District:

MERRETT R. STIERHEIM, SUPERINTENDENT OF SCHOOLS, was named Superintendent in October 2001. Immediately before his appointment, he served as the first Town Manager of the newly formed Town of Miami Lakes in Miami-Dade County. Mr. Stierheim recently retired as County Manager for Miami-Dade County, a position he held for the second time in his career. He first served as County Manager from 1976 to 1986 and successfully

supervised a \$5 billion countywide infrastructure expansion. After nearly ten years as County Manager, Mr. Stierheim stepped down after being recruited as CEO of the Women's Tennis Association. In 1990, he was appointed President and CEO of the Greater Miami Convention & Visitors Bureau. In 1996, Mr. Stierheim served pro bono as City Manager of the City of Miami where he uncovered a \$68 million deficit and led the effort to rescue the City's finances. More recently, he completed a similar pro bono financial review at the request of the City of Homestead. Mr. Stierheim interned and later served as Assistant City Manager in the City of Miami from 1959 to 1967; as Clearwater City Manager from 1967 to 1973; and Pinellas County Administrator from 1973 to 1976. He graduated third in his class with a Master's Degree in Governmental Administration from the Wharton Graduate School, University of Pennsylvania, and earned a Bachelor of Science from Bucknell University. He is an Air Force Cadet graduate and served as a First Lieutenant, Navigator from 1953 to 1957.

DR. RICHARD H. HINDS, CHIEF FINANCIAL OFFICER, joined the Miami-Dade County School System in 1964 as a classroom teacher. He has served as Executive Director of Budget Management, Assistant to the Associate Superintendent for Business, Chief Educational Auditor and Director of Planning and Evaluation. His current assignment includes responsibility for traditional finance functions, in addition to procurement and district purchasing, and state and federal legislative lobbying. Dr. Hinds received his Ed.D. Degree from the University of Miami in 1972 and Masters of Arts and B.A. Degrees from the Catholic University of America, Washington, D.C. Dr. Hinds also served as an adjunct graduate professor at Pepperdine University, the University of Northern Colorado and Florida International University. Dr. Hinds will retire from the School Board in 2003.

GEORGE M. BURGESS, CHIEF FINANCIAL OFFICER DESIGNATE, is the incoming Chief Financial Officer (CFO) for the District. He was hired in October 2002 to transition into the CFO position currently held by Dr. Richard H. Hinds, who is retiring from the District. Mr. Burgess will assume CFO responsibilities in March 2003. Prior to joining the School Board, Mr. Burgess was an Assistant County Manager for Miami-Dade County government. Among other duties, he was responsible for all financial, budgetary, management performance improvement, and procurement activities for the County. Over his 20-year career with Miami-Dade County he also served as Budget Director, among several other positions. Mr. Burgess holds a Bachelors Degree and Masters Degree from the University of Maine. Mr. Burgess serves on the Board of Directors for Habitat for Humanity and Florida International University's Institute of Government. He is a guest lecturer at FIU on governmental business and management affairs.

EDUARDO A. ALFARO, TREASURER, joined the Miami-Dade County Public Schools in 1986 as a Coordinator for the Division of Finance. His current responsibilities include the District's investments, treasury functions and capital finance. Mr. Alfaro holds a Masters in Business Administration from the University of Miami and a Bachelor of Arts from Biscayne College. He is a Florida Certified Public Accountant and a member of the American Institute of Certified Public Accountants, the Florida Institute of Certified Public Accountants and the Government Finance Officers Association of the U.S. and Canada. Mr. Alfaro also served as an adjunct graduate and undergraduate instructor at St. Thomas University.

Personnel, Teacher Salaries and Student Enrollment

For fiscal year 2001-2002, the District had approximately 48,000 employees. The School Board negotiates contracts with five exclusive bargaining agents representing five unions: (i) United Teachers of Dade ("UTD"); (ii) American Federation of State, County and Municipal Employees ("AFSCME"), Local 1184; (iii) Dade County School Maintenance Employee Committee ("DCSMEC"); (iv) Florida State Lodge, Fraternal Order of Police (representing the District's law enforcement officers) ("FOP"); and (v) the Dade County Schools Administrators Association, Local 77 ("DCSAA") representing professional and technical employees. The UTD and AFSCME contracts are effective from July 1, 2000 to September 30, 2003. The DCSMEC contract is effective from October 1, 2000 to September 30, 2003. The School Board has reached a tentative agreement with DCSAA for fiscal years 2000-2003 with a unit average increase of 4% for fiscal year 2000-2001. The FOP contract is effective from June 30, 2000 to June 30, 2003. For fiscal year 2001-2002, a unit average of 5.2% was granted to employees in the UTD, AFSCME and DCSMEC; FOP received a unit average of 16%; and DCSAA received a unit average of 4%.

SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA

**NUMBER OF PERSONNEL
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED <u>JUNE 30</u>	(1)	(2)	OTHER	(3)	(4)	<u>TOTAL</u>
	<u>INSTRUCTIONAL</u>	<u>ADMINISTRATIVE</u>	<u>INSTRUCTIONAL</u>	<u>OTHER NON- INSTRUCTIONAL</u>	<u>PART- TIME HOURLY</u>	
2002	21,932	2,116	2,727	10,916	10,636	48,327
2001	21,399	2,189	2,417	10,592	10,828	47,425
2000	20,760	1,951	2,373	10,385	10,417	45,886
1999	20,116	1,911	2,232	10,042	10,028	44,329
1998	19,536	1,848	2,083	9,747	10,284	43,498
1997	19,193	1,881	2,112	9,603	10,053	42,842
1996	18,868	1,861	2,762	9,465	10,160	43,116
1995	18,626	1,850	3,001	8,997	7,945	40,419
1994	17,074	1,705	2,638	8,303	8,010	37,730
1993	16,821	1,673	2,361	8,169	9,245	38,269

- (1) Elementary and Secondary Teachers, Exceptional Student Teachers, Other Teachers, Guidance/Psychological Counselors, Librarians and Other Professional Instructional Staff.
 (2) Officials, Administrators and Managers (Instructional and Non-Instructional), Consultants, Supervisors of Instruction, Principals, Assistant Principals, Community School Coordinators and Other Professional/Technical and Non-Instructional Staff.
 (3) Teacher's Aides.
 (4) Technicians, Investigators, Patrol Officers, Clerical and Secretarial Staff, Service Workers (including full-time Food Service Workers) and skilled Crafters and Laborers.

SOURCE: The School Board of Miami-Dade County – Department of Research Services.

**SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA
TEACHERS' BASE SALARIES (10 MONTHS)
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED <u>JUNE 30</u>	<u>MINIMUM SALARY</u>	<u>MAXIMUM SALARY</u>	<u>AVERAGE SALARY</u>
2002	\$32,425	\$64,275	\$45,416
2001	32,275	63,275	44,527
2000	30,000	61,000	42,980
1999	28,650	59,500	42,105
1998	28,150	58,500	42,308
1997	28,150	57,500	41,002
1996	28,000	56,000	40,255
1995	27,500	54,400	39,299
1994	26,500	52,900	36,947
1993	26,500	50,400	36,853

SOURCE: The School Board of Miami-Dade County – Department of Research Services.

**SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA
MIAMI-DADE COUNTY POPULATION AND SCHOOL
DISTRICT STUDENT ENROLLMENT
LAST TEN FISCAL YEARS⁽¹⁾**

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>MIAMI-DADE COUNTY POPULATION⁽²⁾</u>	<u>SCHOOL ENROLLMENT</u>
2002	2,313,047	374,725
2001	2,283,319	368,453
2000	2,209,300	360,202
1999	2,179,000	352,595
1998	2,148,000	345,861
1997	2,121,000	340,904
1996	2,087,000	333,444
1995	2,057,000	321,955
1994	2,010,000	312,300
1993	1,954,000	302,163

⁽¹⁾ This chart does not include enrollment in adult centers or vocational technical centers.

⁽²⁾ Population as of April 1.

SOURCE: Miami-Dade County Population - Miami-Dade County Department of Planning and Zoning; Student Enrollment - The School Board of Miami-Dade County - Department of Research Services.

Budget Process

Florida 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 Florida law, on the application of millage levies to 95 percent of the non-exempt assessed valuation of property in Miami-Dade County.

The Superintendent is responsible for recommending the tentative budget to the School Board. Florida law further requires the School Board to advertise its intent to adopt the tentative budget, including a proposed tax millage, within twenty-nine (29) days after certification of taxable property by the Property Appraiser of Miami-Dade County (the "County 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 (5) days, but not earlier than two (2) 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 County 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 eighty (80) days, but not earlier than sixty-five (65) days, after the taxable property certification by the County Property Appraiser. This public hearing usually occurs early in September.

In no event may the millage rate adopted at the final budget hearing exceed the millage rate adopted at the tentative budget hearing unless each taxpayer within the District is sent notice by mail of the taxes under the tentative adopted millage rate and the taxes under the higher rate to be adopted at the final budget hearing. The final budget is submitted to the Department of Education of the State of Florida. After the final budget hearing, the School Board

must certify the final millage rate to the County Tax Collector, the County Property Appraiser and the State Department of Revenue.

Fiscal Year 2002- Status

On June 30, 2002, the District concluded its 2002 fiscal year. The District's ending General Fund balance as of June 30, 2002 was \$1,060,000 after implementing GASB Statement #34. [ANY FURTHER EXPLANATION REQUIRED?] The District prepared its final 2003 fiscal year budget which was presented and adopted at a public hearing held on September 11, 2002. The District may make revisions to the 2001 fiscal year budget in accordance with Florida law.

In addition to the annual reports prepared by the District and submitted to the State Department of Education, the District's financial statements are audited by independent auditors. A copy of the General Purpose Financial Statements of the School Board for the fiscal year ended June 30, 2002 is presented as "APPENDIX B – General Purpose Financial Statements of The School Board of Miami-Dade County, Florida for the Fiscal Year ended June 30, 2002 and Independent Auditors' Report" herein.

District Financial Procedures

The financial and accounting practices of the District are designed to conform to generally accepted accounting principles applicable to governmental units, and the accounting records meet the standards prescribed by the Florida State Department of Education, as required by law. The accounts of governmental and agency funds are maintained on a modified accrual basis of accounting, whereby revenues are recognized when they become available and measurable and expenditures are recorded in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when the interest is due. The Supplemental Early Retirement Trust Fund is maintained on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

The financial records and accounts of the District are maintained in accordance with the principles of "fund accounting." This is the procedure by which resources are classified for accounting and reporting purposes into funds or groups of accounts that are considered separate accounting entities, each with its own assets, liabilities, fund balances, revenues and expenditures. (See "APPENDIX B - General Purpose Financial Statements of The School Board of Miami-Dade County, Florida for the Fiscal Year ended June 30, 2002 and Independent Auditors' Report" herein.)

General Fund Operations

The following table summarizes General Fund operations, including Revenues, Expenditures and Changes in General Fund Balances for the five fiscal years ended June 30, 1998 through 2002.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS*
(IN THOUSANDS)

<u>REVENUES</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Local Sources:					
Ad valorem taxes	\$ 961,591	\$ 903,884	\$ 848,120	\$ 846,619	\$ 830,726
Food Service Sales	32,294	30,383	27,862	25,043	23,780
Interest Income and Other	29,874	46,721	45,787	42,166	42,547
Local Grants and Other	<u>87,206</u>	<u>74,155</u>	<u>80,855</u>	<u>71,464</u>	<u>54,553</u>
Total Local Sources	<u>1,110,965</u>	<u>1,055,143</u>	<u>1,002,624</u>	<u>985,292</u>	<u>951,606</u>
State Sources:					
Florida Education					
Finance Program	1,097,551	1,266,189	1,059,671	1,125,260	1,039,442
Public Education Capital Outlay	18,483	38,167	27,591	32,751	44,827
Food Services	2,907	2,763	2,829	2,972	3,187
State Grants & Other	<u>301,175</u>	<u>216,056</u>	<u>312,413</u>	<u>399,239</u>	<u>267,062</u>
Total State Sources	<u>1,420,116</u>	<u>1,523,175</u>	<u>1,402,504</u>	<u>1,560,222</u>	<u>1,354,498</u>
Federal Sources:					
Federal Grants	205,563	189,077	159,065	160,287	133,505
Food Services	<u>83,451</u>	<u>79,073</u>	<u>75,390</u>	<u>74,405</u>	<u>73,502</u>
Total Federal Sources	<u>289,014</u>	<u>268,150</u>	<u>234,455</u>	<u>234,692</u>	<u>207,007</u>
TOTAL REVENUES	<u>\$2,820,095</u>	<u>\$2,846,468</u>	<u>\$2,639,583</u>	<u>\$2,780,206</u>	<u>\$2,513,111</u>
 <u>EXPENDITURES</u>					
Instructional Services	\$1,516,386	\$1,473,241	1,358,682	1,336,665	1,286,44
Instructional Support Services	244,385	239,802	222,870	214,595	200,849
Pupil Transportation Services	80,728	79,136	72,860	68,883	66,275
Plant Operation and Maintenance	299,229	302,099	273,896	266,108	247,666
School Administration	145,542	142,464	135,957	132,366	125,821
General Administration	100,136	95,488	93,614	89,037	83,127
Food Services	120,829	113,531	108,780	105,005	105,645
Capital Outlay	303,739	362,538	280,876	245,862	282,041
Debt Service	161,837	144,337	142,131	213,895	137,284
Other	<u>37,340</u>	<u>36,209</u>	<u>36,219</u>	<u>31,788</u>	<u>27,536</u>
TOTAL EXPENDITURES	<u>\$3,010,151</u>	<u>\$2,988,845</u>	<u>\$2,725,885</u>	<u>\$2,704,174</u>	<u>\$2,562,687</u>

*Unaudited.

SOURCE: The School Board of Miami-Dade County - Office of Accounting.

Property Damage Insurance

Currently, a group of 14 insurance companies headed by Lloyd's of London provides property damage insurance to the District. The District's property damage insurance coverage (covering buildings and contents) for fiscal year 2001-2002 totals \$700 million, at a premium of \$21,000,000. The District's property damage insurance is negotiated effective May 1 of each year for a period of one year. The deductible per occurrence other than losses from a named hurricane is \$500,000. In the event of a hurricane, the deductible is 1% per value per site, with a total deductible of \$10,000,000 from all losses per storm.

OPERATING REVENUES OF THE DISTRICT

The District derives its operating income from a variety of federal, state and local sources. 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 three 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 Florida State Department of Education.

The FEFP revenues received by the District for fiscal year 2001-2002 were approximately \$1,374,516,000, which includes discretionary lottery funds and local grants. The projected FEFP revenues for fiscal year 2002-2003 are approximately \$1,433,107,738.

State Categorical Programs. These are special educational program lump-sum appropriations which supplement local school district revenues in order to enhance educational and support services. Among the categorical programs for which the largest appropriations are made are Instructional Technology, Pre-Kindergarten Schooling and Transportation. Allocations for these categorical appropriations are based on funding formulae and discretionary State Department of Education grants. The majority of funds available therefrom require actual appropriation by the School Board for the purposes for which they were provided.

The 1991 Legislature eliminated most state categorical programs and flowed such funds through the FEFP. The State also created a Discretionary District Lottery Fund which districts may use to fund programs deemed appropriate for such funding by the School Board.

Local Sources

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

The Florida Constitution limits the non-voted millage rate that school boards may levy on an annual basis for operational funds to 10 mills (\$10 per \$1,000 of taxable real and personal property value). Chapter 236, Florida Statutes, as amended, further limits the millage levy for operational purposes to an amount set each year by the State appropriations act. 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 for "required local effort," which is set each year by the State Legislature. In addition to the "required local effort", school districts are entitled to levy up to .51 mills as non-voted current operating discretionary millage. Moreover, the 1994 State Legislature authorized school districts to levy not to exceed .25 mills for operating purposes designed to raise \$50 per full-time equivalent student. For districts that cannot raise \$50 per student from the .25 mills, the State will provide the difference. See "AD VALOREM TAX

PROCEDURES" herein. In addition to the operating levy limit, current law allows school districts to levy up to 2.0 mills for capital outlay and maintenance of school facilities. See "DISTRICT REVENUES FOR CAPITAL PROJECTS - Local Capital Outlay Sources" herein.

Budgeted revenues from ad valorem taxes are based on applying millage levies to 95 percent of the non-exempt assessed valuation of real and personal property within Miami-Dade County. See "AD VALOREM TAX PROCEDURES" herein.

Federal Sources

Federal revenue sources were approximately \$10,000,000 in fiscal year 2001-2002. The amount projected to be received during 2002-2003 fiscal year is approximately the same amount.

DISTRICT REVENUES FOR CAPITAL PROJECTS

The District derives its revenues for capital projects from certain State and local sources. The major categories of these revenue sources are briefly described below.

State Sources

The primary source of State educational funding contributions for the District's capital outlay requirements is the Florida Public Education Capital Outlay Program (PECO). PECO funds are derived from the gross receipts taxes for utility services levied pursuant to Chapter 203, Florida Statutes, and bonded pursuant to Article XII, Section 9 of the Florida Constitution. The method of allocating funds to the various school districts within the State is provided by State law based upon a statutory formula, a component of which is the number of students in the various districts and the proposed uses of the funds by the various districts. The State Commissioner of Education administers PECO and allocates or reallocates funds as authorized by law. PECO funds of \$45,559,212 were allocated to the District for fiscal year 2001-2002. Funding in the amount of \$31,543,631 has been allocated to the District for fiscal year 2002-2003.

On November 24, 1997, the Governor of the State of Florida signed into law a bill creating the "Public School Capital Outlay Program Act" (the "Act"). Among the several programs established by the Act is the "Classrooms First Program," which provides for the issuance by the State of revenue bonds, the proceeds of which will be distributed to the various school districts based upon a formula similar to the formula used in allocating PECO funds. As administered by the State's Department of Education, the proceeds of such revenue bonds must be applied by a school district for construction of new classroom space until all such needs have been met, and then for remodeling, renovation or major repairs. If a school district certifies that it has no unmet need for permanent classroom facilities or if its unmet needs are less than its proposed allocation of the revenue bond proceeds, it may choose to receive an annual distribution of State lottery revenues in lieu of all or a portion of its allocation of State bond proceeds. Such annual distribution must be used to construct, renovate, remodel, repair or maintain educational facilities, with priority to construction of new classroom space. In addition, in order to receive any of such state funds, a school district must fully bond all of its capital outlay and debt service funds received from motor vehicle license revenues.

The District expects to receive the entire amount of State revenue bond proceeds from the Classrooms First Program to which it is entitled and to use such funds to construct new classroom space as provided by law. As of June 30, 2002, the District has been allocated \$52,820,323 and expects to receive actual funds from the State as cash flow requires.

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

On May 1, 2001 the Florida Legislature's Office of Program Policy Analysis and Government Accountability, a unit of the Office of the Auditor General issued its report entitled "Land Acquisition Practices of the Miami-Dade County School District." The report is critical of certain of the School Board's capital planning practices, including its procedures relating to the acquisition of facility sites. It concludes that the School Board has not established effective

land acquisition and facilities planning processes, including an appraisal process for determining the market value of land to be purchased.

In response to the report the Senate Education Committee of the Florida Legislature imposed certain conditions on the release of PECO fixed capital outlay funds to the District. The legislature mandated the creation of a Land Acquisition and Facilities Advisory Board (the "Oversight Board") to be appointed by the Governor, the President of the Senate and the Speaker of the House. PECO appropriations to the District will be held in reserve by the Governor until the Commissioner of Education certifies that the recommendations of the Advisory Board relating to site acquisition and facilities planning and construction have been followed by the School Board. In 2002, the Florida Legislature expanded the scope of the Oversight Board's powers over the District to include spending for maintenance items. Neither the Series 2002 Facilities, nor the lease payments relating thereto, will be paid from PECO funds.

The Legislature also provided for the payment to the Office of Auditor General from the District's Fiscal Year 2002-2003 operating funds, the sum of \$310,000 to pay for three auditors to be located in the District's administrative offices for a period of one year.

The Oversight Board has recommended that the District privatize maintenance work in order to reduce costs and has threatened to withhold funding of PECO appropriations until the recommendation is implemented. Currently, approximately \$53,600,000 in PECO appropriations are being held in reserve pending the Oversight Board's action. The School Board is presently considering privatizing maintenance work as well as other cost reduction alternatives to be implemented during the 2002-2003 fiscal year. At this time, no final decision has been made.

State Indebtedness on Behalf of the District

The State Board of Education Capital Outlay Bonds are serviced entirely by the State using a portion of the District's share of revenue derived from automobile registrations. The annual sinking fund requirements are determined by the State Board of Administration and amounts necessary to retire bonds and pay interest are withheld from amounts due to the District. Amounts withheld and in the custody of the State as of June 30, 2001 totaled \$3,794,000; and, at June 30, 2002, amounts withheld and in the custody of the State totaled \$3,417,000.

Local Capital Outlay Sources

The Local Option Capital Outlay Millage Levy. In addition to the "required local effort" millage levy for operating purposes, school boards may set an additional non-voted millage pursuant to Section 236.25(2), Florida Statutes, known as the "Local Option Millage Levy" for capital outlay and maintenance purposes. The Local Option Millage Levy constitutes the primary source of funds to make lease payments in respect of the Series 2001B Certificates, as well as any other certificates of participation issued in connection with the Master Lease and under the School Board's lease financing evidenced by its Series 1993 Certificates. This levy may be up to 2.0 mills for new construction and remodeling; site acquisition and site improvement; auxiliary or ancillary facilities; maintenance, renovation, and repair of existing school plants; school bus purchases; driver's education vehicles and other motor vehicles; payment of costs directly related to compliance with state and federal environmental laws; payment of leasing relocatable education facilities and of renting and leasing educational facilities pursuant to Section 235.056, Florida Statutes; payment of loans approved pursuant to Sections 237.161 and 237.162, Florida Statutes; and amounts payable pursuant to lease-purchase agreements for educational facilities and sites. Payments pursuant to lease-purchase agreements for educational facilities and sites are authorized in an amount not to exceed three-fourths the proceeds of the 2.0 mills. The School Board is not required to levy any millage for capital outlay purposes in the future. Since revenues from the levy of the Local Option Millage Levy may be used for, but not pledged to, the payment of Basic Lease Payments under the Series 2002 Leases, the District's failure to levy all or a portion of the Local Option Millage Levy could have an adverse effect on the District's ability to make appropriations from which to make Basic Lease Payments on all the Leases. The School Board assessed a capital outlay and maintenance levy of 2.0 mills in fiscal year 2001-2002 and has assessed such 2.0 mills levy in each of the past 8 years.

The following table sets forth the millage levy that would provide 1.00x coverage of the maximum annual payments represented by the Series 1993, Series 1998A, Series 1998B, Series 1998C, Series 2000A, Series

2000QZAB, Series 2001QZAB, Series 2001A, Series 2001B, Series 2001C and Series 2002 Certificates, assuming a 95% collection of the taxes levied.

**Anticipated Local Option Millage Levy Required
to Cover Certificate Payments**

	Fiscal Year Ended <u>June 30, 2000</u>
Net Taxable Assessed Valuation	\$104,744,430,000 ⁽¹⁾
Funds Generated from 1 Mill Levy	\$100,474,443 ⁽²⁾
Maximum Annual Lease Payments represented by the Series 1993, Series 1998A, Series 1998B, Series 1998C, Series 2000A, Series 2000 QZAB, Series 2001QZAB, Series 2001A, Series 2001B, Series 2001C and Series 2002 Certificates ^{(3), (4)}	\$ _____
Minimum Millage Levy Required to Produce 1.00x Coverage of Maximum Annual Lease Payments represented by the Series 1993, Series 1998A, Series 1998B, Series 1998C, Series 2000A, Series 2000 QZAB, Series 2001QZAB, Series 2001A, Series 2001B, Series 2001C and Series 2002 Certificates ^{(3), (4), (5)}	_____ mills

- (1) Based on Miami-Dade County's certified roll for the fiscal year ending September 30, 2002. The basis of assessed value is approximately one hundred percent (100%) of actual value. For each fiscal year ending September 30, property is valued as of the preceding January 1.
- (2) Calculated using 95% of the net taxable assessed valuation.
- (3) The Series 2000A Certificates and Series 2001C Certificates are expected to be paid from certain educational facilities impact fee revenues received from Miami-Dade County.
- (4) Assumes [\$150,000,000] aggregate principal amount of Series 2002 Certificates are issued at an assumed Auction Rate producing a true interest cost of __%,.
- (5) Assumes only three-fourths of such levy is available to make lease payments.

Source: School District of Miami-Dade County, Florida.

General Obligation Debt. In addition to the School Board-set levies, qualified electors, by referendum, may vote an additional millage levy for District operation and capital outlay purposes, as prescribed by the Florida Constitution and applicable statutes. Qualified electors within the District may authorize issuance of general obligation bonds to be retired by a millage levy. On March 8, 1988, pursuant to Florida Statutes, Section 236.37, qualified electors of the District approved a referendum authorizing the School Board to issue general obligation bonds in an aggregate principal amount not exceeding \$980 million to be issued from time to time. Subsequently, the District has issued all of the \$980 million of its general obligation school bonds the proceeds of which have been used to pay a portion of the cost of the District's Capital Improvement Program. Principal and interest on the authorized bonds will be paid from ad valorem school district taxes levied on all taxable real and personal property within the District, excluding exempt property as required by Florida law.

Obligations Under Unrelated Lease Purchase Agreements

Generally. The School Board may, in the future, enter into lease purchase agreements upon terms and conditions other than those in the Master Lease. Unless otherwise expressly provided in this Offering Statement, failure to make payments under any such lease purchase agreements, or an event of default under any such lease purchase agreement, will not affect the Lease Term or cause the termination of the Series 2002 Leases or any other Leases. See "SECURITY FOR THE SERIES 2002 CERTIFICATES - Additional Leases" herein.

Series 1993 Certificates. On March 29, 1988, the School Board entered into a Lease Purchase Agreement, dated as of March 1, 1988, with the Foundation, to finance the acquisition and construction of a senior high school (the "G. Holmes Braddock Facility") and appurtenant equipment and other property to be operated by the School Board. In addition, on March 29, 1988, the School Board, as lessor, entered into a Ground Lease (the "1988 Ground Lease") with

the Foundation for the G. Holmes Braddock Facility site and all improvements, whereby the Foundation agreed to make a one time nominal lease payment to the School Board. The 1988 Ground Lease term for the G. Holmes Braddock Facility site commenced on March 1, 1988 and will end on June 30, 2013. Also, on March 29, 1988, \$50,000,000 Certificates of Participation, Series A (the "Series 1988 Certificates") were issued to third parties, evidencing undivided proportionate interests in basic lease payments to be made by the School Board, as lessee, pursuant to said Lease Purchase Agreement. Fee title to the G. Holmes Braddock Facility and the G. Holmes Braddock Facility site is in the name of the School Board. The Foundation's interest in the Lease Purchase Agreement and the 1988 Ground Lease were assigned to Chemical Bank, as trustee. The School Board was responsible for the construction of the G. Holmes Braddock Facility (which was completed in May 1990) and remains responsible for its ongoing operation, maintenance, use, occupancy, upkeep and insurance.

On June 9, 1993, the Series 1988 Certificates were refunded by the issuance of the Series 1993 Certificates in the aggregate principal amount of \$53,330,000, of which \$31,260,000 aggregate principal amount currently remains outstanding. The Series 1993 Certificates were issued pursuant to an Amended and Restated Ground Lease and Amended and Restated Lease Purchase Agreement.

The annual principal and interest through maturity of the Series 1993 Certificates, which will be serviced by annual lease payments, are set forth under "AGGREGATE PAYMENTS ON OUTSTANDING CERTIFICATES OF PARTICIPATION" herein.

AD VALOREM TAX PROCEDURES

Property Assessment

Ad valorem taxes may be levied only by counties, school districts, municipalities and certain special districts. No ad valorem taxes may be levied by the State upon real estate or tangible personal property. Real and personal property valuation is determined as of January 1 by the County Property Appraiser. Except as noted immediately below and under "Constitutional Amendment" below, all taxable real and tangible personal property must be assessed at 100 percent of fair market value.

The following uses of real property are generally exempt from ad valorem taxation: religious, educational, charitable, scientific, literary and governmental. In addition, there are special exemptions for widows, hospitals, homesteads and homes for the aged and disabled veterans. The "homestead exemption" exempts from taxation the first \$25,000 of the assessed valuation of a residence occupied by the owner on a permanent basis, as of January 1 of the year of valuation. Agricultural land, noncommercial recreational land, inventory and livestock are assessed at less than 100 percent of fair market value.

Constitutional Amendment

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

Procedure for Ad Valorem Tax Collections

All real and tangible personal property taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the County Tax Collector based on the valuation as of

January 1 of such year. On or about November 1 of the year of valuation, the County Tax Collector mails to each property owner on the assessment roll a notice of taxes levied by Miami-Dade County, the District and other taxing authorities. Taxes may be paid upon receipt of such notice with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount. All unpaid taxes on real and tangible personal property become delinquent on April 1 of the year following the year in which taxes were levied or within sixty (60) days after the mailing of the original tax notice of the final assessment rate, whichever is later. All taxes collected are remitted by the County Tax Collector to the governmental unit levying the taxes.

Delinquent real property taxes bear interest at the rate of one and one-half percent (1-1/2%) per month from April 1, or within sixty (60) days after the mailing of the original tax notice of the final assessment rate, whichever is later, 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 one and one-half percent (1-1/2%) per month from April 1 until paid. Delinquent personal property taxes must be advertised within forty-five (45) days after delinquency, and after May 1 the property is subject to warrant, levy, seizure and sale.

Florida law provides that real property tax liens and personal property tax liens are superior to all other liens, except prior United States Internal Revenue Service liens. The County Tax Collector advertises once each week for four weeks and sells tax certificates to the lowest bidder, based on the interest rate bid, commencing on or about June 1 of each year on substantially all real property with taxes due. Delinquent tax certificates not sold at auction revert to Miami-Dade County.

If the owner of real property subject to a tax certificate does not redeem the certificate within two years, the holder of the certificate is entitled to apply for a tax deed of sale. The highest bidder at such sale receives a tax deed for the property subject to the tax certificate. To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the interest that accrued prior to the date of the sale of the tax certificate, charges incurred in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate bid on the tax certificate from the date of the sale of the tax certificate to the date of redemption. The interest rate on a tax certificate is a minimum of five percent, unless the interest bid on the certificate is a lower rate.

Assessed Value of Taxable Property

The following table sets forth the assessed value of taxable property in the District for the last ten fiscal years:

**SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA
ASSESSED VALUE OF TAXABLE PROPERTY (IN THOUSANDS)
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30	REAL PROPERTY ASSESSED VALUE	PERSONAL PROPERTY ASSESSED VALUE	REAL & PERSONAL PROPERTY EXEMPTIONS	NET ASSESSED PROPERTY VALUE ⁽¹⁾
2002	\$118,226,760	\$12,474,621	\$25,956,951	\$104,744,430
2001	109,228,601	12,185,632	25,066,038	96,408,195
2000	103,579,838	11,778,020	25,083,445	90,974,413
1999	98,507,821	11,345,006	24,013,747	85,839,080
1998	93,663,614	11,260,305	23,449,741	81,474,178
1997	89,669,244	9,271,171	21,355,938	77,584,477
1996	86,479,474	9,362,934	21,192,367	74,650,041
1995	82,399,251	8,886,974	20,096,980	71,189,245
1994	75,190,509	8,279,491	19,426,453	64,043,547
1993	77,264,761	8,158,426	19,505,837	65,917,350

(1) The basis of assessed value is approximately one hundred percent (100%) of actual value. For each fiscal year, property is valued as of January 1 of the preceding calendar year.

SOURCE: Miami-Dade County Property Appraiser and Finance Department

Ad Valorem Tax Levies and Collections

The following table sets forth the amounts billed and the percent collected for ad valorem property taxes levied by the District:

**SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA
DISTRICT PROPERTY TAX LEVIES AND COLLECTIONS (IN THOUSANDS)
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>GENERAL FUND LEVY</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY</u>
2002	\$683,772	\$88,823	\$209,489	\$982,084	\$961,591	96.5%
2001	646,128	88,213	192,816	927,157	903,884	96.1
2000	605,189	90,042	181,902	877,133	848,120	96.7
1999	616,496	83,951	171,678	872,125	846,619	97.1
1998	599,650	90,110	162,622	852,382	830,726	97.5
1997	570,711	78,360	155,169	804,240	781,292	97.1
1996	550,395	75,844	149,300	775,539	756,374	97.5
1995	534,133	59,941	142,378	736,452	713,059	96.8
1994	466,199	40,968	128,024	635,191	622,849	98.1
1993	475,996	33,280	118,620	627,896	619,258	98.6

SOURCE: The School Board of Miami-Dade County Office of Accounting and Office of Budget Management. Unaudited.

Ad Valorem Millage Rates

The following table sets forth the amounts of ad valorem millage levied by the District and Miami-Dade County from 1993 through 2002.

**SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA
DISTRICT AND MIAMI-DADE COUNTY PROPERTY TAX RATES (IN MILLS)
DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS⁽¹⁾**

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>DISTRICT GENERAL MILLAGE FUND</u>	<u>DISTRICT DEBT SERVICE FUNDS</u>	<u>DISTRICT CAPITAL OUTLAY MILLAGE</u>	<u>DISTRICT TOTAL MILLAGE</u>	<u>MIAMI-DADE COUNTY</u>	<u>STATE</u>	<u>TOTAL⁽²⁾</u>
2002	6.53	.85	2.00	9.38	6.21	1.08	16.67
2001	6.70	.92	2.00	9.62	7.21	.74	17.57
2000	6.65	.99	2.00	9.64	5.81	.74	16.19
1999	7.18	.98	2.00	10.16	6.02	.74	16.92
1998	7.36	1.11	2.00	10.47	6.02	.75	17.23
1997	7.36	1.01	2.00	10.37	6.47	.71	17.55
1996	7.37	1.02	2.00	10.39	6.83	.69	17.91
1995	7.50	.84	2.00	10.35	7.25	.65	18.24
1994	7.28	.64	2.00	9.92	7.31	.65	17.88
1993	7.22	.51	1.80	9.53	7.31	.60	17.44

(1) School Board and State Fiscal Year ends June 30; County ends September 30.

(2) Excluding special district millages.

SOURCE: Miami-Dade County Finance Department and the School Board of Miami-Dade County - Office of Budget Management.

Annual Debt Service

The following table sets forth the ratio of annual debt service for bonded debt to total governmental funds expenditures for the District:

**THE SCHOOL DISTRICT OF MIAMI-DADE COUNTY
RATIO OF ANNUAL DEBT SERVICE (IN THOUSANDS)
FOR BONDED DEBT TO TOTAL GOVERNMENTAL FUNDS EXPENDITURES -
TEN FISCAL YEARS**

<u>FISCAL YEAR ENDED JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE EXPENDITURES⁽¹⁾</u>	<u>TOTAL GOVERNMENTAL FUNDS EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE EXPENDITURES TO TOTAL GOVERNMENTAL FUNDS EXPENDITURES</u>
2002	\$31,825	\$43,793	\$75,618	\$3,010,151	2.51%
2001	50,140	48,188	98,328	2,988,845	3.29
2000	48,535	50,940	99,475	2,725,471	3.65
1999	42,455	52,104	94,559	2,703,925	3.49
1998	40,000	55,777	95,777	2,562,687	3.74
1997	32,595	48,309	80,904	2,578,003	3.14
1996	30,565	39,821	70,386	2,505,187	2.81
1995	24,265	34,147	58,412	2,388,436	2.45
1994	19,780	21,856	41,636	2,075,358	2.01
1993	13,315	27,683	40,998	1,897,413	2.16

(1) Excludes dues and fees which are considered insignificant.
Unaudited.

SOURCE: The School Board of Miami-Dade County - Office of Accounting.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK.]

Current Debt Ratios and Bonded Debt Per Capita

The following table sets forth the current debt ratios and the bonded debt per capita for the District:

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
CURRENT DEBT RATIOS AND BONDED DEBT PER CAPITA OF
THE DISTRICT - DIRECT AND OVERLAPPING DEBT⁽¹⁾**

Factors:	
Assessed Valuation ⁽²⁾	\$130,701,381,000
Net Taxable Assessed Valuation	\$104,744,430,000
Miami-Dade County Florida ("County") Debt Net of Reserves (as of September 30, 2001)	
General Obligation	\$ 264,763,778
Special Obligation ⁽³⁾	<u>863,399,831</u>
Combined Direct Debt (as of September 30, 2001)	<u>\$ 1,128,163,609</u>
Overlapping Debt, Net of Reserves ⁽⁴⁾	
General Obligation	\$ 1,124,111,923
Special Obligation	<u>537,352,474</u>
Combined Overlapping Debt	<u>\$ 1,661,464,397</u>
Population of Miami-Dade County (2001)	2,283,300
Assessed Valuation Per Capita	\$ 57,242
Net Taxable Assessed Valuation Per Capita	\$ 45,874
Debt Ratios:	
Net Direct County General Obligation Debt as a percent of Net Taxable Assessed Valuation	0.25%
Net Direct County and Overlapping General Obligation Debt as a percent of Net Taxable Assessed Valuation	1.33%
Net Direct County General Obligation Debt per Capita	\$ 116
Net Direct County General and Special Obligation Debt per Capita	\$ 494
Net Direct County and Overlapping General Obligation Debt per Capita	\$ 608
Net Direct County and Overlapping General Obligation and Special Obligation Debt per Capita	\$ 1,222

- (1) Data for Miami-Dade County and municipalities within Miami-Dade County is as of September 30, 2001.
 (2) Assessed valuation as of January, 2001 reflects 100% of assessed values as mandated by Florida Law.
 (3) Special or limited obligation debt is payable from revenue sources other than enterprise funds and ad valorem taxes.
 (4) Overlapping debt is comprised of debt issued by municipalities within Miami-Dade County as of September 30, 2001 and District bonded debt as of June 30, 2002.

Unaudited.

SOURCE: Miami-Dade County Finance Department and The School Board of Miami-Dade County Office of Accounting.

THE CAPITAL IMPROVEMENT PROGRAM

Overview of the Program

In May 1988, the District outlined the first phase of a detailed program to implement a capital outlay plan (the "Capital Improvement Program"), the financing of a portion of which included the proceeds of the sale of general obligation school bonds. The Capital Improvement Program, designated the District's "Annual and Long-Range Educational Facilities Plan" (the "Plan") was, at its inception, and continues to be through annual updating, one of the most comprehensive school district capital outlay programs developed in the United States.

The Plan is updated annually to reflect the District's long range capital construction program resulting from accelerated student enrollment growth, and improvements and additions to non-school sites.

From the end of fiscal year 1988 to June 30, 2002, the student population in grades Pre-K through 12 increased from 254,235 to about 374,725 students, an approximately 4% average annual overall increase.

The current Plan includes 61 new schools and renovation/addition projects at 251 existing school facilities. Twenty-nine of these new schools have been opened, 21 new schools are under construction and seven are in the design phase and 4 are in the planning stage. One-hundred and six renovation/addition projects at existing schools have been completed, 38 are under construction and 107 are in the design phase.

As part of the funding for the Capital Improvement Program, the District has issued \$980,000,000 of its General Obligation School Bonds since 1989, \$845,445,000 of which remain outstanding as of June 30, 2002. See "APPENDIX B – GENERAL PURPOSE FINANCIAL STATEMENTS OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA FOR FISCAL YEAR ENDED JUNE 30, 2002 AND INDEPENDENT AUDITORS' REPORT - Notes to the General Purpose Financial Statements – Note 8. Long-Term Bonds Payable" herein.

In addition to the District's Capital Improvement Program financed through the issuance of the School Board's General Obligation School Bonds, the District has undertaken numerous capital improvements financed under the Master Lease or similar lease purchase arrangements. For a summary of the debt service associated with these obligations, see "AGGREGATE PAYMENTS ON OUTSTANDING CERTIFICATES OF PARTICIPATION" herein.

The following schedule sets forth the Capital Improvement Program from fiscal year 1998 to fiscal year 2002 and estimates for the 2003 fiscal year by categories of Capital Expenditures and Revenue Sources (in thousands):

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

**THE SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA
CAPITAL IMPROVEMENT PROGRAM
ACTUAL AND PROJECTED APPROPRIATIONS AND REVENUES
(IN THOUSANDS)
FISCAL YEARS ENDED
JUNE 30**

<u>Expenditure Category</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Budgeted 2003</u>
Site & Site Improvements	\$ 232	\$ 2,174	\$ 16,394			
Buildings	151,565	119,327	127,822			
Remodeling	52,259	52,667	42,279			
Equipment	21,430	17,100	17,256			
Motor Vehicles & Buses	8,348	1,576	9,773			
Library Books/AV Equip	2,207	2,504	2,077			
Transfers to Gen. Fund	96,745	102,033	110,837			
Transfers to Debt Service	40,108	37,272	46,738			
Ending Balances	409,653	588,299	533,542			
Reserves/Contingency	-0-	-0-	-0-			
Year Total	<u>\$782,587</u>	<u>\$922,952</u>	<u>\$906,718</u>			
 <u>Revenue Sources</u>						
GO Bond Proceeds	\$ -0-	\$ -0-	\$ -0-			
Public Education						
Capital Outlay (PECO)	42,999	23,939	35,617			
Classrooms First Program	47,145	202,073	-0-			
 <u>State Revenue</u>						
SIT Awards (School Infrastructure Thrift)	-	4,128	8,570			
Effort Index Grants	-	-	9,664			
K-3 Class Site Reduction	-	-	10,399			
Proceeds Local Option						
Capital Outlay Millage	156,181	164,813	173,790			
State Capital Outlay & Debt Service	3,437	2,877	1,835			
Impact Fees	18,883	22,533	20,373			
SBE Bond Sale	4,721	3,042	879			
Master Lease COPs	-0-	66,850	-0-			
RANs	-0-	-0-	32,104			
Impact Fee COPs	-0-	-0-	-0-			
Qualified Zone Academy Bonds	-0-	-0-	-0-			
Other	2,065	2,264	3,240			
Interest on Investments	24,657	20,781	21,948			
Beginning Balance	482,499	409,653	588,299			
Year Total	<u>\$782,587</u>	<u>\$922,952</u>	<u>\$906,718</u>			

SOURCE: The School Board of Miami-Dade County - Office of Budget Management. (Unaudited)

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

RISK FACTORS

Each purchaser of Series 2002 Certificates is subject to certain risks and each prospective purchaser of Series 2002 Certificates is encouraged to read this Offering Statement in its entirety. Particular attention should be given to the factors described below which, among others, could affect the market price of the Series 2002 Certificates to an extent that cannot be determined.

Annual Right of the School Board to Terminate the Series 2002 Leases

Although the School Board has determined that the Series 2002 Facilities are necessary to its operations and currently intends to continue the Series 2002 Leases in force and effect for each respective maximum Lease Term and has covenanted in the Series 2002 Leases that the Superintendent will include a sufficient amount in the tentative budget to enable the School Board to make the corresponding Lease Payments due in each Fiscal Year, the School Board is not required to appropriate funds for Basic Lease Payments. If for any Fiscal Year the School Board does not approve a final budget which appropriates sufficient funds from legally available revenues, or if no final budget is adopted as of the last day upon which a final budget is required to have been adopted under State law for payment of its obligations under the Series 2002 Leases or any other Lease under the Master Lease, each respective 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 2002 LEASES 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 2002 CERTIFICATE HOLDERS, INCLUDING THE CONTINUING FUTURE UTILITY OF THE FINANCED FACILITIES, AND OTHER FACILITIES OF THE SCHOOL BOARD AND CHANGES IN POPULATION OR DEMOGRAPHICS WITHIN THE COUNTY.

Limitation Upon Disposition; Ability to Sell or Relet

Following an event of default under the Series 2002 Leases or an Event of Non-Appropriation, the Trustee, as assignee of the Foundation, may take possession of the Series 2002-1 Facilities and sell or relet the leasehold interests therein. The Trustee's ability to actually achieve such a disposition of the Series 2002-1 Facilities is limited by its inability to convey fee simple title to such Series 2002-1 Facilities, and by the governmental nature of each of the Series 2002-1 Facilities. Moreover, it is possible that a court of competent jurisdiction could enjoin the sale or reletting of the Trustee's interest in the Series 2002-1 Facilities because of the essential governmental nature thereof. There can be no assurance that the remedies available to the Trustee upon any such termination of the Series 2002 Leases and the disposition of the Series 2002-1 Facilities will provide sufficient amounts to pay the outstanding Series 2002 Certificates.

Tax Effect Upon Termination

Upon termination of the Series 2002 Leases there is no assurance that payments made by the Trustee or the Insurer with respect to the Series 2002 Certificates and designated as interest will be excludable from gross income for federal income tax purposes or that the ownership or disposition of the Series 2002 Certificates will not be subject to Florida's intangible personal property tax, See "TAX TREATMENT" herein.

Applicability of Securities Laws

After termination of the Series 2002 Leases the transfer of a Series 2002 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 2002 Certificates will not be impaired following termination of the Series 2002 Leases.

Local Option Capital Outlay Millage Revenue

The amount which can be realized by the School Board derived from the levy of the Local Option Millage Levy can be affected by a variety of factors not within the School Board's control including, without limitation, fluctuations in the level of the assessed valuation of property within the District. Additionally, the School Board is not legally required to impose the Local Option Millage Levy. See "SECURITY FOR THE SERIES 2002

CERTIFICATES - Limited Obligation of the School Board” and “DISTRICT REVENUES FOR CAPITAL PROJECTS - Local Capital Outlay Sources” herein.

State Revenues

A large portion of the District’s funding is derived from State sources. See “DISTRICT REVENUES FOR CAPITAL PROJECTS - State Sources” 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. The State has experienced some significant shortfalls in sales tax revenues in recent years which have resulted in cuts to school budgets.

Additional Indebtedness

The School Board may issue additional indebtedness other than in connection with the Master Lease secured by or payable from revenues which would otherwise be available to make Lease Payments without the consent of the Series 2002 Certificate holders. The incurrence of such additional indebtedness by the School Board may adversely affect the School Board’s ability to make Basic Lease Payments under the Series 2002 Leases.

No Right of Certificate Holders 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 of its payment obligations under the Policy, the Insurer is entitled to control and direct any of the rights or remedies of the Trustee including the right to direct the Trustee as to whether or not to re-let or sell the Facilities. Upon the occurrence of an Event of Default under the Trust Agreement, the Insurer may elect to redeem all of the Series 2002 Certificates outstanding, in which case the principal and interest represented by the Series 2002 Certificates shall become due and payable immediately. If the Insurer does not elect to redeem all Series 2002 Certificates outstanding, it has an obligation to continue to make payments to Series 2002 Certificate holders in accordance with the original schedule of Basic Lease Payments represented by the outstanding Series 2002 Certificates. However, the Insurer has no fiduciary responsibility to the Series 2002 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 2002 Certificate holders by the Insurer and designated as interest.]

LITIGATION

Except as set forth below, there is no litigation now pending or threatened (i) to restrain or enjoin the issuance or sale of the Series 2002 Certificates, (ii) questioning or affecting the validity of the Series 2002 Leases or the obligation of the School Board to make Lease Payments, (iii) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution or delivery of the Series 2002 Certificates or (iv) challenging the 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.

Notwithstanding the court’s decision in this matter, the School Board’s attorney is of the opinion that such decision does not materially affect the issuance or sale of the Series 2002 Certificates, the validity of the Series 2002 Leases or the proceedings of the School Board for the authorization, sale, execution or delivery of the Series 2002 Certificates.

Various suits and claims arising in the ordinary course of School Board operations are pending against the District. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of the School Board, the liabilities that may arise from such actions would not result in losses that would materially affect the financial position of the District or the School Board or the results of its operations.

RATINGS

Moody’s Investors Service (“Moody’s”) and Standard & Poor’s Ratings Services (“S&P”) have assigned ratings of “___” and “___,” respectively, to the Series 2002 Certificates [with the understanding that upon delivery of the Series 2002 Certificates, a policy insuring the payment when due of the Basic Lease Payments represented by the Series 2002 Certificates will be issued by the Insurer.] Moody’s and S&P have also assigned ratings of “___” and “___”,

respectively, to the Series 2002 Certificates [without regard to the issuance by the Insurer of its policy insuring the payment when due of the principal of and interest on the Series 2002 Certificates]. An explanation concerning the significance of the ratings given by Moody's may be obtained from Moody's at 99 Church Street, New York, New York 10007, (212) 553-0470. An explanation of the ratings given by S&P may be obtained from S&P at 25 Broadway, New York, New York 10004, (212) 208-8000. Certain information and materials concerning the Series 2002 Certificates, the School Board and the District were furnished to Moody's and S&P by the School Board. Either rating service may raise, lower or withdraw its ratings at any time. If a downward change or withdrawal should occur, it could have an adverse effect on the resale price of the Series 2002 Certificates.

TAX TREATMENT

The Internal Revenue Code of 1986, as amended (the "Code"), includes certain requirements which the School Board must continue to meet subsequent to the issuance and delivery of the Series 2002 Certificates in order that the portion of the Basic Lease Payments designated and paid as interest to the holders of the Series 2002 Certificates be and remain excluded from gross income for federal income tax purposes. Non-compliance may cause the portion of the Basic Lease Payments designated and paid as interest to the Series 2002 Certificate holders to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the Series 2002 Certificates, regardless of the date on which such non-compliance occurs or is ascertained. The School Board has covenanted in the Series 2002 Leases to comply with such requirements in order to maintain the exclusion from federal gross income of the portion of the Basic Lease Payments designated and paid as interest to the Series 2002 Certificate holders.

In the opinion of Co-Special Tax Counsel, assuming compliance by the School Board with the aforementioned covenants, under existing statutes, regulations, rulings and judicial decisions, prior to the termination of the Master Lease resulting from an Event of Non-Appropriation or Event of Default thereunder, the portion of the Basic Lease Payments designated and paid as interest to the Series 2002 Certificate holders is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations. However, the portion of the Basic Lease Payments designated and paid as interest to the Series 2002 Certificate holders is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. However, no opinion is expressed with respect to the federal income tax consequences of any payments received with respect to the Series 2002 Certificates following termination of the Master Lease as a result of non-appropriation of funds or the occurrence of an event of default thereunder.

Co-Special Tax Counsel is further of the opinion that the Series 2002 Leases and Series 2002 Certificates are exempt from the Florida intangible personal property tax. However, no opinion is expressed with respect to the payment or reporting of intangible personal property tax following termination of the Master Lease.

Except as described above, Co-Special Tax Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the portion of the Basic Lease Payments designated and paid as interest to the Series 2002 Certificate holders, or the ownership or disposition of the Series 2002 Certificates. Prospective purchasers of Series 2002 Certificates should be aware that the ownership of Series 2002 Certificates may result in other collateral federal tax consequences, including the following: (i) the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2002 Certificates or, in the case of a financial institution, that portion of the owner's interest expense allocable to the portion of the Basic Lease Payments designated and paid as interest to the Series 2002 Certificate holders; (ii) with respect to certain property and casualty insurance companies, the Code reduces the deduction for loss reserves by fifteen percent (15%) of the sum of certain items, including the portion of the Basic Lease Payments designated and paid as interest to Series 2002 Certificate holders; (iii) the portion of the Basic Lease Payments designated and paid as interest to certain foreign corporate Series 2002 Certificate holders doing business in the United States could be subject to a branch profits tax imposed by the Code; (iv) passive investment income, including the portion of the Basic Lease Payments designated and paid as interest to Series 2002 Certificate holders may be subject to federal income taxation for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than twenty-five percent (25%) of the gross receipts of such Subchapter S corporation is passive investment income; and (v) the Code requires recipients of certain Social Security and Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts and accruals of the portion of the Basic Lease Payments designated and paid as interest to the Certificate holders.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

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

CERTAIN LEGAL MATTERS

Certain legal matters in connection with the authorization, execution, delivery and sale of the Series 2002 Certificates are subject to the approving legal opinion of Greenberg Traurig P.A., Miami, Florida, and McCrary & Associates, Miami, Florida, Co-Special Tax Counsel. The proposed forms of such opinions are included as "APPENDIX D - Forms of Legal Opinions of Co-Special Tax Counsel" herein. Certain legal matters will be passed upon by Johnny Brown, Esquire, Counsel to the School Board and the Foundation. Certain legal matters will be passed on for the Underwriters by Orrick, Herrington & Sutcliffe LLP, New York, New York and Liebler, Gonzalez & Portuondo, P.A., Miami, Florida, Co-Underwriters Counsel.

UNDERWRITING

The Underwriters set forth on the cover page hereof have agreed to purchase the Series 2002 Certificates at a price of \$ _____ (which represents the \$150,000,000 principal amount of the Series 2002 Certificates, and less an Underwriters' discount of \$ _____). The Underwriters will purchase all of the Series 2002 Certificates if any are purchased, the obligation to make such purchase being subject to certain terms and conditions contained in a Contract of Purchase and the approval of certain legal matters by counsel.

The Underwriters may offer and sell the Series 2002 Certificates to certain dealers and others at prices lower than the respective public offering prices stated herein. After the initial public offering, the respective offering prices may be changed from time to time by the Underwriters.

FINANCIAL ADVISOR

De Lara Associates of New York, New York is serving as financial advisor (the "Financial Advisor") to 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 the Offering Statement.

INDEPENDENT AUDITORS

The General Purpose Financial Statements of the School Board as of and for the year ended June 30, 2002 included in this Offering Statement have been audited by KPMG LLP, independent auditors, as stated in their report appearing in "APPENDIX B - General Purpose Financial Statements of The School Board of Miami-Dade County, Florida for the Fiscal Year ended June 30, 2002 and Independent Auditors' Report" herein.

FORWARD LOOKING STATEMENTS

This offering statement contains certain "forward-looking statements" concerning the School Board's or the District's operations, performance and financial condition, including its future economic performance, plans and objectives and the likelihood of success in developing and expanding. These statements are based upon a number of assumptions and estimates which are subject to significant uncertainties, many of which are beyond the control of the School Board or District. The words "may," "would," "could," "will," "expect," "anticipate," "believe," "intend," "plan," "estimate" and similar expressions are meant to identify these forward-looking statements. Actual results may differ materially from those expressed or implied by these forward-looking statements.

CONTINUING DISCLOSURE

The School Board has covenanted and undertaken for the benefit of the Series 2002 Certificate holders to provide certain financial information and operating data relating to the District and the Series 2002 Certificates in each

year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. Such covenant shall only apply so long as the Series 2002 Certificates remain outstanding. The undertaking shall also terminate upon the termination of the continuing disclosure requirements of S.E.C. Rule 15c2-12(b)(5) (the "Rule") by legislative, judicial or administrative action. The Annual Report will be filed by the School Board with each Nationally Recognized Municipal Securities Information Repository (the "NRMSIRs") described in the Form of Continuing Disclosure Certificate attached hereto as Appendix D, as well as any state information depository that is subsequently established in the State of Florida (the "SID"). The notices of material events will be filed by the School Board with the Municipal Securities Rulemaking Board or the NRMSIRs and the SID. The specific nature of the information to be contained in the Annual Report and the notices of material events are described in "Appendix D - Form of Continuing Disclosure Certificate". The Continuing Disclosure Certificate will be delivered at the time of issuance of the Series 2002 Certificates. These undertakings have been made in order to assist the Underwriters in complying with the Rule.

MISCELLANEOUS

The information contained herein is subject to change without notice and no implication is to be derived therefrom or from the sale of the Series 2002 Certificates that there has been no change in the affairs of the School Board or the District from the date hereof. The references, excerpts and summaries of all documents and resolutions referenced herein do not purport to be complete statements of the provisions of such documents and resolutions, and reference is directed to all such documents, agreements and resolutions for full and complete statements of all matters of fact relating to the Series 2002 Certificates, the security for and the repayment of the Series 2002 Certificates and the rights and obligations of the holders thereof. Complete copies of such documents and resolutions may be obtained by request to Eduardo A. Alfaro, Treasurer, Office of Treasury Management, Room 615, School Board Administration Building, 1450 NE Second Avenue, Miami, Florida 33132 (Phone: 305-995-1684 or Fax: 305-995-2387) or during the offering period for the Series 2002 Certificates, from the Financial Advisor: De Lara Associates, New York, New York (Phone: (212) 580-8768 or Fax: (212) 580-3079).

This Offering Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. Any statements in this Offering Statement involving matters of opinion or of estimates, whether or not expressly so stated are intended as such and not as representations of fact. No representation is made that any such statements will be realized. Neither this Offering Statement nor any statement which may have been made orally or in writing is to be construed as a contract or agreement between the School Board and the purchasers or the holders of any of the Series 2002 Certificates.

This Offering Statement has been duly executed and delivered on behalf of the District by the authority of the School Board.

**THE SCHOOL BOARD OF MIAMI-DADE
COUNTY, FLORIDA**

By: _____

APPENDIX A [SECTION TO BE UPDATED]

**ECONOMY AND DESCRIPTIVE STATISTICS
OF THE DISTRICT AND MIAMI-DADE COUNTY, FLORIDA**

The following highlights the economy of Miami-Dade County and the District.

Population

The following table reflects historical trends and forecasts future population growth in Miami-Dade County:

**Historical and Projected Population
in Miami-Dade County, Florida
1960 to 2015**

<u>Year</u>	<u>Population in Incorporated Areas</u>	<u>Population in Unincorporated Areas</u>	<u>Total Population</u>	<u>Percent Growth in Total Population</u>
Trends				
1960	582,713	352,334	935,047	--%
1970	730,425	537,367	1,267,792	35.6
1980	829,881	795,900	1,625,781	28.2
1990	909,371	1,027,723	1,937,094	19.1
1995	969,888	1,086,700	2,056,588	6.2
2000	1,000,000	1,207,300	2,207,300	11.4
Forecasts				
2005	1,100,000	1,262,000	2,362,000	10.4
2010	1,150,000	1,367,200	2,517,200	9.1
2015	1,215,000	1,808,600	3,024,400	9.0

SOURCE: For 1960, 1970, 1980, and 1990 U.S. Census of Population; forecasts of total population, incorporated and unincorporated by Miami-Dade County Department of Planning and Zoning, Research Section, February 2000.

The following table presents a breakdown of Miami-Dade County's population by age since 1985 and forecasts population within each age category through 2,010.

**Estimated Population By Age
Miami-Dade County, Florida 1990 to 2015**

<u>Year</u>	<u>UNDER 20 YEARS</u>		<u>20 TO 64 YEARS</u>		<u>65 YEARS AND OLDER</u>		
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Total</u>
Trends							
1990	522,690	27.0%	1,143,598	59.0%	270,806	14.0%	1,937,094
1995	586,128	28.5	1,186,651	57.7	283,809	13.8	2,056,588
2000	642,013	29.1	1,266,769	57.3	300,544	13.6	2,209,326
Forecasts							
2005	693,025	29.3%	1,347,815	57.1%	321,077	13.6%	2,361,917
2010	744,287	29.6	1,434,748	57.0	338,115	13.4	2,517,150
2015	760,982	28.4	1,555,018	58.1	361,859	13.5	2,677,859

SOURCE: Miami-Dade County Department of Planning and Zoning, Research Section, December 2000.

Largest Employers

The District is southeast Florida's largest single employer and Florida's second largest employer, public and private. The following is a listing of Miami-Dade County's ten (10) largest public and private employers:

**Miami-Dade County's Ten Largest
Public Employers (2000)**

<u>Employers</u>	<u>Employees</u>
Miami-Dade County Public Schools	45,886
Miami-Dade County	30,000
U.S. Federal Government	18,276
State of Florida	18,100
Jackson Memorial Hospital	8,191
City of Miami	3,400
Florida International University	2,591
Miami-Dade Community College	2,345
City of Miami Beach	1,702
City of Hialeah	1,654

**Miami-Dade County's Ten Largest
Private Employers (2000)**

<u>Employers</u>	<u>Employees</u>
American Airlines	9,000
Precision Response Corporation	8,000
University of Miami, Inc.	7,800
Baptist Health Systems of South Florida	7,500
BellSouth	4,240
Publix Supermarkets, Inc.	4,000
Florida Power & Light Company	3,823
Mount Sinai Medical Center of Greater Miami	2,868
Winn Dixie Stores, Inc.	2,672
Royal Caribbean International/Celebrity Cruises	2,500

SOURCE: Miami-Dade County Public Schools information obtained from School Board of Miami-Dade County, Florida Comprehensive Annual Financial Report, fiscal year ended June 30, 2000. 2000-2001 Annual Miami Business Profile, Beacon Council, Research Department (Data based on response to survey performed by Beacon Council. Employers may be excluded at their request). (Unaudited).

**MIAMI-DADE COUNTY, FLORIDA
TAXABLE ASSESSED VALUATION (IN THOUSANDS) FOR PRINCIPAL TAXPAYERS**

<u>TAXPAYER</u>	<u>BUSINESS OR USE</u>	<u>1999-2000 NET TAXABLE ASSESSED REAL AND PERSONAL PROPERTY VALUE (IN THOUSANDS)</u>
Florida Power & Light Company	Utility	\$1,673,879
BellSouth Telecommunications, Inc.	Utility	1,348,556
Turnberry Associates	Real Estate	311,393
SDG Dadeland Associates	Commerce	220,000
Graham Companies	Real Estate	185,000
SRI Miami Venture LP	Real Estate	178,100
Bakery Associates	Commerce	120,000
Falls Shopping Center Associates	Commerce	116,862
Pro Player Stadium Corp.	Sports	107,850
S.F. Whitman/Bal Harbor Shops	Commerce	107,000
Total		<u>\$4,368,802</u>

SOURCE: Miami-Dade County Property Appraiser.

**MIAMI-DADE COUNTY, FLORIDA
COMPARISON OF UNEMPLOYMENT RATES⁽¹⁾
MIAMI-DADE COUNTY, THE STATE OF FLORIDA, THE UNITED STATES
1991 to 2000**

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Miami-Dade County	9.4%	10.5%	8.1%	8.4%	7.4%	7.3%	7.1%	6.4%	5.8%	5.5%*
Florida	7.4	8.3	7.0	6.6	5.5	5.1	4.8	4.3	3.9	3.8*
United States	6.8	7.5	6.9	6.1	5.6	5.4	4.9	4.5	4.2	4.1*

* Average annual preliminary.

SOURCE: State of Florida Department of Labor, State of Florida and Employment Security and Miami-Dade County, Department of Planning and Zoning, Research Section, December 2000.

**MIAMI-DADE COUNTY, FLORIDA
CONSTRUCTION ACTIVITY**

**PROPERTY VALUE AND CONSTRUCTION
1991-2000
Last Ten Fiscal Years**

<u>Year</u>	<u>Commercial Construction(1)</u>		<u>Residential Construction(1)</u>		<u>Real Property(2)</u>		
	<u>Number of Buildings</u>	<u>Value (in thousands)</u>	<u>Number of Units</u>	<u>Value (in thousands)</u>	<u>Commercial (in thousands)</u>	<u>Residential (in thousands)</u>	<u>Nontaxable (in thousands)</u>
1991	221	\$ 86,376	6,779	\$457,501	\$28,456,583	\$45,607,311	\$17,896,225
1992	480	342,228	5,529	844,416	28,967,761	48,517,160	18,330,655
1993	528	206,282	10,379	624,652	28,053,806	49,210,955	18,424,040

1994	564	266,084	12,385	721,286	29,012,327	54,302,518	18,360,703
1995	670	334,560	19,366	983,376	28,377,827	54,021,424	18,873,595
1996	698	299,348	6,629	455,715	29,660,302	56,819,172	19,727,547
1997	596	325,797	10,422	643,489	29,888,568	59,780,676	20,094,504
1998	495	442,924	8,597	679,105	30,168,469	63,495,144	20,270,274
1999	600	489,353	9,998	781,734	31,680,533	66,827,289	20,914,594
2000(1)	N/A	N/A	N/A	N/A	32,137,670	71,442,168	21,304,769

Source: (1) Miami-Dade County Building Department. Unincorporated Area only.
(2) Miami-Dade County Property Appraisal

**BUILDING PERMITS ISSUED FOR
HOUSEKEEPING UNITS
Last Ten Calendar Years**

<u>Year</u>	<u>Number of Permits Issued</u>		<u>Value of Permits Issued</u> <u>(in thousands)</u>
	<u>Single Family Residential</u>	<u>Multi-Family Residential</u>	<u>Residential Construction</u>
1991	4,241	3,284	\$1,356,196
1992	5,515	2,797	1,846,361
1993	5,793	3,233	1,384,753
1994	6,080	5,231	1,641,128
1995	7,344	7,372	1,938,625
1996	3,826	2,669	540,183
1997	5,150	4,592	817,140
1998	5,052	5,126	921,813
1999	6,671	7,090	1,078,640
2000	5,553	5,359	1,048,754

Source: University of Florida, Bureau of Economic and Business Research, Building Permit Activity in Florida, Florida Research and Economic Database.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
DEMOGRAPHIC STATISTICS – 1991-2000**

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Approximate Median Age</u>	<u>School Enrollment (Pre-K-12)</u>
2000	2,209,300	(1)	(1)	360,202
1999	2,179,000	(1)	(1)	352,595
1998	2,148,000	23,919	34.0	345,861
1997	2,117,000	22,833	34.1	340,904
1996	2,086,000	22,270	34.1	333,444
1995	2,047,000	21,565	34.1	321,955
1994	2,002,000	20,713	34.1	312,300
1993	1,961,000	20,287	34.1	302,163
1992	1,990,000	17,648	34.5	304,287
1991	1,970,000	18,738	34.5	292,411

SOURCE: Population (as of April 1, 1999), per capita income, median age - Miami-Dade County Planning Department; Student Enrollment - The School Board of Miami-Dade County – Department of Research Service.

(1) Information not available at time of publication.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
ATTENDANCE DATA – 1991-2000**

<u>Fiscal Year</u>	<u>Average Daily Membership</u>	<u>Average Daily Attendance</u>		
		<u>Average Daily Attendance</u>	<u>Percent of Change</u>	<u>Percent of Membership</u>
2000	352,461	329,460	2.33	93.47
1999	344,899	321,944	0.86	93.34
1998	341,916	319,185	1.97	93.35
1997	336,383	313,025	2.10	93.06
1996	330,578	306,581	3.56	92.74
1995	319,335	296,041	3.13	92.71
1994	309,432	287,043	3.65	92.76
1993	299,809	276,933	(.07)	92.37
1992	297,017	277,137	3.58	93.31
1991	287,309	267,552	3.81	93.12

SOURCE: The School Board of Miami-Dade County - Division Attendance Services.

THE SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA
TEACHERS' BASE SALARY
Minimum and Maximum*
1994-1995 to 1999-2000

	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000		2000-2001	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Bachelor's Degree	\$27,500	\$47,400	\$28,000	\$49,000	\$28,150	\$50,500	\$28,150	\$51,500	\$28,650	\$52,500	\$30,000	\$54,000	\$32,275	\$56,275
Master's Degree	30,500	50,400	31,000	52,000	31,150	53,500	31,150	54,500	31,650	55,500	33,000	57,000	35,275	59,275
Master's Degree + 36 hours	32,500	52,400	33,000	54,000	33,150	55,500	33,150	56,500	33,550	57,500	35,000	59,000	37,275	61,275
Doctor's Degree	34,500	54,400	35,000	56,000	35,150	57,500	35,150	58,500	35,650	59,500	37,000	61,000	39,275	63,275

* Excludes supplements and Professional Incentive Programs.

APPENDIX B [TO COME]

**GENERAL PURPOSE FINANCIAL STATEMENTS
OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY,
FLORIDA FOR FISCAL YEAR ENDED JUNE 30, 2002
AND INDEPENDENT AUDITORS' REPORT**

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

GENERAL PURPOSE FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2002

TABLE OF CONTENTS

[FINANCIAL SECTION

Independent Auditor's Report B-1-2

GENERAL PURPOSE FINANCIAL STATEMENTS

Combined Balance Sheet – All Fund Types, Account Groups and Discretely Presented Component Units B-4-7

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental B-8-9
Fund Types, Expendable Trust Fund and Discretely Presented Component Units**

**Combined Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and B-10-11.
Actual –All Governmental Fund Types**

Statement of Changes in Plan Net Assets Pension Trust Fund.....B-12

Notes to the General Purpose Financial Statements B-13-54

**Required Supplementary Information – Supplemental Early Retirement
Pension Trust:**

Schedule of Funding ProgressB-55

Schedule of Employer Contributions B-56]

APPENDIX C [TO COME]

FORMS OF CERTAIN LEGAL DOCUMENTS

**Master Lease
Schedule 2002-1
Schedule 2002-2
Series 2002 Ground Lease
Master Trust Agreement
Series 2002 Supplemental Trust Agreement
Series 2002 Assignment Agreement**

APPENDIX D [TO COME]

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX E [TO COME]

FORM OF LEGAL OPINION OF CO-SPECIAL TAX COUNSEL

APPENDIX F

DESCRIPTION OF THE AUCTION PROCEDURES

The following is a summary of certain provisions of the Trust Agreement, the Auction Agent Agreement, the Broker-Dealer Agreement and the Market Agent Agreement relating to the Certificates of Participation, Series 2002A and Series 2002B (the "Series 2002 Certificates") which on the date of issuance bear interest at Auction Rates as provided in the related Trust Agreement and the Auction Procedures thereto. This summary does not purport to be complete and is qualified by express reference to the full text thereof. Capitalized terms not defined elsewhere in the Offering Statement or defined in this Appendix F have the meanings set forth in the Trust Agreement. Copies of the Trust Agreement, Auction Agent Agreement, Broker-Dealer Agreement and Market Agent Agreement may be obtained from the Trustee. See also "THE SERIES 2002 CERTIFICATES – Auction Rate Certificates" in the Offering Statement for a description of certain other provisions of the documents relating to the Auction Rate Certificates and "APPENDIX C – FORMS OF CERTAIN LEGAL DOCUMENTS – Series 2002 Supplemental Trust Agreement" for a summary of certain other provisions of the Trust Agreement relating to the Auction Rate Certificates.

Certain Definitions Relating to the Auction Rate Securities

"AA' Financial Commercial Paper Rate" means, as of any date of determination, the interest equivalent of the 30-day rate on financial commercial paper placed on behalf of issuers whose corporate bonds are rated "AA" by S&P, or the equivalent of such rating by S&P or another nationally recognized securities rating agency, as such 30-day rate is made available on a discount basis or otherwise by the Federal Reserve Bank of New York for the Business Day immediately preceding such date of determination. If, however, the Federal Reserve Bank of New York does not make available any such rate, then the "AA" Composite Commercial Paper Rate shall mean as of any date of determination, the arithmetic average of the interest equivalent of the 30-day rate on commercial paper placed on behalf of such issuers, as quoted to the Auction Agent or the Trustee, as the case may be, on a discount basis or otherwise, by the Commercial Paper Dealers, as of the close of business on the Business Day immediately preceding such date of determination. If any Commercial Paper Dealer does not quote a commercial paper rate required to determine the "AA" Composite Commercial Paper Rate, the "AA" Composite Commercial Paper Rate shall be determined on the basis of the quotation or quotations furnished by the remaining Commercial Paper Dealer or Commercial Paper Dealers. For purposes of this definition, the "interest equivalent" of a rate stated on a discount basis (a "discount rate") for commercial paper of a given day's maturity shall be equal to the product of (i) 100 multiplied by (ii) the quotient (rounded upward to the next higher one thousandth (.001) of 1%) of (x) the discount rate (expressed in decimals) divided by (y) the difference between (1) 1.00 and (2) a fraction, the numerator of which shall be the product of the discount rate (expressed in decimals) multiplied by the number of days from (and including) the date of determination to (but excluding) the date on which such commercial paper matures and the denominator of which shall be 360.

"After-Tax Equivalent Rate" means, on any date of determination, the interest rate per annum equal to the product of (i) the "AA" Composite Commercial Paper Rate on such date and (ii) 1.00 minus the Statutory Corporate Tax Rate on such date.

"All-Hold Rate" means, on any date of determination, the interest rate per annum equal to 85% (as such percentage may be adjusted pursuant to the Trust Agreement) of the lesser of (i) the After-Tax Equivalent Rate on such date and (ii) the Index on such date; provided, that in no event shall the All-Hold Rate be more than the ARS Maximum Rate.

"Applicable ARS Rate" means, with respect to the Series 2002 Certificates which are ARS, the rate per annum at which interest accrues on the Series 2002 Certificates for any ARS Interest Period.

"Applicable Percentage" means, with respect to Series 2002 Certificates which are ARS on any date of determination, the percentage determined (as such percentage may be adjusted pursuant to the Trust Agreement), based on Moody's or S&P's ratings of the Series 2002 Certificates in effect at the close of business on the Business Day immediately preceding such date, or, if the Series 2002 Certificates are then rated by both Moody's and S&P, based on the lower of such ratings on such Business Day; as set forth below:

<u>Credit Ratings</u>		<u>Applicable Percentage</u>
Moody's	S&P	
"Aaa"	"AAA"	175%
"Aa"	"AA"	175%
"A"	"A"	175%
"Baa"	"BBB"	200%
Below "Baa"	Below "BBB"	265%

provided, that if the Series 2002 Certificates are not then rated by an ARS Rating Agency, the Applicable Percentage shall be 265%. For purposes of this definition, S&P's rating categories of "AAA", "AA", "A" and "BBB", and Moody's rating categories of "Aaa," "Aa," "A" and "Baa" shall refer to and include the respective rating categories correlative thereto if either or both of such rating agencies shall have changed or modified their generic rating categories or if Moody's or S&P shall not rate, or no longer rate, the Series 2002 Certificates or shall have been replaced.

"ARS" means, on any date, the Series 2002 Certificates when bearing interest as auction rate securities as provided in the Trust Agreement and the Auction Procedures applicable thereto.

"ARS Beneficial Owner" means the Person who is the beneficial owner of ARS according to the records of (i) DTC or its participants or a successor Securities Depository while such ARS are in book-entry form or (ii) the Trustee while such ARS are not in book-entry form.

"ARS Defaulted Interest" means interest on any ARS which is payable but is not punctually paid or duly provided for on any ARS Interest Payment Date.

"ARS Interest Payment Date" means, with respect to ARS, the Business Day immediately following each Auction Period.

"ARS Interest Period" means the period commencing on and including an ARS Interest Payment Date and ending on and excluding the next succeeding ARS Interest Payment Date; provided, that the first ARS Interest Period within each ARS Interest Rate Period shall commence on and include the Closing Date or the Conversion Date, as the case may be.

"ARS Interest Rate Period" means each period during which the Series 2002 Certificates are ARS.

"ARS Maximum Rate" means, on any date of determination, the interest rate per annum equal to the lesser of (i) the Applicable Percentage of the higher of (A) the After-Tax Equivalent Rate on such date and (B) the Index on such date, and (ii) 15% per annum; provided, that in no event shall the ARS Maximum Rate be more than the Maximum Lawful Rate.

"ARS Payment Default" means (i) a default in the due and punctual payment of any installment of interest on the ARS or (ii) a default in the due and punctual payment of any principal of or premium, if any, on the ARS at stated maturity or pursuant to a mandatory redemption.

"ARS Rating Agency" means Moody's or S&P, or if either Moody's or S&P discontinues its securities rating service, then such other nationally recognized securities rating agency as may be specified by the Market Agent with the consent of the School Board.

"Auction" means the implementation of the Auction Procedures on an Auction Date.

"Auction Agent" means the Initial Auction Agent unless and until a Substitute Auction Agent Agreement becomes effective, after which "Auction Agent" shall include both the Initial Auction Agent (if it is continuing to act in such capacity under the Trust Agreement with respect to Series of Auction Rate Securities) and each such Substitute Auction Agent so acting.

“Auction Agent Agreement” means, on any date, each Initial Auction Agent Agreement and each Substitute Auction Agent Agreement, relating to the Auction Rate Securities, in each case as from time to time in effect.

“Auction Date” means, with respect to each Series of ARS, the Business Day next preceding the first day of each Auction Period, other than (i) each Auction Period commencing after the ownership of such ARS is no longer maintained in book-entry form by a Securities Depository; (ii) each Auction Period commencing after the occurrence and during the continuance of an ARS Payment Default; or (iii) any Auction Period commencing less than two Business Days after the cure or waiver of an ARS Payment Default. The Auction Date determined as provided in this definition may be adjusted as provided in the Trust Agreement.

“Auction Period” means (i) with respect to ARS in a seven-day mode, any of (A) a period, generally of seven days, beginning on and including a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on and including the Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (B) a period, generally of seven days, beginning on and including a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on and including the Monday thereafter (unless such Monday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (C) a period, generally of seven days, beginning on and including a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on and including the Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (D) a period, generally of seven days, beginning on and including a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on and including the Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day) or (E) a period, generally of seven days, beginning on and including a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on and including the Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day) and (ii) with respect to ARS in a 35-day mode, any of (A) a period, generally of 35 days, beginning on and including a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on and including the fifth Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (B) a period, generally of 35 days, beginning on and including a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on and including the fifth Monday thereafter (unless such Monday is not followed by a Business Day, in which case ending on and including the next succeeding day followed by a Business Day), (C) a period, generally of 35 days, beginning on and including a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on and including the fifth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case ending on and including the next succeeding day followed by a Business Day), (D) a period, generally of 35 days, beginning on and including a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on and including the fifth Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case ending on and including the next succeeding day followed by a Business Day) or (E) a period, generally of 35 days, beginning on and including a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on and including the fifth Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day); provided, however, that the initial Auction Period with respect to the Series 2002 Certificates shall begin on and include the Closing Date, and that in the event of a Conversion of the Series 2002 Certificates from another Interest Rate Period to an ARS Interest Rate Period the initial Auction Period with respect to the Series 2002 Certificates following such Conversion shall begin on and include the Conversion Date.

“Auction Procedures” means the provisions set forth in the Auction and Settlement Procedures set forth in Exhibit B to the Auction Agent Agreement.

“Auction Rate” means, with respect to the interest rate on ARS, the rate of interest per annum that results

from implementation of the Auction Procedures, and determined as described in the Auction Procedures; provided, however, that the Auction Rate shall not exceed the ARS Maximum Rate.

“Authorized Denominations” means with respect to 2002 Certificates which are ARS, \$25,000 or any integral multiple thereof while the ARS are in a 7-day Auction Period and \$50,000 or any integral multiple thereof while the ARS are in a 35-day Auction Period.

“Bid” has the meaning provided in the Auction Procedures.

“BMA Index” means on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Bond Market Association (“BMA”) or any person acting in cooperation with or under the sponsorship of BMA and acceptable to the Market Agent, and effective from such date.

“Broker-Dealer” means with respect to the Series 2002A Certificates, Bear Stearns & Co. Inc. and with respect to the Series 2002B Certificates, Salomon Smith Barney, Inc., or any other broker or dealer (each as defined in the Securities Exchange Act), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures which (i) is a participant in or member of the Securities Depository as determined by the rules or bylaws of the Securities Depository (or an affiliate of such a participant or member), (ii) has been appointed as such by the School Board pursuant to the Trust Agreement, and (iii) has entered into a Broker-Dealer Agreement that is in effect on the date of reference. When used at a time when more than one Broker-Dealer is acting under the Trust Agreement, the term “the Broker-Dealer” shall mean, as the context dictates, either all such Broker-Dealers collectively, or only each Broker-Dealer acting with respect to the ARS.

“Broker-Dealer Agreement” means each agreement between the Auction Agent and a Broker-Dealer pursuant to which the Broker-Dealer agrees to participate in Auctions as set forth in the Auction Procedures, as from time to time amended or supplemented. Each Broker-Dealer Agreement shall be substantially in the form of the Broker-Dealer Agreement, dated as of December 1, 2002, between the Initial Auction Agent and Bear Stearns & Co. Inc. or Salomon Smith Barney, Inc., as applicable.

“Business Day” means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange is closed or on which banks are authorized or required to be closed in any of the City of Miami, Florida, New York, New York or any other municipality in which the principal offices of the Trustee are located.

“Change of Tax Law” means, with respect to any ARS Beneficial Owner, any amendment to the Code or other statute enacted by the Congress of the United States or any temporary, proposed or final regulation promulgated by the United States Treasury after the Closing Date, which (i) changes or would change any deduction, credit or other allowance allowable in computing liability for any federal tax with respect to, or (ii) imposes or would impose or reduces or would reduce or increases or would increase any federal tax (including, but not limited to, preference or excise taxes) upon, any interest earned by any holder of 2002 Certificates the interest on which is excluded from federal gross income under section 103 of the Code.

“Code” means the Internal Revenue Code of 1986, as from time to time amended, and any regulations promulgated thereunder which are applicable to the 2002 Certificates, including without limitation any Treasury Regulations or Temporary or Proposed Regulations, as the same shall from time to time be amended including (until modified, amended or superseded) Treasury Regulations or Temporary or Proposed Regulations under the Internal Revenue Code of 1954, as amended.

“Commercial Paper Dealer” means initially, with respect to the Series 2002A Certificates, Bear, Stearns & Co. Inc. and, with respect to the Series 2002B Certificates, Salomon Smith Barney, Inc., their respective successors and assigns, and any other commercial paper dealer(s) appointed as provided in the Trust Agreement.

“Conversion” means a conversion of the Series 2002 Certificates from one Interest Rate Period to another Interest Rate Period as provided in the Trust Agreement.

“Conversion Date” means the effective date of a Conversion of the Series 2002 Certificates.

“Existing Holder” means, with respect to any Auction, a Person who was listed as the ARS Beneficial Owner in the applicable Existing Holder Registry at the close of business on the Business Day immediately preceding such Auction.

“Existing Holder Registry” means the registry of Persons who are ARS Beneficial Owners of ARS, maintained by the Auction Agent as provided in the Auction Agent Agreement.

“Favorable Opinion” means, with respect to any action relating to the Series 2002 Certificates, the occurrence of which requires such an opinion, a written legal opinion of Special Tax Counsel to the effect that such action is permitted under the Trust Agreement and will not impair the exclusion of interest on the Series 2002 Certificates from gross income for purposes of federal income taxation or the exemption of interest on the Series 2002 Certificates from personal income taxation under the laws of the State of Florida (subject to customary exceptions).

“Hold Order” has the meaning provided in the Auction Procedures.

“Index” means on any date of determination, the BMA Index or, if such rate is not available, the Index so determined by the Market Agent, which shall equal the prevailing rate for bonds rated in the highest short-term rating category by Moody’s and S&P that are subject to tender by the holders thereof for purchase on not more than seven days notice and the interest on which is (i) variable on a weekly basis, (ii) excludable from gross income for federal income tax purposes under the Code, and (iii) not subject to an “alternative minimum tax” or similar tax under the Code, unless all tax-exempt bonds are subject to such tax.

“Initial Auction Agent” means _____, with respect to the Series 2002A Certificates and _____, with respect to the Series 2002B Certificates, their respective successors and assigns.

“Initial Auction Agent Agreement” each Auction Agent Agreement, dated as of December 1, 2002, between the Trustee each Initial Auction Agent, relating to the 2002 Certificates, including any amendment thereof or supplement thereto.

“Initial Market Agent” means with respect to the Series 2002A Certificates, Bear Stearns & Co. Inc. its successor and assigns and with respect to the Series 2002B Certificates, Salomon Smith Barney, Inc., its successors and assigns.

“Interest Payment Date” means, with respect to Series 2002 Certificates which are ARS, each ARS Interest Payment Date.

“Interest Rate Period” means each Daily Interest Rate Period, Weekly Interest Rate Period, Short-Term Interest Rate Period, Long-Term Interest Rate Period or ARS Interest Rate Period.

“Market Agent” means the Initial Market Agent unless and until a Substitute Market Agent Agreement is entered into, after which “Market Agent” shall include both the Initial Market Agent and each Substitute Market Agent so acting, subject to the approval of the Insurer.

“Market Agent Agreement” means, on any date, each of the Market Agent Agreements dated as of December 1, 2002 between the Trustee and the Initial Market Agent and each Substitute Market Agent Agreement, in each case as from time to time in effect.

“Maturity Date” has the meaning set forth in the Certificate.

“Maximum Certificate Interest Rate” means the lesser of (a) the rate of fifteen percent per annum with respect to Series 2002 Certificates which are ARS or twelve percent per annum with respect to Series 2002 Certificates other than ARS, calculated in the same manner as interest is calculated for the particular interest rate on

the Series 2002 Certificates and (b) the Maximum Lawful Rate.

“Maximum Lawful Rate” means the maximum rate of interest on the relevant obligation permitted by applicable law.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the School Board by notice to the Authority and the Trustee, with the consent of the Insurer.

“No Auction Percentage” means, with respect to ARS, on any date of determination, the percentage determined (as such percentage may be adjusted pursuant to the Trust Agreement), based on Moody’s or S&P’s ratings of the Series 2002 Certificates in effect at the close of business on the Business Day immediately preceding such date, or, if the Series 2002 Certificates are then rated by both Moody’s and S&P, based on the lower of such ratings on such Business Day, as set forth below:

<u>Credit Ratings</u>		<u>No Auction Percentage</u>
Moody’s	S&P	
“Aaa”	“AAA”	100%
“Aa”	“AA”	125%
“A”	“A”	150%
“Baa”	“BBB”	175%
Below “Baa”	Below “BBB”	200%

For purposes of this definition, S&P’s rating categories of “AAA”, “AA”, “A” and “BBB,” and Moody’s rating categories of “Aaa,” “Aa,” “A” and “Baa” shall refer to and include the respective rating categories correlative thereto if either or both of such rating agencies shall have changed or modified their generic rating categories or if Moody’s or S&P shall not rate, or no longer rate, the applicable Series of ARS or shall have been replaced.

“No Auction Rate” means, on any date of determination, the lesser of (a) the Maximum Lawful Rate and (b) the interest rate per annum equal to the No Auction Percentage of the higher of (i) the After-Tax Equivalent Rate determined on such date with respect to the then-current Auction Period and (ii) the BMA Index.

“Non-Payment Rate” means, on any date of determination, the interest rate per annum equal to the lesser of (i) 265% of the Index on such date (as such percentage may be adjusted pursuant to the Trust Agreement) or (ii) 15% per annum; provided, that in no event shall the Non-Payment Rate be more than the Maximum Lawful Rate.

“Notice of ARS Payment Default” means a notice substantially in the form of Exhibit E to the Auction Agent Agreement.

“Notice of Cure of ARS Payment Default” means a notice substantially in the form of Exhibit 201A to the Trust Agreement.

“Notice of Percentage Change” means a notice to the Trustee and the Auction Agent substantially in the form provided as Exhibit C to the Market Agent Agreement.

“Notice of Proposed Percentage Change” means a notice to the Trustee and the Auction Agent substantially in the form provided as Exhibit B to the Market Agent Agreement.

“Order” has the meaning provided in the Auction Procedures.

“Participant” means, with respect to DTC or another Securities Depository, a participant in or member of DTC or such other Securities Depository, respectively.

“Person” means a corporation, association, partnership, limited liability company, joint venture, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

“Potential Holder” means, with respect to any Auction, any Person, including any Existing Holder, who may be interested in acquiring a beneficial interest in ARS subject to such Auction in addition to the ARS, if any, currently owned by such Person.

“Rating Agency” means, as of any date, each of Moody’s, if Series 2002 Certificates are then rated by Moody’s, and S&P, if Series 2002 Certificates are then rated by S&P.

“Record Date” means with respect to any Series 2002 Certificates which are ARS, the second Business Day next preceding each ARS Interest Payment Date.

“S&P” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., a New York corporation, its successors and assigns.

“School Board” means the School Board of Miami-Dade County, Florida.

“Securities Depository” means DTC, or, if applicable, any successor securities depository appointed pursuant to the Trust Agreement.

“Securities Exchange Act” means the Securities Exchange Act of 1934, as amended, and any successor thereto.

“Sell Order” has the meaning provided in the Auction Procedures.

“Special Record Date” means a special date fixed to determine the names and addresses of holders of ARS for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in the Trust Agreement.

“Submission Deadline” means 1:00 p.m., New York City time on any Auction Date, or such other time on any Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

“Submitted Hold Orders” has the meaning provided in the Auction Procedures.

“Substitute Auction Agent” means the Person with whom the Trustee enters into a Substitute Auction Agent Agreement.

“Substitute Auction Agent Agreement” means an auction agent agreement containing terms substantially similar to the terms of the Initial Auction Agent Agreement whereby a Person having the qualifications required by the Trust Agreement agrees with the Trustee to perform the duties of the Auction Agent set forth therein with respect to the Series 2002 Certificates.

“Substitute Market Agent” means the Person with whom the Trustee enters into a Substitute Market Agent Agreement.

“Substitute Market Agent Agreement” means a market agent agreement containing terms substantially similar to the terms of the initial Market Agent Agreement entered into between the Trustee and a market agent selected by School Board.

“Sufficient Clearing Bids” has the meaning provided in the Auction Procedures.

“Trustee” means The Bank of New York Trust Company of Florida, N.A., a national banking association, as trustee (with its successors) and, where the context may require, any separate trustee or co-trustee appointed by

the Trustee pursuant to the provisions of the Trust Agreement.

Payments with Respect to ARS

The interest portion of Basic Lease Payments represented by ARS shall accrue from and including, as applicable, the Closing Date, the Conversion Date or the most recent ARS Interest Payment Date to which interest has been paid or duly provided for. The Trustee shall determine the aggregate amount of interest payable with respect to ARS on each ARS Interest Payment Date. Interest due on any ARS Interest Payment Date with respect to ARS shall equal (i) the Applicable ARS Rate, multiplied by (ii) the aggregate principal amount of the outstanding ARS, multiplied by (iii) the number of days in the Applicable ARS Interest Period, divided by (iv) 360, and rounding the resultant figure to the nearest cent (a half cent being rounded upward).

The interest portion of Basic Lease Payments represented by ARS shall be computed on the basis of a 360-day year for the actual number of days elapsed. The applicable ARS Rate with respect to the ARS Interest Period beginning on the Closing Date shall be the interest rate determined by the underwriters for such initial ARS Interest Period in accordance with the Trust Agreement. The Applicable ARS Rate with respect to ARS for each subsequent ARS Interest Period shall be the Auction Rate; provided that (i) if a notice of a proposed adjustment in the percentages used to determine the ARS Maximum Rate, the All-Hold Rate, the No Auction Rate and the Non-Payment Rate shall have been given by the Market Agent in accordance with the provisions of the Trust Agreement described under the caption “—Adjustment in Percentages” and, because of a failure to satisfy the conditions set forth in the provisions of the Trust Agreement described under such caption, such adjustment shall not have taken effect, then an Auction with respect to ARS shall not be held on the Auction Date immediately preceding the next succeeding ARS Interest Payment Date and the Applicable ARS Rate for such next succeeding ARS Interest Period shall equal the ARS Maximum Rate on such Auction Date; and (ii) if, on any Auction Date, an Auction is not held (except as contemplated in clause (i) above), then the Applicable ARS Rate for the next succeeding ARS Interest Period shall equal the No Auction Rate on such Auction Date.

Notwithstanding the foregoing, (x) if the ownership of the ARS is no longer maintained in book-entry form by a Securities Depository, the Applicable ARS Rate for any ARS Interest Period commencing after the delivery of certificates representing the ARS shall equal the ARS Maximum Rate; or (y) if an ARS Payment Default shall have occurred with respect to the ARS, the Applicable ARS Rate for the ARS Interest Period commencing on or immediately after such ARS Payment Default and for each ARS Interest Period thereafter, to and including the ARS Interest Period, if any, during which, or commencing less than two Business Days after, such ARS Payment Default is cured in accordance with the Trust Agreement, shall equal the Non-Payment Rate on the first day of each such ARS Interest Period, provided that if an Auction occurred on the Business Day immediately preceding any such ARS Interest Period, the Applicable ARS Rate for such ARS Interest Period shall be the Non-Payment Rate.

Computation of Interest Distributable on ARS. The Trustee will calculate the amount of interest distributable to ARS Beneficial Owners in respect of each \$25,000 (if the ARS are in a 7-day Auction Period) or \$50,000 (if the ARS are in a 35-day Auction Period) in principal amount thereof for any ARS Interest Period or part thereof, by applying the Applicable ARS Rate with respect to the ARS, for such ARS Interest Period or part thereof, to the principal amount of \$25,000 (if the ARS are in a 7-day Auction Period) or \$50,000 (if the ARS are in a 35-day Auction Period), multiplying such sum by the actual number of days in such ARS Interest Period or part thereof divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upward).

ARS Defaulted Interest. By 2:00 p.m., New York City time, on each ARS Interest Payment Date, the Trustee will determine whether an ARS Payment Default has occurred. If an ARS Payment Default has occurred, the Trustee will send a Notice of ARS Payment Default to the Auction Agent and each Broker-Dealer, not later than 2:30 p.m. New York City time on such Business Day. If such ARS Payment Default is cured, the Trustee will immediately send a Notice of Cure of ARS Payment Default to the Auction Agent and each Broker-Dealer. ARS Defaulted Interest will cease to be payable to the ARS Beneficial Owner on the relevant Record Date by virtue of having been such ARS Beneficial Owner and such ARS Defaulted Interest will be payable to the Person in whose name the ARS are registered at the close of business on a Special Record Date fixed by the Trustee, which will not be more than 15 days and not less than ten days prior to the date of the proposed payment of ARS Defaulted Interest.

Description of Auction

Auction Participants

Existing Holders and Potential Holders. Participants in each Auction will include: (i) "Existing Holders", which shall mean any Person who is listed as the ARS Beneficial Owner in the Existing Holder Registry at the close of business on the Business Day immediately preceding such Auction, and (ii) "Potential Holders", which shall mean any Person, including any Existing Holder, who may be interested in acquiring ARS (or, in the case of an Existing Holder, an additional principal amount of ARS).

Auction Agent. The Trust Agreement directs the Trustee to enter into the Initial Auction Agent Agreement with the Initial Auction Agent. The Auction Agent may at any time resign and be discharged of the duties and obligations created by the Trust Agreement by giving at least 45 days' notice to the Trustee, the Broker-Dealer, the Authority, the School Board, the Insurer, and the Market Agent. The Auction Agent may be removed at any time by the Trustee, upon the written direction of (i) the School Board, or (ii) the ARS Beneficial Owners of 66-2/3% of the aggregate principal amount of the ARS then outstanding, by an instrument signed by the Trustee and filed with the Auction Agent, the Insurer, the Market Agent, the Authority and the School Board upon at least 30 days' notice. Neither the resignation nor removal of the Auction Agent pursuant to the preceding two sentences shall be effective until and unless a Substitute Auction Agent shall have been appointed and accepted such appointment; provided, however that the Auction Agent shall be entitled to resign ninety (90) days after the date specified in its notice of resignation, whether or not a successor Auction Agent has been appointed. The Auction Agent may terminate the Auction Agent Agreement if, within 30 days after notifying the Trustee, the Authority, the School Board, the Insurer and the Market Agent in writing that it has not received payment of any Auction Agent Fee due it, the Auction Agent does not receive such payment. The Auction Agent may be removed at any time, at the written request of the School Board, for any breach of its obligations under the Trust Agreement or the Auction Agent Agreement. The Auction Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under the Trust Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; acts of terrorism; epidemics; riots; interruptions, loss or malfunctions of utilities; computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental actions; it being understood that the Auction Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances. In no event shall the Auction Agent be responsible or liable for special, indirect or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), even if the Auction Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

If the Auction Agent shall resign or be removed or be dissolved, or if the property or affairs of the Auction Agent shall be taken under the control of any state or federal court or administrative body, the Trustee, at the direction of the School Board, will use its best efforts to appoint a Substitute Auction Agent.

The Trustee shall not be liable for any action taken, suffered or omitted by the Auction Agent. Absent willful misconduct, grossly negligent failure to act or gross negligence on its part, the Auction Agent will not be liable for any action taken, suffered or omitted or any error of judgment made by it in the performance of its duties under the Auction Agent Agreement and will not be liable for any good faith error of judgment unless the Auction Agent shall have been grossly negligent in ascertaining (or failing to ascertain) the pertinent facts.

Broker-Dealers. The Auction Agent will enter into a Broker-Dealer Agreement with each of Bear, Stearns & Co. Inc. and Salomon Smith Barney, Inc., as the initial Broker-Dealers. The School Board may, from time to time, approve one or more additional Persons to serve as Broker-Dealers. Any Broker-Dealer may be removed at any time, at the written request of the School Board, with the written consent of the Authority.

Market Agent. The Trust Agreement directs the Trustee, as agent for the ARS Beneficial Owners, to enter into the Market Agent Agreement with the Initial Market Agent. The Market Agent shall be a member of the National Association of Securities Dealers, Inc. having capitalization of at least \$25,000,000, and be authorized by law to perform all the duties imposed upon it by the Trust Agreement and the Market Agent Agreement. The Market Agent may be removed by the Trustee at any time upon and pursuant to the written direction of the School

Board, or the ARS Beneficial Owners of 66-2/3% of the aggregate principal amount of the ARS then outstanding; provided that such removal shall not take effect until the appointment by the ARS Beneficial Owners or the Trustee of a Substitute Market Agent. The Market Agent may resign upon 30 days' written notice delivered to the Trustee, provided that such resignation shall not take effect until the appointment of a Substitute Market Agent. The Market Agent may be removed at any time, at the written request of the School Board, for any breach of its obligations under the Trust Agreement or the Market Agent Agreement.

Auction Procedures

Submission of Orders

While the ownership of the ARS is maintained in book-entry form, an Existing Holder may sell, transfer or otherwise dispose of ARS only pursuant to a Bid or Sell Order placed in an Auction or through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions, such Existing Holder, its Broker-Dealer or its Participant advises the Auction Agent of such transfer. Subject to the provisions of the Trust Agreement, Auctions will be conducted on each Auction Date, if there is an Auction Agent on such Auction Date, in the following manner.

Prior to the Submission Deadline: (a) each Existing Holder of ARS may submit to a Broker-Dealer by telephone or otherwise an Order, consisting of information as to: (i) the principal amount of outstanding ARS, if any, held by such Existing Holder which such Existing Holder desires to continue to hold without regard to the Auction Rate for the next succeeding ARS Interest Period (a "Hold Order"); (ii) the principal amount of outstanding ARS, if any, which such Existing Holder offers to sell if the Auction Rate for the next succeeding ARS Interest Period shall be less than the rate per annum specified by such Existing Holder (a "Bid"); and/or (iii) the principal amount of outstanding ARS, if any, held by such Existing Holder which such Existing Holder offers to sell without regard to the Auction Rate for the next succeeding ARS Interest Period (a "Sell Order"); and (b) one or more Broker-Dealers may contact Potential Holders to determine the principal amount of ARS which each Potential Holder offers to purchase if the Auction Rate for the next succeeding ARS Interest Period shall not be less than the rate per annum specified by such Potential Holder (also a "Bid").

Each Hold Order, Bid and Sell Order shall be an "Order". Each Existing Holder and each Potential Holder placing an Order is referred to as a "Bidder".

Bids by Existing Holders. Subject to the provisions described below under "*- Validity of Orders*", a Bid by an Existing Holder shall constitute an irrevocable offer to sell, in each case for settlement in same day funds on the next ARS Interest Payment Date therefor at a price equal to 100% of the principal amount thereof: (i) the principal amount of outstanding ARS specified in such Bid if the Auction Rate shall be less than the rate specified in such Bid, (ii) such principal amount or a lesser principal amount of outstanding ARS to be determined as described below in "*-Acceptance and Rejection of Orders*", if the Auction Rate shall be equal to the rate specified in such Bid; or (iii) such principal amount or a lesser principal amount of outstanding ARS to be determined as described below in "*-Acceptance and Rejection of Orders*", if the rate specified therein shall be higher than the ARS Maximum Rate and Sufficient Clearing Bids have not been made.

Sell Orders by Existing Holders. Subject to the provisions described below under "*- Validity of Orders*", a Sell Order by an Existing Holder shall constitute an irrevocable offer to sell, in each case for settlement in same day funds on the next ARS Interest Payment Date therefor at a price equal to 100% of the principal amount thereof: (i) the principal amount of outstanding ARS specified in such Sell Order if Sufficient Clearing Bids exist; or (ii) such principal amount or a lesser principal amount of outstanding ARS as described below in "*-Acceptance and Rejection of Orders*", if Sufficient Clearing Bids have not been made.

Bids by Potential Holders. Subject to the provisions described below under "*-Validity of Orders*", a Bid by a Potential Holder shall constitute an irrevocable offer to purchase, in each case for settlement in same day funds on the next ARS Interest Payment Date therefor at a price equal to 100% of the principal amount thereof: (i) the principal amount of outstanding ARS specified in such Bid if the Auction Rate shall be higher than the rate specified in such Bid, or (ii) such principal amount or a lesser principal amount of outstanding ARS as described below in "*-Acceptance and Rejection of Orders*", if the Auction Rate is equal to the rate specified in such Bid.

Each Broker-Dealer shall submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date all Orders obtained by such Broker-Dealer and shall specify with respect to each Order: (A) the name of the Bidder placing such Order, and (B) the aggregate principal amount of ARS that are subject to such Order. To the extent that such Bidder is an Existing Holder, each Broker-Dealer shall specify: (i) the principal amount of ARS, if any, subject to any Hold Order placed by such Existing Holder, (ii) the principal amount of ARS, if any subject to any Bid placed by such Existing Holder and the rate specified in such Bid, and (iii) the principal amount of ARS, if any, subject to any Sell Order placed by such Existing Holder. To the extent such Bidder is a Potential Holder, each Broker-Dealer shall specify the rate specified in such Potential Holder's Bid.

If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next higher one-thousandth (.001) of one percent.

If an Order or Orders covering all outstanding ARS held by any Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the principal amount of outstanding ARS held by such Existing Holder and not subject to an Order submitted to the Auction Agent.

None of the School Board, the Authority, the Trustee, or the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder or Potential Holder, nor shall any of the School Board, the Authority, the Trustee, or the Auction Agent be responsible for failure by any Securities Depository to effect any transfer or to provide the Auction Agent with current information regarding registration of transfers.

Validity of Orders

If any Existing Holder submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of outstanding ARS held by such Existing Holder, such Orders shall be considered valid as follows and in the order of priority described below.

Hold Orders. All Hold Orders shall be considered valid, but only up to and including in the aggregate the principal amount of outstanding ARS held by such Existing Holder, and if the aggregate principal amount of ARS subject to such Hold Orders exceeds the aggregate principal amount of ARS held by such Existing Holder, the aggregate principal amount of ARS subject to each such Hold Order shall be reduced so that the aggregate principal amount of ARS subject to such Hold Orders equals the aggregate principal amount of outstanding ARS held by such Existing Holder.

Bids. Any Bid shall be considered valid up to and including the excess of the principal amount of outstanding ARS held by such Existing Holder over the aggregate principal amount of ARS subject to any Hold Order referred to above. Subject to the preceding sentence, if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the aggregate principal amount of outstanding ARS subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess. Subject to the preceding sentences, if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid first in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess. In any such event, the amount of outstanding ARS, if any, subject to Bids not valid under the provisions described in this paragraph shall be treated as the subject of a Bid by a Potential Holder at the rate therein specified.

Sell Orders. All Sell Orders shall be considered valid up to and including the excess of the principal amount of outstanding ARS held by such Existing Holder over the aggregate principal amount of ARS subject to Hold Orders and valid Bids referred to in the preceding two paragraphs.

If more than one Bid for ARS is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate and principal amount therein specified. Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of ARS not equal to an Authorized Denomination shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal

amount of ARS not equal to an Authorized Denomination shall be rejected.

Any Bid specifying a rate higher than the ARS Maximum Rate will be treated as a Sell Order if submitted by an Existing Holder and will not be accepted if submitted by a Potential Holder. Any Bid submitted by an Existing Holder or on behalf of a Potential Holder specifying a rate lower than the All-Hold Rate shall be considered as valid and shall be selected in the ascending order of their respective rates contained in the Submitted Bids.

Any Order submitted in an Auction by a Broker-Dealer to the Auction Agent prior to the Submission Deadline on any Auction Date shall be irrevocable.

A Hold Order, a Bid or a Sell Order that has been determined valid pursuant to the procedures described above is referred to as a "Submitted Hold Order", a "Submitted Bid" and a "Submitted Sell Order", respectively (collectively, "Submitted Orders").

Determination of Sufficient Clearing Bids and Winning Bid Rate

Not earlier than the Submission Deadline on each Auction Date, the Auction Agent will assemble all Submitted Orders and will determine:

(a) the excess of the total principal amount of outstanding ARS over the sum of the aggregate principal amount of outstanding ARS subject to Submitted Hold Orders (such excess being hereinafter referred to as the "Available Series ARS"); and

(b) from the Submitted Orders whether the aggregate principal amount of outstanding ARS subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the ARS Maximum Rate exceeds or is equal to the sum of (i) the aggregate principal amount of outstanding ARS subject to Submitted Bids by Existing Holders specifying one or more rates higher than the ARS Maximum Rate and (ii) the aggregate principal amount of outstanding ARS subject to Submitted Sell Orders (in the event such excess or such equality exists, other than because all of the outstanding ARS are subject to Submitted Hold Orders, such Submitted Bids by Potential Holders described above shall be referred to collectively as "Sufficient Clearing Bids"); and

(c) if Sufficient Clearing Bids exist, the lowest rate specified in such Submitted Bids (which shall be the "Winning Bid Rate"), such that if:

(i) each such Submitted Bid from Existing Holders specifying such lowest rate and all other Submitted Bids from Existing Holders specifying lower rates were rejected (thus entitling such Existing Holders to continue to hold the principal amount of ARS subject to such Submitted Bids); and

(ii) each such Submitted Bid from Potential Holders specifying such lowest rate and all other Submitted Bids from Potential Holders specifying such lower rates were accepted,

the result would be that such Existing Holders described in subparagraph (c)(i) above would continue to hold an aggregate principal amount of outstanding ARS, which, when added to the aggregate principal amount of outstanding ARS to be purchased by such Potential Holders described in subparagraph (c)(ii) above, would equal not less than the Available Series ARS.

Notice of Applicable ARS Rate

Promptly after the Auction Agent has made the determinations described above, the Auction Agent will advise the Broker-Dealer and the Trustee of the ARS Maximum Rate and the All-Hold Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding ARS Interest Period as follows: (a) if Sufficient Clearing Bids exist, that the Auction Rate for the next succeeding ARS Interest Period shall equal the Winning Bid Rate; (b) if Sufficient Clearing Bids do not exist (other than because all of the outstanding ARS are subject to Submitted Hold Orders), that the Auction Rate for the next succeeding ARS Interest Period shall equal the ARS Maximum Rate; or (c) if all outstanding ARS are subject to Submitted Hold

Orders, that the Auction Rate for the next succeeding ARS Interest Period shall equal the All-Hold Rate.

Acceptance and Rejection of Orders

Existing Holders shall continue to hold the principal amount of ARS that are subject to Submitted Hold Orders. Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other action as set forth below:

Sufficient Clearing Bids. If Sufficient Clearing Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the denomination requirements described below, Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(a) Existing Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to sell the aggregate principal amount of ARS subject to such Submitted Bids;

(b) Existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of ARS subject to such Submitted Bids;

(c) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted;

(d) each Existing Holder's Submitted Bid specifying a rate equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Holder to continue to hold the aggregate principal amount of ARS subject to such Submitted Bid, unless the aggregate principal amount of outstanding ARS subject to all such Submitted Bids shall be greater than the principal amount of ARS (the "remaining principal amount") equal to the excess of the Available Series ARS over the aggregate principal amount of ARS subject to Submitted Bids described in subparagraphs (b) and (c) above, in which event such Submitted Bid of such Existing Holder shall be rejected in part, and such Existing Holder shall be entitled to continue to hold the principal amount of ARS subject to such Submitted Bid, but only in an amount equal to the aggregate principal amount of ARS obtained by multiplying the remaining principal amount by a fraction, the numerator of which shall be the principal amount of outstanding ARS held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the principal amount of outstanding ARS subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(e) each Potential Holder's Submitted Bid specifying a rate equal to the Winning Bid Rate shall be accepted, but only in an amount equal to the principal amount of ARS obtained by multiplying the excess of the aggregate principal amount of Available Series ARS over the aggregate principal amount of ARS subject to Submitted Bids described in subparagraphs (b), (c) and (d) above by a fraction, the numerator of which shall be the aggregate principal amount of outstanding ARS subject to such Submitted Bid and the denominator of which shall be the sum of the principal amounts of outstanding ARS subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

Insufficient Clearing Bids. If Sufficient Clearing Bids have not been made (other than because all of the outstanding ARS are subject to Submitted Hold Orders), subject to the denomination requirements described below, Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(a) Existing Holders' Submitted Bids specifying any rate that is equal to or lower than the ARS Maximum Rate shall be rejected, thus entitling such Existing Holders to continue to hold the aggregate principal amount of ARS subject to such Submitted Bids;

(b) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the ARS Maximum Rate shall be accepted, and specifying any rate that is higher than the ARS Maximum Rate shall be

rejected; and

(c) each Existing Holder's Submitted Bid specifying any rate that is higher than the ARS Maximum Rate and the Submitted Sell Order of each Existing Holder shall be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the ARS subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of ARS obtained by multiplying the aggregate principal amount of ARS subject to Submitted Bids described in subparagraph (b) above which are accepted by a fraction, the numerator of which shall be the aggregate principal amount of outstanding ARS held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of outstanding ARS subject to all such Submitted Bids and Submitted Sell Orders.

All Hold Orders. If all outstanding ARS are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

Authorized Denomination Requirement. If, as a result of the procedures described above regarding Sufficient Clearing Bids and Insufficient Clearing Bids, any Existing Holder would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a principal amount of ARS that is not equal to an Authorized Denomination, the Auction Agent shall, in such manner as in its sole discretion it shall determine, round up or down the principal amount of ARS to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount of ARS purchased or sold by each Existing Holder or Potential Holder shall be equal to an Authorized Denomination. If, as a result of the procedures described above regarding Insufficient Clearing Bids, any Potential Holder would be entitled or required to purchase less than an Authorized Denomination of ARS, the Auction Agent shall, in such manner as in its sole discretion it shall determine, allocate ARS for purchase among Potential Holders so that only ARS in Authorized Denominations are purchased by any Potential Holder, even if such allocation results in one or more of such Potential Holders not purchasing any ARS.

None of the School Board, the Authority, the Trustee or the Auction Agent shall have any liability in the event that there are not Sufficient Clearing Bids from time to time pursuant to the Auction Procedures.

Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of ARS to be purchased and the aggregate principal amount of ARS to be sold by Potential Holders and Existing Holders on whose behalf each Broker-Dealer Submitted Bids or Sell Orders and, with respect to each Broker-Dealer, to the extent that such aggregate principal amount of ARS to be sold differs from such aggregate principal amount of ARS to be purchased, determine to which other Broker-Dealer[s] acting for one or more purchasers such Broker-Dealer shall deliver, or from which Broker-Dealer[s] acting for one or more sellers such Broker-Dealer shall receive, as the case may be, ARS.

Absent manifest error, any calculation by the Auction Agent or the Trustee of the Applicable ARS Rate, the "AA" Composite Commercial Paper Rate, the ARS Maximum Rate, the All-Hold Rate and the Non-Payment Rate shall be binding on all ARS Beneficial Owners and other parties.

Settlement Procedures

(a) Not later than 3:00 p.m., New York City time, on each Auction Date, the Auction Agent is required to notify by telephone (or by other means acceptable to the parties) each Broker-Dealer that participated in the Auction held on such Auction Date and submitted an Order on behalf of an Existing Holder or Potential Holder of: (i) the Auction Rate fixed for the next ARS Interest Period; (ii) whether there were Sufficient Clearing Bids in such Auction; (iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be sold by such Existing Holder; (iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be purchased by such Potential Holder; (v) if the aggregate principal amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order exceeds the aggregate principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more Buyer's Broker-Dealers (and the name of the

Participant, if any, of each such Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of ARS and the principal amount of ARS to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such Buyer's Broker-Dealers acted; (vi) if the principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the aggregate principal amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the Participant, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of ARS and the principal amount of ARS to be sold to one or more Potential Holders on whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted; and (vii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall: (i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part; (ii) in the case of a Buyer's Broker-Dealer, advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Holder's Participant to pay to such Broker-Dealer (or its Participant) through the Securities Depository the amount necessary to purchase the principal amount of ARS to be purchased pursuant to such Bid against receipt of such ARS; (iii) in the case of a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through the Securities Depository the principal amount of ARS to be sold pursuant to such Order against payment therefor; (iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next ARS Interest Period; (v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and (vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it in connection with such Auction pursuant to paragraph (b)(ii) above, and any ARS received by it in connection with such Auction pursuant to paragraph (b)(iii) above among the Potential Holders, if any, on whose behalf such Broker-Dealer Submitted Bids, the Existing Holders, if any on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date: (i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be; (ii) each Seller's Broker-Dealer that is not a Participant of the Securities Depository shall instruct its Participant to (A) pay through the Securities Depository to the Participant of the Existing Holder delivering ARS to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary to purchase such ARS against receipt of such ARS, and (B) deliver such ARS through the Securities Depository to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and (iii) each Buyer's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to (A) pay through the Securities Depository to Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary to purchase the ARS to be purchased pursuant to (b)(ii) above against receipt of such ARS, and (B) deliver such ARS through the Securities Depository to the Participant of the purchaser thereof against payment therefor.

(e) On the Business Day following each Auction Date: (i) each Participant for a Bidder in the Auction on such Auction Date referred to in subparagraph (d)(i) above shall instruct the Securities Depository to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and the Securities Depository shall execute such transactions; (ii) each Seller's Broker-Dealer or its Participant shall instruct the Securities Depository to execute the transactions described in subparagraph (d)(ii) above for such Auction, and the Securities Depository shall execute such transactions; and (iii) each Buyer's Broker-Dealer or its Participant shall instruct the Securities Depository to execute the transactions described in subparagraph (d)(iii) above for such Auction, and the Securities

Depository shall execute such transactions.

(f) If an Existing Holder selling ARS in an Auction fails to deliver such ARS (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of ARS that is less than the principal amount of ARS that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of ARS to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of ARS shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of ARS which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent Agreement and the Broker-Dealer Agreements.

Agreement of Holders

By purchasing ARS, whether in an Auction or otherwise, each prospective purchaser of ARS or its Broker-Dealer will be deemed to have agreed to the provisions for the replacement of the Auction Agent, each Broker-Dealer and the Market Agent as provided in the Trust Agreement, and relevant agreements among the Authority, the School Board, the Trustee, the Auction Agent, the Market Agent and the Broker-Dealer, as appropriate.

Calculation of Certain Rates Relating to an Auction

The Auction Agent will calculate the ARS Maximum Rate and the All-Hold Rate on each Auction Date. If ownership of the ARS is no longer maintained in book-entry form by the Securities Depository, the Auction Agent will calculate the ARS Maximum Rate for such Series on the Business Day immediately preceding each ARS Interest Payment Date after the delivery of certificates representing the ARS pursuant to the Trust Agreement. If an ARS Payment Default shall have occurred, the Trustee will calculate the Non-Payment Rate on the first day of (i) each ARS Interest Period commencing on or after the date of the occurrence and during the continuance of such ARS Payment Default and (ii) any ARS Interest Period commencing less than two Business Days after the cure of any ARS Payment Default. The Auction Agent will determine the "AA" Composite Commercial Paper Rate for each ARS Interest Period other than the first ARS Interest Period; provided, that if the ownership of the ARS is no longer maintained in book-entry form, or if an ARS Payment Default has occurred, then the Trustee will determine the "AA" Composite Commercial Paper Rate for each such ARS Interest Period. The determination by the Trustee or the Auction Agent, as the case may be, of the "AA" Composite Commercial Paper Rate, ARS Maximum Rate, All-Hold Rate, the No Auction Rate and Non-Payment Rate shall (in the absence of manifest error) be final and binding upon all ARS Beneficial Owners and all other parties.

If the Federal Reserve Bank of New York has not made available its 30-day commercial paper rate for purposes of determining "AA" Composite Commercial Paper Rate, the Auction Agent or the Trustee, as the case may be, shall request that the School Board appoint at least three Commercial Paper Dealers to provide commercial paper quotes for purposes of determining the "AA" Composite Commercial Paper Rate; and if the School Board shall fail to make any such appointment within three Business Days following such request, the Trustee shall appoint such Commercial Paper Dealers and notify the School Board of such appointment.

Adjustment in Percentages

The Market Agent will adjust the percentage used in determining the All-Hold Rate, the Applicable Percentages used in determining the ARS Maximum Rate, the No Auction Percentages used in the determining the No Auction Rate and the percentage of the Index used in calculating the Non-Payment Rate, if any such adjustment is necessary, in the judgment of the Market Agent, to reflect any change in market convention or Change of Tax Law such that ARS will have substantially the same market value after such change in market convention or Change of Tax Law as before such change in market convention or Change of Tax Law. In making any such adjustment, the Market Agent will take into account the following factors, as in existence both before and after such change in market convention or Change of Tax Law: (i) short-term taxable and tax-exempt market rates and indices of such short-term rates; (ii) the market supply and demand for short-term tax-exempt securities; (iii) yield curves for short-term and long-term tax-exempt securities or obligations having a credit rating that is comparable to the ARS; (iv) general economic conditions; and (v) economic and financial factors present in the securities industry that may

affect, or that may be relevant to, the ARS.

The Market Agent will communicate its determination to make any such adjustment by means of a Notice of Proposed Percentage Change delivered in writing to the Authority, the Trustee, the School Board, the Broker-Dealer and the Auction Agent at least 10 days prior to the Auction Date on which the Market Agent desires to effect the change. Such notice will be effective only if accompanied by the form of a Favorable Opinion.

Any such adjustment in percentages will take effect on an Auction Date only if: (i) the Trustee, the Authority, the School Board, the Broker-Dealer and the Auction Agent receive, by 11:00 a.m., New York City time, on the Business Day immediately preceding such Auction Date, a Notice of Percentage Change from the Market Agent, (A) authorizing the adjustment of the percentage which shall be specified in such authorization, and (B) confirming that Special Tax Counsel expects to be able to give a Favorable Opinion; and (ii) the Trustee, the Authority, the School Board, the Broker-Dealer and the Auction Agent receive by 9:30 a.m., New York City time, on such Auction Date, a Favorable Opinion. If any of these conditions are not met, the existing percentages will remain in effect and the rate of interest for each succeeding ARS Interest Period until each such condition is met will equal the ARS Maximum Rate on the Auction Date for such succeeding ARS Interest Period.

Changes in Auction Period or Auction Date

Changes in Auction Period. The Auction Periods for the ARS Interest Rate Periods commencing on the Closing Date initially shall be a 35-day period commencing generally on a Wednesday. The Auction Period with respect to each subsequent ARS Interest Rate Period, if any, initially shall be either a seven-day period or a 35-day period commencing generally on a Monday, generally on a Tuesday, generally on a Wednesday, generally on a Thursday, or generally on a Friday, in each case as announced by the School Board in its notice of the proposed Conversion to such subsequent ARS Interest Rate Period as provided in the Trust Agreement.

During any ARS Interest Rate Period, the School Board may from time to time on any ARS Interest Payment Date change the length of the Auction Period with respect to all of the Series 2002 Certificates between seven-days and 35-days and/or change the first day of each Auction Period, in each case in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by the Series 2002 Certificates. The School Board shall initiate the change in the length and/or day of commencement of the Auction Period by giving written notice to the Trustee, the Authority, the Insurer, the Auction Agent, the Broker-Dealer and the Securities Depository that the Auction Period shall change if the conditions described in the Trust Agreement are satisfied and the proposed effective date of the change, at least three Business Days prior to the Auction Date for such Auction Period. Any such changed Auction Period shall be for a period of seven days or 35 days and shall be for all of the Series 2002 Certificates.

No change in the length or the day of commencement of the Auction Period for the Series 2002 Certificates shall be allowed unless Sufficient Clearing Bids existed at both the Auction before the date on which the notice of the proposed change was given as provided in the paragraph above and the Auction immediately preceding the proposed change. The change in length of the Auction Period for the Series 2002 Certificates shall take effect only if Sufficient Clearing Bids exist at the Auction on the Auction Date for the first such Auction Period. For purposes of the Auction for such first Auction Period only, each Existing Holder shall be deemed to have submitted Sell Orders with respect to all of its ARS except to the extent such Existing Holder submits a Hold Order with respect to such ARS. If the condition referred to in the second sentence of this paragraph is not met, the Auction Rate for the next Auction Period shall be the ARS Maximum Rate, and the Auction Period shall be the Auction Period already in effect.

Changes in Auction Date. During any ARS Interest Rate Period, the School Board may specify an earlier Auction Date for any Business Day earlier (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne on the ARS. The School Board shall provide notice of its determination to specify an earlier Auction Date for an Auction Period by means of a written notice delivered at least 45 days prior to the proposed changed Auction Date to the Trustee, the School Board, the Broker-Dealer and the Securities Depository.

Conversion to ARS Interest Rate

If the School Board on behalf of the Authority elects that the Series 2002 Certificates shall bear interest at the Applicable ARS Rate, the School Board's written direction to the Authority, the Trustee, the Tender Agent (if any), the Liquidity Facility Provider (if any), the Remarketing Agent (if any), the Auction Agent (if any) and each Broker-Dealer (if any) shall specify (A) the proposed effective date of the Conversion to the Applicable ARS Rate, which shall be (1) in each case, a Business Day not earlier than the 30th day following the second Business Day after receipt by the Trustee of such direction, (2) in the case of a Conversion from a Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long Term Interest Rate Period or a day on which the Series 2002 Certificates would otherwise be subject to optional redemption pursuant to the Trust Agreement if such Conversion did not occur, and (3) in the case of a Conversion from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period, (B) the Tender Date for the Series 2002 Certificates to be purchased, which shall be the proposed effective date of the adjustment to the Applicable ARS Rate and (C) the initial Auction Period for the Series 2002 Certificates. In addition, the direction of the School Board shall be accompanied by a form of notice to be mailed to the holders of Series 2002 Certificates by the Trustee as provided in the Trust Agreement. During each ARS Interest Rate Period commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the Series 2002 Certificates shall be the Applicable ARS Rate.

The Trustee shall give notice by first-class mail of an adjustment to an ARS Interest Rate Period to the holders of the Series 2002 Certificates not less than 30 days prior to the proposed effective date of such ARS Interest Rate Period, stating (A) that the interest rate shall be adjusted to the Applicable ARS Rate unless the School Board rescinds its election to adjust the interest rate to the Applicable ARS Rate as provided in the Trust Agreement; (B) the proposed effective date of the ARS Interest Rate Period; (C) that the Series 2002 Certificates are subject to mandatory tender for purchase on the proposed effective date and setting forth the Tender Price and the place of delivery for purchase of the Series 2002 Certificates; and (D) the information set forth in the Trust Agreement regarding Notice of Mandatory Tender for Purchase.

Amendments of ARS Provisions

The provisions of the Trust Agreement relating to ARS may be amended by the Authority at the written request of the School Board, (i) upon obtaining an opinion of Counsel that the same does not materially adversely affect the rights of the ARS Beneficial Owners or (ii) by obtaining the consent of the ARS Beneficial Owners. In the case of clause (ii) above, the Trustee shall mail notice of such amendment to the ARS Beneficial Owners, and if, on the first Auction Date occurring at least 30 days after the date on which the Trustee mailed such notice, Sufficient Clearing Bids have been received or all of the ARS are subject to Submitted Hold Orders, the proposed amendment shall be deemed to have been consented to by the ARS Beneficial Owners. As an additional condition precedent to any such amendment pursuant to the Trust Agreement, there shall be delivered to the Authority, the School Board and the Trustee an opinion of Special Tax Counsel to the effect that such amendment will not adversely affect the validity of the ARS or the exclusion of interest on any of the ARS from gross income for federal income tax purposes. Written notice of each such amendment shall be delivered by the Authority to the Trustee, the School Board, the Auction Agent, the Market Agent and each Broker-Dealer.

[APPENDIX G

FORM OF CERTIFICATE INSURANCE POLICY]