

**PRELIMINARY OFFICIAL STATEMENT, DATED APRIL \_\_, 2009**

**NEW ISSUE: FULL BOOK-ENTRY**

**Rating: Moody's MIG-1  
(See "Note Rating" herein)**

*In the opinion of Livermore, Freeman & McWilliams, P.A., Note Counsel, under existing law (i) assuming compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"); and (ii) the Notes and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations. The interest on the Notes may be subject to certain federal taxes imposed only on certain corporations, including imposition of the corporate alternative minimum tax on a portion of that interest. (For a more complete discussion of tax aspects, see "TAX EXEMPTION" herein.)*

**\$39,000,000**  
**THE SCHOOL BOARD OF  
BREVARD COUNTY, FLORIDA**  
**REVENUE ANTICIPATION NOTES, SERIES 2009**

**DATED: April 23, 2009**

**DUE: April 23, 2010**

The Notes are being issued by The School Board of Brevard County, Florida (the "Board"), to refinance part of the cost of certain school improvements in Brevard County, Florida.

The Notes and the interest thereon will be special obligations of the Board, payable from and secured by a prior lien upon and pledge of the proceeds of the discretionary capital outlay ad valorem tax levy of the Board for its fiscal year ending June 30, 2010, and the amounts on deposit in the sinking fund for the Notes (collectively, the "Pledged Revenues"); all as described in the resolution authorizing their issuance (the "Resolution"). If necessary, the Notes will be additionally payable from, but not secured by a lien upon or pledge of, legally available funds of the Board derived from sources other than ad valorem taxation (the "Non-Ad Valorem Funds").

The Notes and the interest thereon shall not constitute a general obligation or indebtedness of, or pledge of the faith and credit of the Board, the School District of Brevard County, Florida (the "District"), Brevard County, or the State of Florida, within the meaning of any constitutional or statutory provisions or limitations, but shall be payable solely from the Pledged Revenues, and, if necessary, the Non-Ad Valorem Funds. No holder of the Notes shall ever have the right to compel the exercise of the ad valorem taxing power of the Board (except as provided above), the District or Brevard County for payment of the Notes or the interest thereon.

The Notes and the obligation evidenced thereby shall not constitute a lien upon any property of the Board or in the District, other than the Pledged Revenues in the manner provided in the Resolution.

The Notes will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for the Depository Trust Company, New York, New York ("DTC"). The Notes will be deposited with DTC, which will be responsible for maintaining a book-entry-only system for recording the interests of its participants, which, in turn, will be responsible for maintaining records with respect to beneficial ownership interests of individual purchasers of the Notes. Purchasers of the Notes (the "Beneficial Owners") will not receive physical delivery of Note certificates. As long as Cede & Co., or any other nominee approved by DTC, is the registered owner of the Notes, principal and interest payments will be made by U.S. Bank National Association, Orlando, Florida, as Registrar and Paying Agent, directly to such registered owner. DTC, will, in turn, remit such payments to its participants for subsequent disbursement to the Beneficial Owners. The Notes are not subject to redemption prior to their maturity.

**Interest Rate**

\_\_\_\_%

**Yield**

\_\_\_\_%

**Initial CUSIP Number**

10742M \_\_\_\_

The Notes are offered, in full book-entry form, when, as and if issued, subject to the opinion on certain legal matters relating to their issuance by Livermore, Freeman & McWilliams, P.A., Jacksonville Beach, Florida, Note and Disclosure Counsel. Certain legal matters will be passed upon for the Board by its General Counsel, Stromire, Bistline & Miniclier, Rockledge, Florida. RBC Capital Markets Corporation, Jacksonville, Florida, is serving as Financial Advisor to the Board. It is expected that settlement for the Notes will occur in Viera, Florida, on April 23, 2009.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

**BIDS FOR THE NOTES WILL BE RECEIVED BY THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA, THROUGH THE BIDCOMP/PARITY® COMPETITIVE BIDDING SYSTEM AS SPECIFIED IN THE OFFICIAL NOTICE OF SALE. THIS PRELIMINARY OFFICIAL STATEMENT IS “DEEMED FINAL” BY THE SCHOOL BOARD AS OF ITS DATE FOR PURPOSES OF, AND EXCEPT FOR CERTAIN OMISSIONS PERMITTED BY, SEC RULE 15c2-12(b)(1).**

April \_\_, 2009

**THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO COMPLETION AND AMENDMENT. The Notes may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.**

**OFFICIALS**

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

Robert Jordan, Chairman  
Barbara A. Murray, Vice Chairman  
Karen Henderson, Member  
Andy Ziegler, Member  
Amy Kneessy, Member

**SUPERINTENDENT OF SCHOOLS  
AND EX OFFICIO SECRETARY TO THE BOARD**

Richard A. DiPatri, Ed.D.

**ASSOCIATE SUPERINTENDENT, FINANCIAL SERVICES**

Judy Preston

**COUNSEL TO THE BOARD**

Stromire, Bistline & Miniclier  
Rockledge, Florida

**NOTE AND DISCLOSURE COUNSEL**

Livermore, Freeman & McWilliams, P.A.  
Jacksonville Beach, Florida

**FINANCIAL ADVISOR**

RBC Capital Markets Corporation  
Jacksonville, Florida

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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## SUMMARY STATEMENT

**This Summary Statement is subject in all respects to more complete information and to the definitions contained or incorporated in this Official Statement. The offering of the Notes to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this Summary Statement from the Official Statement or otherwise to use it without this entire Official Statement. For a complete description of the terms and conditions of the Notes, reference is made to the form of authorizing resolution included herein as Appendix B.**

### **School District and Board of Brevard County, Florida**

The School District of Brevard County, Florida (the “District”), and The School Board of Brevard County, Florida (the “Board”), are organized under Article IX, Section 4, Florida Constitution (1968), and Chapter 1001, Florida Statutes. The boundaries of the District are coterminous with Brevard County, Florida (the “County”). As of June 30, 2008, the District included 93 schools (including 8 charter schools), 73,579 students and 9,510 full-time employees, including 5,307 instructional personnel. Management of the schools is independent of metropolitan and city governments. The Tax Collector for Brevard County collects taxes for the District, but exercises no control over their expenditures. See “THE SCHOOL DISTRICT AND BOARD OF BREVARD COUNTY, FLORIDA” and “Appendix A - General Information Concerning Brevard County, Florida” herein.

### **Sources and Security of Payment for the Notes**

The Board derives its revenues primarily from State of Florida educational funds and from ad valorem taxes levied in the District for the support of public schools. The Notes are special obligations of the Board and are secured as to principal and interest by a pledge of and prior lien upon the proceeds of the discretionary capital outlay ad valorem tax levy by the Board received during its 2009-2010 Fiscal Year, and the amounts on deposit in the sinking fund for the Notes. The Board has also covenanted in the Resolution to pay the Notes, if necessary, from any lawfully available funds of the Board derived from sources other than ad valorem taxation. See “SECURITY FOR THE NOTES” herein.

### **Purpose of the Notes**

The Notes are being issued pursuant to Chapter 1011, Florida Statutes; a resolution of the Board adopted on March 10, 2009 (the “Resolution”); and other applicable provisions of law. The Notes are being issued to refinance part of the cost of the acquisition and/or construction of certain athletic, music and other program capital improvements, facilities and renewals; and renewal, re-roofing, technology, site and other improvements to school facilities in the District. The issuance of the Notes is consistent and in accordance with the District’s annual financial planning procedures.

### **Description of the Notes**

***Redemption.*** The Notes are not subject to redemption prior to maturity.

***Denominations.*** The purchase of book-entry interests in the Notes will be in denominations of \$5,000 each or any multiple thereof.

**Registration and Transfers.** The Notes will be issued in fully registered, book-entry-only form, registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”). Transfers of book-entry interests will be accomplished by DTC participants or others who act for the Beneficial Owners, in accordance with DTC procedures and applicable state laws.

**Payments.** Payments of principal of and interest on the Notes will be made by the Registrar and Paying Agent to Cede & Co., as nominee for DTC, which, in turn, will immediately credit the accounts of DTC participants. The DTC participants will credit the payments to the Beneficial Owners, in accordance with standing instructions and customary practices between DTC and the DTC participants.

For a more complete description of the Notes and the basic documentation pursuant to which they are issued, see “DESCRIPTION OF THE NOTES” herein.

### **Tax Exemption**

In the opinion of Livermore, Freeman & McWilliams, P.A., Note Counsel, under existing law (i) assuming compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended (the “Code”), and the Notes are not “qualified tax-exempt obligations,” as defined in the Code; and (ii) the Notes and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, on interest, income, or profits on debt obligations owned by corporations, banks, and savings associations. The interest on the Notes may be subject to certain federal taxes imposed only on certain corporations, including imposition of the corporate alternative minimum tax on a portion of that interest. See APPENDIX C hereto for the form of legal opinion Note Counsel proposes to deliver in connection with the Notes. For a more complete discussion of such opinion and certain other tax consequences incident to the ownership of the Notes, including certain exceptions to the tax treatment of interest, see “TAX EXEMPTION” herein.

### **Professionals Involved in the Offering**

RBC Capital Markets Corporation, Jacksonville, Florida, will act as the District's Financial Advisor with respect to the Notes. All proceedings in connection with the issuance of the Notes are subject to the approval of Livermore, Freeman & McWilliams, P.A., Jacksonville Beach, Florida, Note and Disclosure Counsel. Certain legal matters will be passed upon for the District by its General Counsel, Stromire, Bistline & Miniclier, Rockledge, Florida.

### **Authority for Issuance**

The Notes are being issued pursuant to Chapter 1011, Florida Statutes, the Resolution, and other applicable provisions of law.

## **Offering and Delivery of the Notes**

The Notes are offered when, as and if issued, subject to approval as to their legality by Note Counsel and the satisfaction of certain other conditions. It is anticipated that the Notes in book-entry form will be available for delivery in New York, New York, on April 23, 2009.

## **Noteowners' Risks**

The Notes are limited obligations of the Board payable primarily from the Pledged Revenues as described in this Official Statement, and are not secured by the full faith, credit and taxing power of the Board. Because the Notes are limited obligations, the sources of money pledged to secure payment of the Notes may be insufficient therefor, and the Noteowners would not be able to compel the levy of taxes (other than the discretionary capital outlay taxes levied for the 2009-2010 Fiscal Year of the Board) or the institution of foreclosure proceedings against any property of the Board to provide for payment of the Notes and the interest thereon. Certain factors may affect the adequacy of the Pledged Revenues to provide for payment of the Notes, and there can be no assurance that the Pledged Revenues will be adequate to provide for payment of the Notes and the interest thereon.

## **Full Book-Entry**

The Notes will be issued in fully registered, book-entry-only form, in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York. Individual purchases will only be made in book-entry form.

## **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement and any continuing disclosure documents of the Board are intended to be made available through the Superintendent of Schools of the District, or his designee. The Board has not, however, entered into any contractual commitment to provide information on a continuing basis to investors or any other party, except to the extent such information is required to be provided pursuant to the Board's contracts with nationally recognized statistical rating organizations.

Copies of the Resolution and other documents and information are available, upon request and upon payment to the Board of a charge for copying, mailing and handling, from Ms. Judy Preston, Associate Superintendent, Financial Services, 2700 Judge Fran Jamieson Way, Viera, Florida 32940, (321) 633-1000, extension 600; or Mr. Mitchell Owens, RBC Capital Markets Corporation, 1650 Prudential Drive, Suite 101, Jacksonville, Florida 32207, (904) 399-4496, Financial Advisor to the Board.

**OFFICIAL STATEMENT**  
**\$39,000,000**  
**THE SCHOOL BOARD OF BREVARD COUNTY, FLORIDA**  
**REVENUE ANTICIPATION NOTES, SERIES 2009**

**INTRODUCTORY STATEMENT**

The purpose of this Official Statement, which includes the cover page, the Summary Statement, and the Appendices hereto, is to provide information concerning The School Board of Brevard County, Florida (herein, the “Board”), and its Revenue Anticipation Notes, Series 2009 (the “Notes”), in the aggregate principal amount shown above.

Definitions of certain words and terms having initial capitals used herein and in the Resolution (as defined below) are contained in Appendix B hereto.

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Notes, the security for the payment of the Notes, and the rights and obligations of holders thereof.

The information contained in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

**PURPOSE OF THE NOTES**

The Notes are being issued pursuant to Section 1011.14, Florida Statutes, and other applicable provisions of law, and a resolution of the Board adopted on March 10, 2009 (herein, the “Resolution”). The Note proceeds will be used by the Board to finance part of the cost of refunding the outstanding Revenue Anticipation Notes, Series 2008, of the Board (the “Refunding”) which, in turn, were issued to finance and/or refinance all or part of the cost of the acquisition and/or construction of certain athletic, music and other program capital improvements, facilities and renewals; and renewal, re-roofing, technology, site and other improvements to school facilities in the District.

**SECURITY FOR THE NOTES**

**General**

The Notes and interest thereon will be special obligations of the Board, payable from and secured by a prior lien upon and pledge of the proceeds of the discretionary capital outlay ad valorem tax levy pursuant to Section 1011.71(2), Florida Statutes (the “Discretionary Capital Outlay Levy”), for its fiscal year commencing July 1, 2009, and ending June 30, 2010 (the “2009-2010 Fiscal Year”), and amounts on deposit in the Sinking Fund, created and established by the Resolution, for the Notes (collectively, the “Pledged Revenues”), as specified in the Resolution. If necessary, the Notes are additionally payable from, but are not secured by a lien upon or pledge of, the Non-Ad Valorem Funds. See “Setting the Millage” herein for a more complete discussion of the Discretionary Capital Outlay Levy.

The Notes and the interest thereon shall not constitute a general obligation or indebtedness of, or pledge of the faith and credit of, the Board, the District, Brevard County, or the State of Florida within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Pledged Revenues, and if necessary, the Non-Ad Valorem Funds. No holder of the Notes shall ever have the right to compel the exercise of the ad valorem taxing power of the Board (other than with respect to the Discretionary Capital Outlay Levy for the 2009-2010 Fiscal Year), the District, Brevard County or the State of Florida for the payment of the Notes or the interest thereon.

The Notes and the obligation evidenced thereby shall not constitute a lien upon any property of the Board or in the District, other than the Pledged Revenues in the manner provided in the Resolution.

Florida has adopted the nationally proposed revision to Article 9 of the Uniform Commercial Code; however, in Section 679.109(4)(n), Florida Statutes, Florida has preserved the prior law exclusion from Article 9 of any transfer by a government or governmental unit.

### **The Sinking Fund**

The Sinking Fund shall be held by the Board as a separate special trust account for the sole benefit of the Noteholders, and the Noteholders are granted an express lien on the money and investments held in the Sinking Fund. However, the cash in the Sinking Fund may be commingled with other funds of the District so long as adequate accounting records are maintained to reflect and control the restricted purposes of the Sinking Fund. The Noteholders shall have no lien upon any Non-Ad Valorem Funds unless and until deposited into the Sinking Fund.

The Board covenants that at least 60 days prior to maturity of the Notes, it shall deposit or allocate sufficient money and/or Permitted Investments in or to the Sinking Fund, in an amount (including expected income or earnings from such Permitted Investments) equal to one-half the amount of principal and interest becoming due on the Notes at maturity. Thereafter, at least 30 days prior to maturity of the Notes, the Board shall deposit therein, or allocate thereto, an amount of money and/or Permitted Investments (including expected income or earnings from such Permitted Investments) equal to one-half the amount of principal and interest becoming due on the Notes at maturity. Notwithstanding the foregoing, if 30 days prior to maturity of the Notes there is not on deposit in, or allocated to, the Sinking Fund an amount (including Permitted Investments and the income or earnings to be received thereon) equal to all principal and interest due on the Notes at maturity, the Board shall designate the Sinking Fund as its depository for the receipt of Pledged Revenues, and continue such designation until such time as the amount in the Sinking Fund, including the earnings to be received thereon, is equal to all principal and interest due on the Notes at maturity.

Funds in the Sinking Fund may be invested only in Permitted Investments which mature on or prior to the maturity date of the Notes. Earnings on investments held in the Sinking Fund shall be retained therein until payment or provision for payment of the Notes. Thereafter, such earnings shall be repaid to the Board and used in the Board's discretion as provided by law.

### **Permitted Investments**

The Board is authorized to invest the amount on deposit in the Sinking Fund in any of the following if and to the extent the same are at the time legal for investment of District funds: (a) direct obligations of or obligations unconditionally guaranteed by the United States of America; (b) time or demand deposits in

“qualified public depositories” fully secured in the manner provided by the laws of the State; (c) the Local Government Surplus Funds Trust Fund as described in Section 218.405, Florida Statutes; or (d) any other investments authorized or permitted by law.

**Other Obligations**

The Board entered into a Master Educational Facilities Lease Purchase Agreement, dated as of October 15, 1992 (the “Master Lease”), with Brevard County School Board Leasing Corp., as successor in interest to Florida School Boards Associations, Inc., to provide for the financing through lease-purchase of certain educational facilities, equipment and land (the “Facilities”). Pursuant to separate schedules identifying Facilities which are lease-purchased, the Board has entered into 10 leases (which includes 2 amended leases) under the Master Lease (collectively, the “Leases”). Lease rentals are payable from available revenues of the Board which are subject to annual appropriation. Available revenues include three-fourths of the Discretionary Capital Outlay Levy and other amounts which are legally available for lease-purchase payments.

The rent payments due under the Leases, subject to their annual appropriation by the Board, are current obligations of the Board which are not secured by any encumbered asset or fund such as a pledge of revenues from the levy of the Discretionary Capital Outlay Levy. The Resolution specifically provides that the lien securing payment of the Notes shall be prior to and superior to all other liens and encumbrances on such funds. Rent payments under the Leases during the year ending July 1, 2009, will total \$\_\_\_\_\_ and for the year ending July 1, 2010, will total \$\_\_\_\_\_.

There are no other obligations of the Board or the District secured by a lien upon the Discretionary Capital Outlay Levy, other than the outstanding revenue anticipation notes issued by the Board in the prior year, which will be refunded upon the issuance of the Notes. The proceeds of each series of notes in a revenue anticipation note program, after the initial series of notes, along with a sufficient amount of the Discretionary Capital Outlay Levy, will be used to refund the previous series of notes in such program or previous programs, as applicable. The following table sets forth the current RAN programs of the District, including the program for the Notes.

**BREVARD COUNTY SCHOOL BOARD RAN PROGRAMS**

	<b>2006 Program</b>		<b>2007 Program</b>		<b>2008 Program</b>		<b>Total Notes Per Year</b>	<b>Total Rev. Per Year<sup>1</sup></b>
	<b>Notes</b>	<b>Revenues<sup>1</sup></b>	<b>Notes</b>	<b>Revenues<sup>1</sup></b>	<b>Notes</b>	<b>Revenues<sup>1</sup></b>		
2006	\$28,000,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,000,000	\$ 0
2007	22,400,000	5,600,000	17,800,000	0	0	0	40,200,000	5,600,000
2008	16,800,000	5,600,000	15,200,000	2,600,000	18,000,000	0	50,000,000	8,200,000
2009	11,200,000	5,600,000	11,200,000	4,000,000	16,600,000	1,400,000	39,000,000	11,000,000
2010	5,600,000	5,600,000	7,200,000	4,000,000	15,200,000	1,400,000	28,000,000	11,000,000
2011	0	5,600,000	3,200,000	4,000,000	13,800,000	1,400,000	17,800,000	11,000,000
2012	0	0	0	3,200,000	6,000,000	7,800,000	6,000,000	11,000,000
2013	0	0	0	0	0	6,000,000	0	6,000,000
Totals:	<u>\$84,000,000</u>	<u>\$28,000,000</u>	<u>\$54,600,000</u>	<u>\$17,800,000</u>	<u>\$69,600,000</u>	<u>\$18,000,000</u>	<u>\$208,200,000</u>	<u>\$63,800,000</u>

<sup>1</sup> Excludes amounts for interest on notes

## DESCRIPTION OF THE NOTES

### General

The Notes will be issued in fully registered, book-entry-only form in the denominations of \$5,000 each or integral multiples thereof; and will be dated and will bear interest at the annual rate specified on the cover page of this Official Statement, commencing as of the date of delivery. Principal and interest on the Notes will be payable at maturity. Interest will be calculated on a 360-day year basis. Both the principal of and interest on the Notes shall be payable upon presentation and surrender at the office of U.S. Bank National Association, Orlando, Florida, as Registrar and Paying Agent. The Notes are not subject to redemption prior to maturity.

### Book-Entry Provisions

The Notes will be initially issued and issuable only as one fully registered Note in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). The fully registered Notes will be retained and immobilized in the custody of DTC.

DTC (or any successor securities depository) or its nominee for all purposes under the Resolution will be, and will be considered by the District to be, the registered owner or registered holder of the Notes.

Ultimate owners of book-entry interests in the Notes (“Beneficial Owners”) will not receive or have the right to receive physical delivery of Notes, and will not be or be considered by the District to be, and will not have any rights as, owners or holders of Notes under the Resolution.

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 (the “Direct Participants”) deposit with DTC. DTC also facilitates the settlement among Direct 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 a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants and by members of certain DTCC subsidiary clearing corporations, as well as 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 custodian 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. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of book-entry interests in the Notes may be made in principal amounts of \$5,000 or any integral multiple of \$5,000 by or through Direct Participants. Direct Participants will receive a credit balance on the records of DTC. The book-entry interest of each Beneficial Owner will be recorded through the records of the Direct and Indirect Participants. Those Beneficial Owners are to receive from a Direct or Indirect Participant, a written confirmation of their purchase that provides certain details of the Notes in

which book-entry interests are acquired. The Direct or Indirect Participant carries the “position” of the Beneficial Owner on its records, and will be responsible for providing information to the Beneficial Owner as to the Notes in which the book-entry interest is held, debt service payments received, and other information.

Direct and Indirect Participants may impose service charges on Beneficial Owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

Purchase, transfers and sales of book-entry interests by the Beneficial Owners may be made through book entries made by Direct or Indirect Participants or others who act for the Beneficial Owners. The District has no role in those purchases, transfers or sales.

The District and the Registrar and Paying Agent will recognize and treat DTC (or any successor securities depository) or its nominee as the holder and owner of the Notes for all purposes, including payment of debt service, notices, enforcement of remedies and voting. Crediting of debt service payments, and transmittal of notices and other communications, by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct and Indirect Participants to the Beneficial Owners, are the responsibilities of those persons and will be handled by arrangements among them.

Payments of debt service on the Notes will be made by the Registrar and Paying Agent to DTC (or any successor securities depository) or its nominee. Upon receipt of that payment, DTC’s current practice is to give immediately credit to the accounts of Direct Participants in accordance with their respective positions as shown on DTC’s records. Payments or crediting of payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions among them and customary practices, will be the responsibility of the Direct Participant or Indirect Participant, and will not be the responsibility of the District, the Registrar and Paying Agent or DTC.

The District and the Registrar and Paying Agent have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, book-entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The District cannot and does not give any assurances that Direct participants, Indirect Participants or others will distribute payments of debt service on the Notes made to DTC or its nominee as the registered owner, or any notices to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in a manner described in this Official Statement.

### **Revisions of Book-Entry System; Replacement Notes**

In the event that DTC determines not to continue to act as securities depository for the Notes, the Board may in its discretion attempt to establish a securities depository, book-entry relationship with another securities depository. If the Board does not do so, or is unable to do so, and after the Registrar and Paying Agent has made provisions for notification of the Beneficial Owners by appropriate notice to DTC, the Board and the Registrar and Paying Agent will authenticate and deliver replacement Notes in the denomination of \$5,000 or any integral multiple of \$5,000 to, or at the direction of, any persons requesting such issuance.

## **Transfer of Book-Entry Interests in the Notes**

The rights of Beneficial Owners and the manner of transferring or pledging their interests is subject to applicable state law. Beneficial Owners may want to discuss the manner of transferring or pledging their book-entry interest in such Notes with their legal advisors.

## **APPLICATION OF NOTE PROCEEDS**

The proceeds from the sale of the Notes will be used to finance part of the cost of the Refunding and to pay the costs of issuance of the Notes.

## **BREVARD COUNTY, FLORIDA**

Each county in Florida constitutes a school district for the control, organization and administration of the public schools therein. The boundaries of the District are coterminous with the boundaries of the County.

For general information concerning Brevard County, see "Appendix A - General Information Concerning Brevard County, Florida," herein.

## **AD VALOREM TAX RELATED MATTERS**

### **Property Assessment**

Florida law requires that all real and personal property be assessed at its just or fair market value. No ad valorem taxes may be levied by the State upon real estate or tangible personal property. Such taxes may be levied only by counties, school districts, municipalities and certain special districts. Railroad properties are centrally assessed at the State level.

Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, charitable, scientific, literary, and governmental. In addition, there are special exemptions for widows, hospitals, homesteads, and homes for the aged and disabled veterans. Agricultural land, non-commercial recreational land, inventory, and livestock are assessed at less than 100% fair market value.

### **Property Assessment Procedures and New Developments**

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

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

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

Article VII, Section 4, Florida Constitution (1968), limits the increases in assessed just value of homestead property to the lesser of (1) 3% 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.

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

In addition to the above-described amendments, the Florida Legislature initiated a substantial review and reform of Florida's property tax structure. During a special legislative session that ended June 14, 2007, the Florida Legislature adopted a property tax plan (Chapter 2007-321) which could significantly impact ad valorem tax collections for Florida local governments. One component of the adopted legislation requires counties, cities and special districts to rollback their millage rates for the 2007-2008 Fiscal Year to a level that, with certain adjustments and exceptions, will generate the same level of ad valorem tax revenue as in fiscal year 2006-2007; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates will be determined after first reducing 2006-2007 ad valorem tax revenues by 0% to 9%. In addition, the legislation limits how much the aggregate amount of ad valorem tax revenues may increase in future fiscal years. Under certain circumstances a local government may override certain portions of these requirements. *School districts are not required to comply with the rollback provisions of the legislation.*

Such legislation also proposed a State constitutional amendment which, if approved by the State's voters, would have created a new super homestead exemption system. However, such proposed constitutional amendment was ruled unconstitutional. Following such ruling, on October 29, 2007, the Florida Legislature enacted legislation that proposed a new constitutional amendment (approved on January 29, 2008, by more than the required 60% of electors voting) which provides, among other

provisions, for the portability by homesteaded property owners of up to \$500,000 of their accumulated Save Our Homes annual 3% cap protection for a new home. Such portability allows the full amount if “upsizing” and a pro-rata share if “downsizing.” The amendment also increases the homestead exemption by exempting the assessed value between \$50,000 and \$75,000. In addition, the amendment caps annual assessment increases to 10% for non-homesteaded homeowners and for commercial property owners. Finally, the amendment authorizes an exemption from property tax of \$25,000 of the assessed value of tangible personal property. The 10% cap will affect tax assessments beginning on January 1, 2009. All other reforms will become effective retroactive to January 1, 2008. *Ad valorem tax levies to support Florida school districts are exempt from both the increased homestead exemption and the 10% assessment cap, although both portability and the tangible personal property tax exemption apply to school taxes.*

The Florida Legislature’s Office of Economic & Demographic Research has estimated that the revenue impact to the District attributable to the 2007 legislation will be approximately \$2,800,000 for its 2008-2009 Fiscal Year, and approximately \$14,800,000 during its fiscal years 2010 through 2013. Certain members of the Florida Legislature have publicly indicated that they will seek to replace the ad valorem revenues lost by Florida school districts with other revenue sources, but no formal action has been taken and no replacement source of revenues has been identified. Moreover, even if the Florida Legislature provides a replacement source of revenues, there is no assurance that such replacement revenues will be legally available to make payments on Florida school district revenue and tax anticipation notes.

In its 2008 session, the Florida Legislature amended Section 1011.71(2), Florida Statutes, to reduce the maximum millage rate that school districts may levy for capital outlay and maintenance purposes from 2.00 mills to 1.75 mills, commencing in the 2008-2009 Fiscal Year. It is expected that Florida's Commissioner of Education will increase the amount of the required local effort by 0.25 mills, which would result in a net shift of the millage from capital outlay and maintenance purposes to operational purposes. While such millage shift to operational purposes may have a positive effect on Pledged Revenues, it may adversely impact the District's ability to finance additional educational facilities under its master lease and revenue anticipation note programs in the future.

Finally, on June 23, 2008, the Florida Department of Education sent a memorandum to Florida school districts recommending that they adjust their 2008-2009 Fiscal Year budgets to reflect contingency plans which reduce Florida Education Finance Program amounts received from the State by approximately 2%, and reduce all other State-funded program receipts by 4%, due to a decrease in State revenue collections as a result of current economic conditions in the State.

### **Setting the Millage**

The County Property Appraiser assesses and the County Tax Collector collects all ad valorem taxes within the County. While one tax bill emanates from the County, the bill represents ad valorem taxes levied by the County, the Board/District, municipalities and other taxing authorities.

The Florida Constitution limits the aggregate of ad valorem taxes that may be levied on real and personal property. The limitation, except as noted in subsequent paragraphs, is 10 mills each for all County and municipal purposes.

For school districts the Florida Constitution also limits the millage rate that may be levied for operational funds to 10 mills. Section 1011.71, Florida Statutes, further requires that each school board desiring to participate in the State of Florida allocation of funds shall levy a millage rate which, when applied to 95% of the estimated State total non-exempt assessed valuation for school purposes, would generate the local required effort for that year prescribed by the Florida Legislature in the General Appropriations Act, plus 1.6 mills. However, in no event shall the non-voted discretionary millage of the District exceed 25% of the millage rate necessary to meet the local effort requirement.

The millage limitations are applicable to taxes levied for operational purposes. The millage limitation does not apply to taxes approved at referendum by qualified electors in the County for general obligation bonds.

Each respective millage rate, except as limited by law, is set on the basis of estimates of revenue needs and the total taxable property values within the taxing authority's respective jurisdiction. Ad valorem taxes are not levied in excess of actual budget requirements.

School boards may levy additional non-voted millage for capital outlay and maintenance purposes, pursuant to Section 1011.72(2), Florida Statutes (herein, the "Discretionary Capital Outlay Levy"). Such levy may be up to 2.000 mills, in the discretion of the Board, and may be used to fund new construction, remodeling, site acquisition and improvement; maintenance and repair; school bus purchases; and certain short-term loans such as the Notes. Up to three-fourths of such discretionary millage may be used for payments under lease purchase agreements.

### **Truth in Millage Bill**

The 1980 Florida Legislature enacted the Truth in Millage Bill (the "Trim Bill") requiring that only legislative bodies, including school districts, fix the millage rate, and requiring that all property be assessed at 100% of just value. The Trim Bill prohibits the millage for taxing authorities from being set by referendum. See "Appendix A - General Information Concerning Brevard County, Florida," herein for a table of County- wide millage rates.

### **Procedures for Tax Collection and Distribution**

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the tax roll is certified and delivered to the County Tax Collector. The County Tax Collector mails a notice to each property owner on the tax roll for the taxes levied by the County, the Board, municipalities with the County and other taxing authorities. Taxes may be paid upon receipt of such notice, with discounts at the rate of 4% if paid in the month of November; 3% if paid in the month of December; 2% if paid in the month of January and 1% if paid in the month of February. Taxes paid in the month of March are without discount. All unpaid taxes on real and personal property become delinquent on April 1 of the year following the year in which taxes were levied.

The Tax Collector advertises a list of delinquent real property taxes for a period of 4 weeks in a local newspaper, and a date of sale of tax certificates by public auction which must be held on or before June 1. The tax certificates are sold to those bidding the lowest interest rate. Such certificates include the amount of delinquent taxes, the penalty interest accrued thereon and the cost of advertising. Delinquent tax certificates not sold at auction become the property of the County. Florida law provides that real property tax liens are superior to all other liens, except prior Internal Revenue Service liens.

To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the interest that accrued prior to the date of the sale of the tax certificate, charges incurred in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate shown on the tax certificate (or interest at the rate of 5%, whichever is higher) from the date of the sale of the tax certificate to the date of redemption. If such tax certificates or liens are not redeemed by the property owner within 2 years, the holder of the certificates can cause the property to be sold to pay off the outstanding certificates and the interest thereon. Provisions are also made for the collection of delinquent tangible personal property taxes, but in a different manner which includes the possible seizure of the tangible personal property.

Section 197.016(2), Florida Statutes, requires the County Tax Collector to distribute the taxes collected, to each governmental unit levying the tax. Such distribution is to be made 4 times during the first 2 months after the tax roll comes into its possession, and once per month thereafter.

**BREVARD COUNTY, FLORIDA  
TAXABLE ASSESSED PROPERTY VALUATIONS  
FOR THE YEARS 1999 THROUGH 2008**

<u>Tax Year</u>	<u>Total Assessed Value</u>	<u>Net Taxable Assessed Valuation</u>	<u>% Net Taxable Assessed to Total Assessed Value</u>
2008	\$ _____	\$ _____	___%
2007	71,405,674,842	40,973,507,774	57
2006	72,615,041,333	39,375,931,246	54
2005	59,557,484,958	31,028,487,900	52
2004	46,718,362,194	25,334,959,340	54
2003	41,999,813,364	22,087,435,919	53
2002	37,939,112,996	19,743,308,009	52
2001	34,704,784,463	18,316,371,454	53
2000	31,756,547,046	16,987,115,227	54
1999	31,226,496,851	15,956,788,303	51

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*Source: Brevard County, Florida, Comprehensive Annual Financial Report  
for the fiscal year ended September 30, 2008*

## Tax Levies and Tax Collections

The District budget for the 2008-2009 Fiscal Year contains a discretionary capital outlay millage of 1.750 mills. The following table shows tax levies and collections of the District for the last 10 years.

### SCHOOL DISTRICT OF BREVARD COUNTY MILLAGE AND TAX DATA FOR THE FISCAL YEARS 1999 THROUGH 2008

Fiscal Year	Total Taxes Levied (1)	Current Taxes Collected	% of Taxes Collected	Millages		Capital Outlay(4)	Total Millage
				Operating (2)	(3)		
1999	\$144,393,003	\$139,613,757	96.69%	.749	6.829	2.000	9.578
2000	145,913,101	140,738,742	96.45	.736	6.435	2.000	9.171
2001	150,703,695	146,414,331	97.15	.724	6.184	2.000	8.908
2002	158,641,651	152,245,662	95.97	.712	5.962	2.000	8.674
2003	169,698,574	162,654,142	95.85	.701	5.904	2.000	8.605
2004	185,648,362	180,101,081	97.01	.683	5.722	2.000	8.405
2005	207,294,871	199,679,745	96.33	.665	5.529	2.000	8.194
2006	247,079,849	239,202,234	96.81	.760	5.203	2.000	7.963
2007	301,895,265	291,257,214	96.48	.711	4.956	2.000	7.667
2008	308,571,487	299,182,964 <sup>(5)</sup>	96.96	.684	5.227	1.750	7.661

(1) At 100% of assessed value.

(2) Discretionary millage.

(3) Required local effort by the State.

(4) Discretionary capital outlay millage.

(5) Excludes \$35,906,381 of accounts receivable and revenues which have not been received from the Brevard County Tax Collector (the "Tax Collector"). \$31,700,000 of such amount remains in Pool A and \$4,206,381 remains in Pool B of the SBA (see "Investments" herein). The District expects distribution as follows from the Tax Collector: \$8,600,000 during October 2008, \$4,700,000 during November 2008, \$18,400,000 during January 2009 and \$4,206,381 during March 2009.

Sources: School Board of Brevard County, Florida – Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2008

The following table shows the 10 largest taxpayers within the District for tax year 2007.

**TEN LARGEST TAXPAYERS IN BREVARD COUNTY, FLORIDA  
(2007 TAX ROLL - UNAUDITED)**

<u>Taxpayer</u>	<u>Fiscal Year 2007 Taxable Assessed Value</u>	<u>Percentage of Total</u>
Florida Power & Light Company	\$6,957,875	1.11%
Oleander Power Project Ltd	3,087,309	0.49
BellSouth Telecommunications, Inc.	2,857,764	0.45
Harris Corporation	2,577,536	0.41
The Viera Company	2,193,810	0.35
Florida East Coast Railroad	934,609	0.15
Reliant Energy Indian River LLC	891,711	0.14
Intersil Corporation	880,620	0.14
Florida Gas Transmission Company	628,770	0.10
Bright House Networks	<u>605,926</u>	<u>0.10</u>
Total	<u>\$21,615,930</u>	<u>3.44%</u>
Total Taxes	<u>\$629,314,232</u>	

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Source: Brevard County Tax Collector

## **THE SCHOOL DISTRICT AND BOARD OF BREVARD COUNTY, FLORIDA**

### **The District**

The District is organized under Section 4, Article IX, of the Constitution of Florida and Chapter 1001, Florida Statutes. The boundaries of the District are coterminous with Brevard County. As of June 30, 2008, the District included 93 schools (including 8 charter schools), 73,579 students and 9,510 full-time employees, including 5,307 instructional personnel. Management of the schools is independent of metropolitan and city governments. Brevard County collects taxes for the District, but exercises no control over their expenditures.

### **The School Board**

The Board is a public corporation existing under the laws of the State of Florida, particularly Section 1001.40, Florida Statutes. The Board is the policy-making body of the District, consisting of 5 members elected for overlapping 4-year terms. Under existing statutes the 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, programs for gifted students and for students in residential care facilities; the appointment, compensation, promotion, suspension and dismissal of employees; the establishment of courses of study and the provision for adequate instructional aids; and the establishment of a system to transport students to school or school-related activities.

The Board also has broad financial responsibilities, including the approval of the annual budget, adoption of the school tax levy and the establishment of a system of accounting and budgetary controls. The annual budget and accounting reports must be filed with the State Department of Education.

### **Superintendent of Schools**

The Superintendent of Schools is appointed by, and serves as ex officio Secretary to, the Board. The Superintendent oversees operations of the school system, makes policy recommendations to the Board, and performs the duties assigned to him by law and the regulations of the State Department of Education.

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

### **Administration**

*Dr. Richard A. DiPatri, Superintendent.* Dr. DiPatri has been a career educator for more than 27 years. He was hired as Superintendent of Schools of the District on September 18, 2000. Before his employment as Superintendent of Schools of the District, he was appointed in May 1997 to serve as State District Superintendent in Jersey City, New Jersey. Prior to that time, Dr. DiPatri was the Deputy Commissioner of the New Jersey State Department of Education ("New Jersey DOE"), serving as its chief operating officer. In that position he was responsible for the department's operations and served as Acting Commissioner of Education during the Commissioner's absence.

Dr. DiPatri holds a doctorate of education in educational administration and supervision from Rutgers University. He earned his undergraduate and masters degrees from Rowan College. Dr. DiPatri began his career in 1970 as a teacher in Voorhees, New Jersey, and from 1973 to 1984, served as a teacher, school principal and superintendent of schools in Rumson, New Jersey. He was then appointed to the position of Special Assistant to New Jersey DOE Commissioner Cooperman, followed by an appointment as Assistant Commissioner of New Jersey DOE Educational Programs from 1985 to 1990.

Dr. DiPatri was chosen as Florida's Superintendent of the Year for 2006 at a joint meeting of the Florida School Boards Association and the Florida Association of District School Superintendents in Tampa, Florida.

*Judy Preston, Associate Superintendent, Financial Services.* Ms. Preston has been employed by the District since August 1972. She began her career as a high school math teacher and in December 1983 she was promoted to the head of the budget department as the Budget Analyst for the District. In June 2001 she was promoted to Director of Planning, Budgets & Reporting, and in January 2002 she was promoted to Assistant Superintendent of Planning, Budgets & Reporting. In March 2004 she was promoted to her current position as Associate Superintendent, Financial Services. Ms. Preston received her Bachelor's degree from the University of Central Florida, her Master's degree from Stetson University, and has completed doctoral course work at the University of Central Florida.

Ms. Preston is very active in various professional organizations. She is past president of the Florida School Finance Officers Association and currently serves as chairman of the Florida School Finance Council. On the national front, she serves as treasurer for the National Association of Federally Impacted Schools.

## **Employee Relations**

As of January 1, 2009, the Board employed \_\_\_\_ full-time employees. All but the administrative group are currently represented as follows:

Brevard Federation of Teachers - Teachers

International Brotherhood of Painters and Allied Trades AFLCIO Local Union 1010 – Non-instructional personnel

Union members include both instructional personnel, classified personnel (custodians, maintenance, office, data processing, aides, food service, transportation and mechanics) and professional personnel (computer programmers, auditors and technical specialists). Current employer contracts expire as follows:

Teachers

August \_\_, 2009

Non-instructional personnel

June 30, 2009

The Board is negotiating new employer contracts that will commence upon expiration of the current contracts.

**Summary of Selected Statistical Data  
Brevard County District Schools**

<u>School Year</u>	<u>Number of Schools</u>	<u>Number of Instructors</u>	<u>FTE Enrollment</u> <sup>(3)</sup>	<u>Average Expenditures per FTE Student</u> <sup>(4)</sup>
2008/09 <sup>(1)</sup>	93 <sup>(2)</sup>	5,307	73,200	\$7,442
2007/08	93 <sup>(2)</sup>	5,132	73,466	7,415
2006/07	95 <sup>(2)</sup>	5,100	73,842	7,123
2005/06	95 <sup>(2)</sup>	4,996	74,041	6,336
2004/05	92 <sup>(2)</sup>	4,867	73,452	5,943

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<sup>(1)</sup> Estimate

<sup>(2)</sup> Inclusive of charter schools

<sup>(3)</sup> Full-time equivalent, inclusive of charter school students

<sup>(4)</sup> Operating fund expenditures

Source: School District of Brevard County, Florida

**Budgetary Process**

The Superintendent, with input from his staff, principals, and interested community groups, prepares and submits to the Board a recommended budget. The Board adopts the recommended budget, with such modifications as it deems necessary, as the tentative budget for the District. After public hearings on the tentative budget, the Board adopts a final budget and forwards it to the State Department of Education.

When approved by the Department of Education, the final budget is designated as the official budget and governs the general operations for the fiscal year, unless subsequently amended by the Board.

The Board adopted the final budget for the 2008-2009 Fiscal Year in September 2008.

**General Fund Revenue Sources**

The District's general fund revenues are derived from federal and State appropriations and local sources of funds. The District's 2 major sources of funds from the State are funding under the Florida Education Finance Program ("FEFP") and the State's Categorical Education Program. Categorical funds are restricted to the specific purposes for which they were authorized. The State Legislature appropriates funds for FEFP. The level of funding received by each school district is then determined in accordance with State law, particularly Chapter 1011, Florida Statutes.

To participate in FEFP funding, each school district must levy a minimum millage for operating purposes, which is set by the State Commissioner of Education, based upon the aggregate local effort for all school districts, and the most recent estimate of the non-exempt assessed valuation for school purposes prepared by the Department of Revenue. The required local effort millage for the District for the fiscal year of the Board ended June 30, 2008 (the “2007-2008 Fiscal Year”), was 4.\_\_\_\_ mills, and for the fiscal year ending June 30, 2009 (the “2008-2009 Fiscal Year”), is 4.\_\_\_\_ mills.

The following tables summarize General and Capital Projects Funds operations for the 5 fiscal years ending June 30, 2004, through 2008; and Capital Projects Fund cash flows for the 2007-2008 (actual), 2008-2009 (estimated) and 2009-2010 (projected) fiscal years.

**SCHOOL DISTRICT OF BREVARD COUNTY  
GENERAL FUND  
RESULTS OF OPERATIONS  
FOR FISCAL YEARS ENDING JUNE 30**

	<u>Audited 2004</u>	<u>Audited 2005</u>	<u>Audited 2006</u>	<u>Audited 2007</u>	<u>Audited 2008</u>
<b>Revenues:</b>					
Local	\$141,342,313	\$158,193,844	\$186,933,725	\$223,670,286	\$227,935,377
State	258,373,617	271,849,160	278,671,357	295,219,679	309,078,550
Federal	<u>2,333,149</u>	<u>6,142,892</u>	<u>2,329,786</u>	<u>1,653,961</u>	<u>2,137,861</u>
<b>TOTAL REVENUES</b>	402,049,079	436,185,896	467,934,869	520,543,926	539,151,788
<b>Expenditures:</b>					
Instruction	259,435,557	280,018,664	304,077,836	336,479,149	349,642,726
Pupil Personnel Services	12,731,056	13,127,111	13,893,235	15,458,176	17,265,591
Instructional Media Serv.	10,961,716	11,651,192	10,423,956	8,895,440	9,289,387
Instr./Curric. Dev. Serv.	6,459,075	7,579,560	9,599,365	11,304,408	12,564,901
Instr. Staff Training	1,078,496	1,179,841	1,344,414	1,542,544	1,862,428
Instr. Related Technology	-0-	-0-	2,833,517	5,992,279	6,714,635
Board of Education	911,102	802,356	814,460	768,377	914,024
General Administration	2,145,645	2,021,504	1,942,456	2,504,679	2,456,219
School Administration	31,582,049	31,635,188	34,817,297	36,473,862	38,939,113
Facilities Acq. & Constr.	1,057,181	756,039	841,314	1,113,590	1,405,923
Fiscal Services	1,739,266	1,815,191	1,979,649	2,140,880	2,319,340
Central Services	8,121,947	9,126,149	6,949,195	8,253,777	9,050,596
Pupil Transportation Serv.	15,038,849	6,590,509	18,722,255	20,350,433	22,203,603
Food Service	225,433	185,875	199,440	190,403	227,996
Operation of Plant	39,785,623	44,113,557	45,423,704	56,214,712	51,884,603
Maintenance of Plant	2,494,806	9,391,983	7,865,768	8,424,174	8,622,805
Admin. Technology Services	-0-	-0-	2,350,441	2,927,226	3,036,609
Community Services	385,327	447,994	424,172	433,488	253,980
Fac. Acq. & Constr. C.O.	382,806	2,127,279	251,644	579,242	457,550
Other Capital Outlay	3,108,977	3,148,309	3,509,416	5,154,691	4,990,004
Debt Service Overhead	<u>654,979</u>	<u>844,851</u>	<u>842,274</u>	<u>771,539</u>	<u>653,407</u>
<b>TOTAL EXPENDITURES</b>	<u>398,299,170</u>	<u>436,563,152</u>	<u>469,155,808</u>	<u>525,973,068</u>	<u>544,755,440</u>
EXCESS (DEF.) REV.-EXP.	3,749,909	(377,256)	(1,220,939)	(5,429,143)	(5,603,652)
<b>Other Financing Sources (Uses)</b>	<u>290,320</u>	<u>9,744,483</u>	<u>630,492</u>	<u>1,147,039</u>	<u>8,393,309</u>
EXCESS (DEF.) REV.+O.F.S.- EXPENDITURES	4,040,229	9,367,227	(590,447)	(4,282,103)	2,789,657
<b>BEGINNING FUND BALANCE</b>	<u>29,162,473</u>	<u>33,202,702</u>	<u>42,569,929</u>	<u>41,979,482</u>	<u>40,295,219</u>
Prior Period Adjustment	-0-	-0-	-0-	2,597,840	-0-
<b>ENDING FUND BALANCE</b>	<u>\$33,202,702</u>	<u>\$42,569,929</u>	<u>\$41,979,482</u>	<u>\$40,295,219</u>	<u>\$43,084,876</u>

Source: School District of Brevard County

Note – The adjustment is the result of a correction to the government-wide accrued long-term liability for fiscal years 2004-2005 and 2005-2006, adjusted in fiscal year 2006-2007

**SCHOOL DISTRICT OF BREVARD COUNTY  
CAPITAL PROJECTS FUND  
REVENUES AND EXPENDITURES  
FOR FISCAL YEARS ENDING JUNE 30**

	<u>Audited 2004</u>	<u>Audited 2005</u>	<u>Audited 2006</u>	<u>Audited 2007</u>	<u>Audited 2008</u>
<b>Revenues:</b>					
Local	\$44,012,827	\$53,168,118	\$83,410,989	\$107,656,752	
State	20,890,234	8,718,103	8,506,386	20,344,954	
Federal	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	
<b>TOTAL REVENUES</b>	<u>64,903,061</u>	<u>61,886,221</u>	<u>91,917,375</u>	<u>128,001,706</u>	
<b>Expenditures:</b>					
Current Education:					
Facilities Acquisition & Construction	3,712,060	-0-	-0-	-0-	
Fixed Capital Outlay:					
Facilities Acquisition & Construction	55,743,493	67,663,771	102,081,902	185,869,087	
Other Capital Outlay	3,237,466	-0-	-0-	-0-	
Debt Service	<u>356,752</u>	<u>2,838,355</u>	<u>3,598,747</u>	<u>3,736,483</u>	
<b>TOTAL EXPENDITURES</b>	<u>63,049,771</u>	<u>70,502,126</u>	<u>105,680,649</u>	<u>189,605,570</u>	
Excess (Deficiency) of Revenues Over Expenditures	1,853,290	(8,615,905)	(13,763,274)	(61,603,864)	
Other Financing Sources (Uses)	-0-	3,000,000	650,000	-0-	
Net Operating Transfers In (Out)	(13,869,751)	(16,026,441)	(18,651,682)	(25,851,160)	
Bond Proceeds	1,883,309	1,572,667	4,966,486	6,190,144	
COP Proceeds	4,408,000	47,404,208	128,440,000	194,345,000	
Inception of Capital Leases	-0-	2,942,836	-0-	-0-	
Sale of Fixed Assets	<u>27,776</u>	<u>270,874</u>	<u>104,125</u>	<u>27,437</u>	
Total Other Financing Sources (Uses)	(7,550,666)	39,164,144	115,508,929	174,711,421	
Excess (Deficit) of Revenues and Other Sources over Expenditures & Other Uses	(5,697,376)	30,548,239	101,745,655	113,107,557	
<b>BEGINNING FUND BALANCE</b>	<u>39,124,027</u>	<u>33,426,651</u>	<u>63,974,890</u>	<u>165,720,545</u>	
<b>ENDING FUND BALANCE</b>	<u>\$33,426,651</u>	<u>\$63,974,890</u>	<u>\$165,720,545</u>	<u>\$278,828,102</u>	

Source: School District of Brevard County

Cash Flow Charts FY 2007-2008, 2008-2009, 2009-2010





## **Reporting Achievements**

The Board's comprehensive annual financial reports for the fiscal years ended June 30, 2000 through 2006 (the "2000-2006 Fiscal Year CAFR's"), were awarded the Certificate of Achievement for Excellence in Financial Reporting (the "Certificate of Achievement") by the Government Finance Officers Association of the United States and Canada. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is only valid for a period of one year.

Furthermore, the Board received the Association of School Business Officials International Certificate of Excellence in Financing Reporting for the 2000-2006 Fiscal Year CAFR's.

## **Investments**

In accordance with State law, the District is required to keep all surplus funds invested. The District's investment policy authorizes the District to use government securities, collateralized bank deposits, certificates of deposit, collateralized repurchase agreements, money market funds utilizing government securities and the Local Government Surplus Funds Trust Fund of the Florida State Board of Administration ("SBA"). The District has an Investment Advisory Agreement with PFM Asset Management LLC ("PFM"), which is a registered investment advisor under the Investment Advisors Act of 1940. PFM's duties include providing investment research, evaluation and management (but not custody) of the funds of the District subject to the agreement. The General Fund and the Capital Projects Fund are among those covered by the agreement.

The SBA is authorized to invest in a wide range of investments including:

A. Mortgage pass-through certificates, meaning certificates evidencing ownership of an undivided interest in pools of conventional mortgages on real property which is improved by a building or buildings used for residential purposes for one-to-four families when:

- (1) such real property is located in Florida;
- (2) such mortgages are originated by one or more banks or savings and loan associations organized under the laws of Florida, by national banks or federal savings and loan associations having their principal place of business in Florida, or by a lender that is approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act and has its principal place of business in Florida, or by any combination thereof; and
- (3) such mortgages are transferred or assigned to a corporate trustee acting for the benefit of the holders of such certificates.

B. Futures and options; provided, the instruments for such purpose are traded on a securities exchange or board of trade regulated by the Securities and Exchange Commission or the Commodity Futures Trading Commission, unless the SBA by rule authorizes a different market.

C. Domestic or foreign national principal contracts.

On November 29, 2007, the SBA implemented a temporary freeze on the assets held in the SBA's Local Government Surplus Trust Fund Investment Pool (the "Pool") due to an unprecedented amount of withdrawals from the Pool coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the SBA restructured the Pool into 2 separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently, Pool A participants may withdraw 22% of their balance or \$2 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard & Poor's assigned its "AAAm" principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principal value of Pool B assets is not readily determinable.

As of December 31, 2007, the District had no investments in the Pool, and currently has no plans to invest any of its funds in the Pool. Additional information regarding the Local Government Surplus Fund Trust Fund may be obtained from the SBA.

### **FLORIDA RETIREMENT SYSTEM**

The State established and manages the State of Florida Retirement System Pension Plan for state, county, municipal and school district employees. Contribution rates are established by law for all participating governmental units. State law provides that employers, such as the District, are currently obligated to contribute 9.85% of the salary of regular members.

The Florida Retirement System officials reported that state-wide, as of July 1, 2007, the latest evaluation date of the Plan, the Florida Retirement System had no unfunded liability. This may have the effect of lower contribution rates in the future. Increases in future benefits payable under any governmentally-supported retirement system in Florida must be fully funded by the governmental unit.

### **SOCIAL SECURITY SYSTEM**

Employees of the District also participate in the Social Security Program. Employees contribute 7.65% of salary and the Board likewise contributes 7.65% of salary, up to the maximum provided by law.

## **LIFE AND HEALTH INSURANCE**

The District has available a group life insurance program and a group health insurance program. At the option of the employee, the health insurance program may include the spouse and dependents. The Board pays the cost of these programs with respect to the employees; however, the employees bear the additional cost allocated to their covered spouses and dependents.

## **LITIGATION**

In the opinion of Stromire, Bistline & Miniclier, General Counsel to the Board, there is no litigation now pending or threatened (i) to restrain or enjoin the issuance or sale of the Notes; (ii) questioning or affecting the validity of the Notes, the Resolution or the pledge by the Board under the Resolution; or (iii) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution or delivery of the Notes.

The Board is involved in certain litigation and disputes incidental to its operations. Upon the basis of information presently available, General Counsel believes that there are substantial defenses to such litigation and disputes and that, in any event, ultimate liability in excess of applicable insurance coverage, resulting therefrom, will not materially adversely affect the financial position or results of operations of the District.

## **TAX EXEMPTION**

In the opinion of Livermore, Freeman & McWilliams, P.A., Note Counsel, under existing law (i) interest on the Notes is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations; and (ii) the Notes and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations. Note Counsel will express no opinion as to any other tax consequences regarding the Notes.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and compliance with certain covenants of the Board to be contained in the transcript of proceedings, and which are intended to evidence and assure the foregoing, including that the Notes are and will remain obligations, the interest on which is excluded from gross income for federal income tax purposes. Note Counsel will not independently verify the accuracy of the certifications and representations made by the Board.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and remain excluded from gross income for federal income tax purposes, some of which, including provisions for potential payments by the Board to the federal government, require future or continued compliance after issuance of the Notes in order for the interest to be and to remain so excluded from the date of issuance. Noncompliance with these requirements could cause the interest on the Notes to be included in gross income for federal income tax purposes, and thus to be subject to federal income taxation, retroactively from the date of their issuance. The Board covenanted in the proceedings authorizing the issuance of the Notes to take all such actions that may be required of it for the interest on the Notes to be

and to remain excluded from gross income for federal income tax purposes, and not to take any actions which would adversely affect that exclusion.

Under Code provisions applicable only to corporations (as defined for federal income tax purposes), 75% of the excess of adjusted current earnings (which includes interest on all tax-exempt notes, including the Notes) over other alternative minimum taxable income is included in (i) alternative minimum taxable income and may be subject to a corporate alternative minimum tax, and (ii) modified alternative minimum taxable income. In addition, interest on the Notes may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

Under the Code the exclusion of interest from gross income for federal income tax purposes can have certain adverse federal income tax consequences on items of income or deductions for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, and those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owners of the Notes. Note Counsel expresses no opinion regarding such consequences.

From time to time, there are legislative proposals in Congress which, if enacted, could alter or amend one or more of the federal tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal may be enacted, and there can be no assurance that any such proposal would not apply to obligations (such as the Notes) issued prior to enactment of such proposal.

## **LEGAL OPINIONS**

Legal matters incident to the issuance of the Notes and with regard to the tax-exempt status of the interest on the Notes (see “TAX EXEMPTION”) are subject to the legal opinion of Livermore, Freeman & McWilliams, P.A., whose legal services as Note and Disclosure Counsel have been retained by the Board. The signed legal opinion, dated and premised on law in effect as of the date of original delivery of the Notes, will be delivered to the Underwriters at the time of original delivery, and the text of the opinion will be delivered with the Notes. Certain legal matters will be passed upon for the Board by its General Counsel, Stromire, Bistline & Miniclier.

The proposed text of the legal opinion of Note Counsel is set forth as Appendix C hereto. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that Note Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

## **CONTINUING DISCLOSURE**

The Board has agreed in the Resolution to comply with the terms of Securities and Exchange Commission (the “Commission”) Rule 15c2-12, as amended (the “Rule”), as it relates to the Notes. The Notes qualify for the short-term maturity exemption from the Rule, and, as such, the Board will agree in the Resolution to provide in a timely manner, to (i) each nationally recognized municipal securities information repository, or to a central municipal securities information repository, all designated by the Commission in

accordance with the Rule, or to the Municipal Securities Rulemaking Board and (ii) the appropriate state information depository, if any, designated by the State of Florida, notice of the occurrence of any of the following events with respect to the Notes, if such event is applicable and material: (a) principal and interest payment delinquencies; (b) non-payment related defaults; (c) adverse tax opinions or events affecting the tax-exempt status of the Notes; (d) modifications to rights of Noteholders; (e) defeasance; (f) release, substitution, or sale of property securing repayment of the Notes; (g) rating changes; (h) Note calls; (i) unscheduled draws on credit enhancement or reserves reflecting financial difficulties; and (j) substitution of credit or liquidity providers, or their failure to perform.

The obligations of the Board described above will remain in effect only for such period that (i) the Notes are outstanding in accordance with their terms and (ii) the Board remains an obligated person with respect to the Notes within the meaning of the Rule. The Board reserves the right to terminate its obligation to provide the notices of material events, as set forth above, if and when the Board no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The Board acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes).

The Board is currently in compliance with all its continuing disclosure obligations under the Rule; however, within the last 5 years, it inadvertently failed to file annual financial information regarding its outstanding Certificates of Participation, Series 1996A, with some of the repositories. Such failure was promptly corrected upon its discovery.

#### **NOTE RATING**

Moody's Investors Service, New York, New York ("Moody's"), has assigned its municipal bond rating to the Notes as set forth on the cover page hereof. An explanation of the significance of the ratings may be obtained only from Moody's. There is no assurance that the rating will be in effect for any given period of time or that it will not be revised downward, suspended or withdrawn entirely by Moody's if in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of the rating given the Notes may have an adverse effect on the liquidity or market price of the Notes.

#### **UNDERWRITING**

The Notes are being purchased by the Underwriters as shown on the cover page of this Official Statement, at an aggregate purchase price of \$\_\_\_\_\_. The offer of the Underwriters to purchase the Notes provides for the purchase of all of the Notes if any are purchased.

The Underwriters may offer to sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriters.

#### **FINANCIAL ADVISOR**

The Board has retained RBC Capital Markets Corporation, Jacksonville, Florida, as financial advisor (the "Financial Advisor"), in connection with the preparation of the Board's plan of financing and with respect to the authorization and issuance of the Notes.

## **NOTEOWNERS' RISKS**

The Notes are limited obligations of the Board payable primarily from the Pledged Revenues as described herein, and are not secured by the full faith, credit and taxing power of the Board. Because the Notes are limited obligations, the sources of money pledged to secure payment of the Notes may be insufficient therefor, and the Noteowners would not be able to compel the levy of taxes (other than the Discretionary Capital Outlay Levy for the 2009-2010 Fiscal Year) or the institution of foreclosure proceedings against any property of the Board to provide for payment of the Notes and the interest thereon. Certain factors may affect the adequacy of the Pledged Revenues to provide for payment of the Notes, and there can be no assurance that the Pledged Revenues will be adequate to provide for payment of the Notes and the interest thereon.

In particular, the adequacy of the Pledged Revenues to provide for repayment of the Notes depends upon (1) the ability of taxpayers in Brevard County to pay the ad valorem taxes levied in 2007, (2) the percentage of collection of ad valorem taxes for the 2009-2010 Fiscal Year, (3) the receipt by the Board of the federal and State funds upon which it depends, in part, for the funding of its operations for the current year, and (4) the absence of the need for extraordinary, unforeseen expenditures during the 2009-2010 Fiscal Year. These matters are largely dependent upon factors beyond the control of the Board, and any adverse developments with respect to these or other factors could affect the ability of the Board to pay the principal of and interest on the Notes.

## **MISCELLANEOUS**

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Notes, the security for the payment of the Notes and the rights and obligations of the holders of the Notes.

The information contained in this Official Statement has been compiled from sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof.

This Official Statement is in a form "deemed final" by the Board for purposes of SEC Rule 15c2-12(3) and (4).

Further information regarding the Board is available upon request from Mr. Mitchell Owens, RBC Capital Markets Corporation, 1650 Prudential Drive, Suite 101, Jacksonville, Florida 32207, (904) 399-4496, Financial Advisor to the District; and/or Ms. Judy Preston, Associate Superintendent, Financial Services, of the District, at (321) 633-1000, extension 600.

**AUTHORIZATION OF AND CERTIFICATION CONCERNING  
OFFICIAL STATEMENT**

This Official Statement has been authorized by the Board. Concurrently with the delivery of the Notes, the Board will furnish its certificate to the effect that, to the best of its knowledge, this Official Statement did not as of its date, and does not as of the date of delivery of the Notes, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which this Official Statement is to be used, or which is necessary in order to make the statements therein, in the light of the circumstances in which they were made, not misleading.

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

/s/ Robert Jordan  
Chairman, The School Board of Brevard County,  
Florida

/s/ Richard A. DiPatri  
Superintendent of Schools, ex officio Secretary,  
The School Board of Brevard County, Florida

/s/ Judy Preston  
Associate Superintendent, Financial Services  
School District of Brevard County, Florida

## APPENDIX A

### GENERAL INFORMATION CONCERNING BREVARD COUNTY, FLORIDA

The following information concerning Brevard County, Florida, and the Melbourne-Titusville- Palm Bay Metropolitan Statistical area is included only for the purpose of providing general background information. The information has been compiled on behalf of the County and such compilation involved oral and written communication with various sources as indicated. The information is subject to change, although efforts have been made to update the information where practicable.

### GENERAL DESCRIPTION AND LOCATION

Brevard County, Florida (the "County"), encompasses approximately 1,276 square miles along the Atlantic Ocean near the middle of the Florida peninsula. The County is 72 miles north to south, and is bordered on the north by Volusia County and on the south by Indian River County. The County extends about 20 miles inland from the Atlantic Ocean, with the St. Johns River forming its western boundary. The City of Titusville, the county seat, is located 40 miles due east of Orlando, Florida, and 142 miles southeast of the City of Jacksonville, Florida. The County is traversed north and south by the Indian and Banana Rivers. The Melbourne-Titusville-Palm Bay Metropolitan Statistical Area (MSA) contains 15 municipalities.

The County is divided into 3 distinct landforms which lie in banks roughly parallel to the Indian River: (i) the St. Johns River, which is the westernmost part of the County; (ii) the Atlantic Coastal Ridge, which forms the eastern boundary of the mainland; and (iii) the barrier islands, which lie offshore and parallel to the mainland.

### GOVERNMENT

The County is governed by an elected 5-member Board of County Commissioners (the "Board"). Each Commissioner is elected for a 4-year term of office. The Board appoints a County Manager to administer the County's programs. The Clerk of the Circuit Court of the County is the clerk and accountant for the Board. The seat of government is at Titusville, with branch offices at Rockledge and Melbourne. In addition to the courthouse facilities, service complexes are located in the north, central and southern sections of the County. Listed below are current members of the Board of County Commissioners and their term expiration dates.

<u>Name</u>	<u>Date Elected to Office</u>	<u>Date Current Term Expires</u>
Jackie Colon, Chairman	November 2004	November 2008
Truman Scarborough, Jr., Vice Chairman	November 2004	November 2008
Helen Voltz	November 2004	November 2008
Chuck Nelson	November 2006	November 2010
Mary Bolin	November 2006	November 2010

The following table shows certain demographic information for the County for the years 1998-2007:

**DEMOGRAPHIC STATISTIC  
LAST TEN YEARS**

<u>Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>FTE Enrollment</u>	<u>Average Unemployment Rate</u>
1998	467,665	\$23,775	67,599	4.3%
1999	474,803	24,282	68,015	3.9
2000	476,230	25,027	68,468	3.4
2001	485,178	25,795	69,228	4.3
2002	492,992	26,589	70,389	5.2
2003	499,825	27,391	71,451	4.9
2004	495,576	28,213	72,420	4.1
2005	525,486	28,669	73,452	4.1
2006	531,970	30,142	74,041	3.2
2007	552,109	(1)	73,841	4.2 <sup>(2)</sup>

(1) Unavailable

(2) As of December 2007

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Source: *School Board of Brevard County, Florida, Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2008*

**ECONOMIC SUMMARY**

Brevard County encompasses approximately 1,300 square miles and is located in the middle of Florida's east coast. The local economy, which was based largely upon space program construction, has evolved and diversified. The local economy now includes manufacturing of electronic equipment, the Space Shuttle Program at the Kennedy Space Center, citrus production, agriculture and tourism. Major private employers include Harris Corporation, United Space Alliance, Health First, Boeing and Northrop Grumman.

The County is the ninth largest county in population and eleventh in population density among the 67 counties of the State of Florida. Since 1950 Brevard County's population has grown at a faster rate than the rate of growth for the State of Florida as a whole, with the exception of the 1970 to 1980 period. The primary cause for the rapid growth is migration. The development of the Space Center, peripheral services, aerospace and high technology industries, tourism services and an influx of retired persons have contributed to population growth.

The following table shows the comparative population trends for the County and the State of Florida for the years 1950-2020:

**Brevard County and State of Florida  
Population Trends 1950-2020**

<u>Year</u>	<u>Brevard County</u>	<u>Average Annual Percentage Increase</u>	<u>State of Florida</u>	<u>Average Annual Percentage Increase</u>
1950	23,631	---	2,771,305	---
1960	111,435	37.15%	4,951,560	7.87%
1970	230,006	10.64	6,791,418	3.72
1980	272,959	1.87	9,746,424	4.35
1990	398,978	4.62	12,937,926	3.27
2000	483,300	2.11	15,594,300	2.05
2010*	564,200	17.53**	19,397,400	24.39**
2020*	650,500	14.52**	22,588,000	16.45**

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\* Population projections are those published by the Bureau of Economic and Business Research, University of Florida, Florida Statistical Abstract 2006.

\*\* 10 year period

Source: *U.S. Department of Commerce, Bureau of the Census, 1950, 1960, 1970, 1980, 1990 and 2000.*

The following table shows building permit activity by category and value for the years 1997-2006:

**Building Permit Activity  
(Value in Thousands)**

<u>Calendar Year</u>	<u>Number of Units</u>		<u>Residential Valuations</u>	<u>Non- Residential Valuations</u>	<u>Additions, Alterations Valuations</u>	<u>Total Valuations<sup>(1)</sup></u>
	<u>Single-Family</u>	<u>Multi-Family</u>				
1997	3,046	437	\$327,329	\$ 70,880	\$91,955	\$490,164
1998	3,782	582	396,644	66,886	95,081	558,611
1999	4,141	2,218	511,087	84,361	(2)	606,048
2000	3,413	887	542,129	(2)	(2)	(2)
2001	3,981	366	607,730	(2)	(2)	(2)
2002	4,934	1,696	869,912	(2)	(2)	(2)
2003	5,607	562	999,716	(2)	(2)	(2)
2004	6,488	2,420	1,483,112	(2)	(2)	(2)
2005	7,321	1,466	1,667,217	(2)	(2)	(2)
2006	3,967	1,077	(2)	(2)	(2)	(2)

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

<sup>(2)</sup> Data unavailable.

Source: *U.S. Department of Commerce, Bureau of the Census, Manufacturing, Mining and Construction Statistics; Brevard County Building Office and Bureau of Economic and Business Research, University of Florida, Florida Statistical Abstract 2006.*

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## EMPLOYMENT INFORMATION

The following table summarizes the level of employment in the civilian labor force for the years 1998-2007:

### **Civilian Labor Force Summary Brevard County, Florida**

<u>Calendar Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Annual Average Percent</u>
1998	204,396	195,650	8,746	4.1%
1999	212,499	203,899	8,600	4.0
2000	209,968	203,458	6,510	3.1
2001	211,968	202,950	9,018	4.3
2002	217,594	206,274	11,320	5.2
2003	218,794	207,670	11,124	5.1
2004	252,635	241,543	11,092	4.4
2005	252,338	243,228	9,110	3.6
2006	259,343	250,566	8,777	3.4
2007	261,949	250,425	11,524	4.4

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Source: *Florida Department of Labor and Employment Security, Bureau of Labor Market Information*

The following table summarizes unemployment rates for the MSA and for the State of Florida on a monthly basis for the years 2003-2007:

**Unemployment Statistics**

	<u>Melbourne-Titusville-Palm Bay MSA</u>					<u>State of Florida</u>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
January	5.8%	4.8%	4.1%	3.0%	4.1%	5.6%	4.9%	4.3%	3.1%	3.7%
February	5.5	4.5	4.1	3.0	3.9	5.3	4.7	4.3	3.1	3.5
March	5.2	4.5	3.8	2.8	3.8	5.1	4.7	3.9	2.9	3.4
April	5.2	4.2	3.7	2.7	3.9	5.1	4.5	3.8	2.8	3.5
May	5.2	4.2	3.6	2.9	4.0	5.2	4.5	3.7	2.9	3.5
June	5.7	4.7	3.9	3.2	4.5	5.9	5.1	4.1	3.3	4.2
July	5.2	4.3	3.7	3.4	4.7	5.6	4.9	3.9	3.5	4.4
August	5.2	4.3	3.6	3.4	4.7	5.5	4.8	3.8	3.6	4.4
September	5.0	4.6	3.5	3.3	4.7	5.3	4.7	3.7	3.4	4.4
October	4.7	4.4	3.2	3.1	4.6	5.0	4.6	3.4	3.1	4.4
November	4.8	4.2	3.2	3.4	4.7	4.9	4.4	3.4	3.3	4.3
December	4.3	4.0	2.8	N/A	5.0	4.4	4.2	2.9	3.3	4.5

Source: *Florida Department of Labor and Employment Security, Bureau of Labor Market Information*

The following table summarizes non-agricultural wage and salary employment in the MSA for the years 1998-2007:

**Non-Agricultural  
Wage and Salary Average  
Annual Employment**

Melbourne - Titusville - Palm Bay MSA

(Number of Employed in Thousands)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Manufacturing	29.2	26.7	25.0	27.0	22.4	22.3	23.2	23.5	24.5	23.8
Construction	9.4	10.6	10.7	11.5	11.3	11.8	13.9	17.0	18.4	15.2
Transportation & Public Util.	5.1	6.3	5.3	5.3	5.1	3.4	3.7	3.9	3.6	3.3
Wholesale & Retail Trade	50.1	45.9	45.0	46.2	45.1	33.7	31.9	32.9	33.7	36.8
Finance	6.2	6.2	6.2	6.5	6.7	7.4	7.8	8.2	8.7	8.7
Various Services	71.1	69.5	70.0	70.9	69.9	87.0	94.7	94.7	96.2	95.4
Total Gov't	24.6	25.9	25.8	26.6	27.8	28.3	29.2	28.1	28.6	29.2
Total Non- Agric. Employ.	195.7	191.1	188.0	194.0	188.3	193.9	204.4	211.20	216.7	212.4

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Source: *Florida Department of Labor and Employment Security, Bureau of Labor Market Information*

The following table lists the largest employers in the County:

**Largest Employers in Brevard County, Florida**

<u>FIRM</u>	<u>ACTIVITY</u>	<u>APPROXIMATE EMPLOYEES</u>
Brevard County School Board	Public Educational Facilities	9,578
Harris Corporation	Communication Equipment, Satellite Systems, Integrated Circuits and Electric Utility Monitor Control Systems	6,700
Health First	Medical Facilities	6,420
United Space Alliance	NASA's Space Flight Operations Contractor	5,890
Brevard County Board of County Commissioners	County Government Services	3,240
Wuestoff Health Systems	Medical Facilities	2,430
NASA	Operation of Kennedy Space Center /Launch Operations	2,200
Department of Defense		1,990
Space Gateway Support	Space/Defense Contractor	1,760
Northrop Grumman J-STARS	Production of J-STARS for Air Force	1,640

Source: Brevard County Finance Department

**TRANSPORTATION FACILITIES**

Air: From the Melbourne International Airport at Melbourne, Delta, USAir, Continental, Comair (a commuter airline operating under a code-sharing agreement with Delta Airlines), USAir Express, American Eagle, and United Express provide frequent flights daily.

Land: Interstate 95 runs north-south through the entire length of the County; U.S. 1 and U.S. A1A, on the beaches, run parallel to the Indian River which separates the islands from the mainland. State Road 3 also provides north-south access to the County, while State Roads 46, 50, 520 and 528 and U.S. 192 offer east-west connections to the central and western parts of the state. County residents are about 50 miles, via the Bee Line Expressway and Interstate 4, from Walt Disney World southwest of Orlando. Rail service in the County is provided by the Florida East Coast Railway. Greyhound Bus Line has terminals in the cities of Melbourne, Cocoa and Titusville.

Water: The Intracoastal Waterway, Indian River and Banana River offer access by water to the eastern areas of the County. Port Canaveral, adjacent to the Kennedy Space Center, serves shippers from the Atlantic Ocean via a 400-foot wide, 45-foot deep channel and from the Intracoastal Waterway via a 125-foot wide, 12-foot deep channel. Nuclear powered submarines, missile tracking ships and fishing fleets also frequent Port Canaveral. The St. Johns River, flowing northward to Jacksonville, forms the boundary separating the County from Orange County on the west.

## **COMMUNITY FACILITIES**

Modern hospitals, extended care facilities, nursing homes and diagnostic clinics are located in the major population areas of the County. Public safety is provided by the County Sheriffs Department and the police departments of various municipalities. Modern fire protection is available in the cities and in the developed residential, commercial and industrial areas of the County. Libraries, theaters and museums offer educational and cultural advantages to County residents. Churches, embracing all major denominations, are located throughout the County.

## **PRIVATE AND HIGHER EDUCATIONAL FACILITIES**

There are 52 private and parochial schools. Higher education facilities are provided by the Florida Institute of Technology (private), Rollins College (private), Brevard Community College and the University of Central Florida, which has a campus at Cocoa and Palm Bay offering degrees in 6 disciplines. Graduate school facilities are also operated by Stetson University.

Source: *Brevard County School System, Office of Public Information.*

## **BUDGETARY PROCESS**

The County's annual budget is prepared pursuant to Chapters 129 and 200, Florida Statutes, and represents the County's legal authority to levy taxes and expend funds for County purposes. The Board will be held personally liable and subject to penalty for making unbudgeted expenditures.

On or before May 1 of each year, the Sheriff, the Clerk of the Circuit Court and the Supervisor of Elections must each submit to the Board a tentative budget request for their respective offices for the ensuing fiscal year. No later than 15 days after the Property Appraiser certifies the tax roll, the County Budget Officer shall prepare and present to the Board a tentative budget for each Board fund. The Board will receive and examine the tentative budget for each fund and, subject to the notice and hearing requirements, make such changes as it deems necessary, provided that the budget remains in balance. A summary of the tentative budget is prepared by the Board, advertised, publicly reviewed and revised prior to final approval and adoption before the end of the fiscal year on September 30.

## BREVARD COUNTY INDEBTEDNESS

Brevard County, Florida  
Direct Bonded Indebtedness  
As of September 30, 2007

### 1. General Obligation Long-Term Debt

<u>Issue</u>	<u>Principal Amount Outstanding</u>	<u>Final Maturity Date</u>
Limited Ad Valorem Tax Refunding Bonds, Series 2002	\$ 4,685,000	09/01/11
Limited Ad Valorem Tax Refunding and Improvement Bonds, Series 1996	4,660,000	09/01/11
Limited Ad Valorem Tax Bonds, North Brevard Recreation Special Tax District, Series 2001	11,925,000	07/01/21
Limited Ad Valorem Tax Bonds, Merritt Island Recreation Municipal Service Taxing Unit, Series 2001	10,210,000	07/01/21
Limited Ad Valorem Tax Bonds, South Brevard Recreation Special District, Series 2001	35,330,000	09/01/21
Limited Ad Valorem Tax Bonds, Series 2004	10,325,000	09/01/11
Limited Ad Valorem Tax Bonds, Series 2005	41,550,000	09/01/24
Limited Ad Valorem Tax Bonds, Series 2007 North Brevard Recreation Special Tax District	11,300,000	09/30/26
Limited Ad Valorem Tax Bonds, Series 2007 South Brevard Recreation Special Tax District	57,565,000	09/30/26
Limited Ad Valorem Tax Bonds, Series 2007 Merritt Island Recreation Municipal Service Taxing Unit	<u>13,110,000</u>	09/30/26
	<u>\$200,660,000</u>	

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Source: Brevard County, Florida, Finance Department.

## II. Non Self-supporting Revenue Bonds<sup>(1)</sup>

<u>Issue</u>	<u>Principal Amount Outstanding</u>	<u>Final Maturity Date</u>
Brevard County Mental Health Facilities Revenue Bonds - Series 1994A	\$ 430,000	01/01/10
Brevard County Sales Tax Refunding Revenue Bonds, 1997	7,480,000	12/01/11
Brevard County Second Guaranteed Entitlement Revenue Bonds, Series 1996	2,770,000	11/01/15
Brevard County Constitutional Fuel Tax Revenue Bonds, Series 2000	5,120,000	08/01/10
Brevard County Fourth Cent Tourist Development Tax Revenue Bonds, Series 2001	4,025,000	03/01/13
Brevard County Sales Tax Refunding and Improvement Revenue Bonds, Series 2001	29,160,000	12/01/26
Brevard County Sales Tax Refunding and Improvement Revenue Bonds, Series 2003	12,545,000	12/01/22
Brevard County Constitutional Fuel Tax Refunding Revenue Bonds, Series 2005	25,300,000	08/01/20
Brevard County Sales Tax Revenue Bonds, Series 2005	14,000,000	12/01/26
Brevard County Local Option Fuel Tax, Series 2007	48,435,000	12/30/37
Brevard County Local Option Fuel Tax, Series 2005	<u>44,845,000</u>	09/30/26
	<u>\$194,110,000</u>	

Source: *Brevard County, Florida, Finance Department.*

(1) Non Self-supporting Revenue Bonds are payable from revenue sources other than enterprise funds and ad valorem taxes.

**III. Self-supporting Revenue Bonds<sup>(1)</sup>**

<u>Issue</u>	<b>Principal Amount <u>Outstanding</u></b>	<b>Final Maturity <u>Date</u></b>
Brevard County Guaranteed Entitlement Revenue Bonds, Series 1999	\$ 3,470,000	06/01/18
Solid Waste Management System Revenue Refunding Bonds, Series 2002	6,825,000	04/01/10
Utility Revenue Refunding Bonds, Series 2002	45,515,000	03/01/14
Utility Revenue Bonds (Barefoot Bay System), Series 2000	<u>14,915,000</u>	10/01/29
	<u>\$70,725,000</u>	

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Source: *Brevard County, Florida, Comprehensive Annual Financial Report for Fiscal Year Ending September 30, 2007.*

(1) Self-supporting Revenue Bonds are payable from system revenues generated by the project for which the bonds were issued.

**Brevard County, Florida**  
**Overlapping Debt as of June 30, 2008**

**Brevard County School Board**

	<b><u>General Obligation</u></b>	<b><u>Non Self- Supporting</u></b>	<b><u>Self-supporting</u></b>
Certificates of Participation, Series 1996A, 2002, 2004 A, B & QZAB, 2006A and 2007A, B & C		\$	
State School Bonds, Series 1998A			
State School Bonds, Series 1999A			
State School Bonds, Series 2000A			
State School Bonds, Series 2002A			
State School Bonds, Series 2002B			
State School Bonds, Series 2003A			
State School Bonds, Series 2004A			
State School Bonds, Series 2005A			
State School Bonds, Series 2005B			
State School Bonds, Series 2006A			
Total School Board Debt	<u>\$ -0-</u>	<u>\$</u>	<u>\$ -0-</u>

Source: *School Board of Brevard County, Florida, Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2008.*

**Computation of Direct and Overlapping General Obligation Debt (Unaudited)**  
**June 30, 2008**

<b><u>Jurisdiction</u></b>	<b><u>Net Debt Outstanding<sup>(1)</sup></u></b>	<b><u>Percentage Applicable to Brevard County</u></b>	<b><u>Amount Applicable to Brevard County</u></b>
<b><u>County-Wide</u></b>			
Brevard County	\$127,855,000	100%	\$127,855,000
<b><u>Cities</u></b>			
Titusville	<u>9,900,000</u>	<u>100%</u>	<u>9,900,000</u>
Total	<u>\$137,845,000</u>		<u>\$137,845,000</u>

Source: *School Board of Brevard County, Florida Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2008.*

(1) Consists of general obligation debt supported by ad valorem taxes less amounts available for debt service.

**Brevard County, Florida  
Statistical Data - Unaudited**

**Tax Revenues By Source  
Last Ten Fiscal Years<sup>(1)</sup>**

<u>Fiscal Year</u>	<u>General Property Tax</u>	<u>Sales and Use Tax</u>	<u>Motor Fuel Tax<sup>(2)</sup></u>	<u>Franchise Fees</u>	<u>Total</u>
1998	\$95,151,246	\$11,651,448	\$6,798,915	\$5,792,511	\$119,394,120
1999	97,075,195	12,135,267	7,116,838	6,188,520	122,515,820
2000	105,573,945	12,513,956	8,510,337	6,512,856	133,111,094
2001	112,388,979	12,688,045	7,379,171	8,896,829	141,353,024
2002	125,739,657	12,604,556	7,526,175	9,505,334	155,375,722
2003	139,235,675	12,996,056	7,712,965	10,470,515	170,415,211
2004	155,492,375	13,873,600	8,099,826	10,731,975	188,197,776
2005	167,436,879	15,559,309	8,506,595	19,743,734	211,246,517
2006	193,979,483	16,482,743	8,348,642	24,726,195	243,537,063
2007	216,514,178	16,810,266	8,336,871	25,092,675	266,753,990

(1)The ad valorem property taxes, sales and use taxes and the franchise fees/communications services tax were combined for Financial Statement presentation and disclosed by fund type as taxes. Table includes General and Special Revenue Funds only.

(2)The motor fuel tax is disclosed in the Special Revenue Fund entitled County Transportation Trust as intergovernmental revenues

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Source: *Brevard County, Florida, Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2007.*

**APPENDIX B**

[SIGNATURE PAGE AND EXHIBITS INTENTIONALLY OMITTED]

## APPENDIX C

### FORM OF OPINION OF NOTE COUNSEL

*Upon delivery of the Notes, Livermore, Freeman & McWilliams, P.A., Jacksonville Beach, Florida, Note Counsel, proposes to render its final opinion with respect to the Notes in substantially the following form:*

The School Board of Brevard  
County, Florida  
Viera, Florida

We have examined the transcript of proceedings (the "Transcript") relating to the issuance by The School Board of Brevard County, Florida (the "School Board"), of its \$39,000,000 Revenue Anticipation Notes, Series 2009, dated April 23, 2009 (the "Notes"), for the purpose of refinancing part of the cost of certain school improvements in Brevard County, Florida; as more particularly described in a resolution duly adopted by the School Board, on March 10, 2009 (the "Resolution"). The documents in the Transcript include a certified copy of the Resolution. We have also examined a cancelled specimen of the Notes.

The Notes and the interest thereon are special, limited obligations of the School Board payable from and secured by a prior lien upon and pledge of (a) the proceeds of the ad valorem tax levy by the School Board pursuant to Section 1011.71(2), Florida Statutes, for the fiscal year ending June 30, 2010; and (b) amounts on deposit in the Sinking Fund for the Notes (collectively, the "Pledged Revenues"); and, if necessary, will be additionally payable from, but will not be secured by a lien upon or pledge of, all legally available funds of the School Board derived from sources other than ad valorem taxation (the "Non-Ad Valorem Funds"); the enforceability of all of which will be subject to bankruptcy laws and other laws affecting creditors' rights, and the exercise of judicial discretion.

Based upon this examination, we are of the opinion that, under existing law:

1. The Notes and the Resolution contained in the Transcript are valid, legal, binding and enforceable in accordance with their respective terms, subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion.
2. The Notes constitute special obligations of the School Board, the principal of, premium, if any, and interest on which, subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion, are payable from and secured by a lien upon the Pledged Revenues, and, if necessary, are payable from such legally available non ad valorem funds, in the manner provided above in the Resolution.
3. The interest on the Notes is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations. The Notes and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations. We express no opinion as to any other tax consequences regarding the Notes.

Under the Code portions of the interest on the Notes earned by certain corporations (as defined for federal income tax purposes) may be subject to a corporate alternative minimum tax, and interest on the Notes may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States, and to a tax imposed on excess net passive income of certain S corporations.

In giving the foregoing opinions, we have assumed and relied upon compliance with the covenants of the School Board and the accuracy, which we have not independently verified, of the representations and certifications of the School Board contained in the Transcript. The accuracy of those representations and certifications, and compliance by the School Board with those covenants, may be necessary for the interest on the Notes to be and to remain excluded from gross income for federal income tax purposes and for certain of the other tax effects stated above. Failure to comply with certain of those covenants subsequent to issuance of the Notes could cause interest thereon to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

Respectfully submitted,

**APPENDIX D**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE  
SCHOOL BOARD OF BREVARD COUNTY, FLORIDA, FOR THE FISCAL  
YEAR ENDED JUNE 30, 2008**