

**MINUTES OF MEETING
SUNSHINE WATER CONTROL DISTRICT**

Multiple Public Hearings and a Regular Meeting of the Sunshine Water Control District's Board of Supervisors were held on Wednesday, September 12, 2018, at 6:30 p.m., at Sartory Hall, located in Mullins Park, 10150 NW 29 St. (Ben Geiger Drive), Coral Springs, Florida 33065.

Present at the meeting were:

Joe Morera	President
Daniel Prudhomme	Vice President
John Tornincasa	Secretary

Also present were:

Cindy Cerbone	District Manager
Al Malefatto	District Counsel
Orlando Rubio	District Engineer
Jim Maguire	Craig A. Smith & Associates, Inc.
Cory Selchan	Field Superintendent
John McKune	McKune & Associates
Wes Bradish	Ziegler

FIRST ORDER OF BUSINESS

Call to Order

Mr. Morera called the meeting to order at 6:32 p.m.

SECOND ORDER OF BUSINESS

Roll Call

Ms. Cerbone called the roll. All Supervisors were present, in person.

THIRD ORDER OF BUSINESS

Pledge of Allegiance

All present recited the Pledge of Allegiance.

FOURTH ORDER OF BUSINESS

Recess Regular Meeting

Mr. Malefatto stated that an Executive Session was scheduled for tonight to discuss the mediation held today in the IBI Group (IBI) litigation matter. Ultimately, the lengthy mediation was not productive, as both parties remain far apart; therefore, there was no need for an Executive Session. Mediation remains an option and could be reopened, if the parties can

come closer together on a settlement. This mediation did not result in any reasonable settlement offer.

The Regular Meeting did not recess.

FIFTH ORDER OF BUSINESS

Commencement of Attorney-Client Session

The Attorney-Client Session was not held.

SIXTH ORDER OF BUSINESS

Termination of Attorney-Client Session

The Attorney-Client Session was not held.

SEVENTH ORDER OF BUSINESS

Reconvene Regular Meeting

This item was not necessary.

EIGHTH ORDER OF BUSINESS

**Public Comments [3-Minute Time Limit]
(Comments should be made from the
microphone to ensure recording. Please
state your name prior to speaking.)**

There being no public comments, the next item followed.

NINTH ORDER OF BUSINESS

**Discussion/Consideration of Bond
Refunding**

Mr. Wes Bradish, of Ziegler, gave a brief history of his experience with the District’s 2011 bond issuance and gave a presentation of the refunding opportunities for the Series 2011 bonds; he highlighted the following:

- Rates are low and it is a very good time in the bond market.
- The rates on the Series 2011 tax-exempt bonds were particularly high, which makes now a good time to refund the bonds, given the lower rates.
- A direct placement with a bank is being recommended. In December 2017, the Tax Cuts and Jobs Act eliminated the ability of tax-exempt issuers, such as the District, to advance refund the bonds on a tax-exempt basis. The District has the following options:
 - ✓ Issue taxable refunding bonds.

- ✓ Wait until the 2021 call date and issue tax-exempt bonds.
- ✓ Issue a refunding obligation under a “Cinderella Structure”, which is a hybrid taxable/tax-exempt alternative. (This is the best refunding option for the District, in the current market, to generate the highest level of savings without incurring 2½ years of additional interest.)

Discussion ensued regarding the District’s bonds, maturity and call dates, the bonds affected, interest rates, etc. Mr. Bradish explained that, previously, the District could have refunded all of its bonds on a tax-exempt basis; however, with the new tax law, effective in 2018, the IRS does not allow governmental entities to issue tax-exempt refunding bonds on an advance refunding basis. If the District wants to refund its bonds on a tax-exempt basis, it must now wait for the call date. The Cinderella Structure would enable the District to lock in today’s savings by having a short taxable period that switches to a predetermined tax-exempt rate that is agreed upon and cannot change. In response to a question, Mr. Bradish explained that refunding a bond means the same as refinancing. He discussed the benefit to the lending institution in this instance.

- Cinderella Structure:
 - ✓ The initial borrowing rate represents an interest rate on taxable debt until the current May 1, 2021 refunding date.
 - ✓ On May 1, 2021, the borrowing rate will convert to a fixed tax-exempt rate.
 - ✓ Funds will be held in escrow until the current refunding date and invested in US Treasury Securities
 - ✓ On or about May 1, 2021, the proceeds of the escrow will be used to refund the Series 2011 bonds in full.
- Capital One terms:
 - ✓ Taxable Rate: 4.80%, locked until closing.
 - ✓ Tax-exempt Rate: 3.80%, locked until closing.
 - ✓ Blended Rate over life of financing: 4.15%
 - ✓ Existing coupon on 2011 bonds: 5.63%.
- The refunding would yield approximately \$870,000 in additional funds for Capital projects, over the next two or so years.

- With this structure, no offering document or rating is required for direct placement, which minimizes upfront costs and time incurred by District Management and Staff.
- The statistics and savings charts are inclusive of all estimated \$175,000 in upfront costs of issuance (COI). This is a contingent fee structure. The fees are contingent upon the refunding closing; therefore, if the refunding does not occur, the fees are not paid.

Mr. Tornincasa believed in checking with two sources and questioned how the Board could know that Ziegler has the best deal for the District. Ms. Cerbone stated that they do not know; however, Management's typical business practice is to include the individual involved in the original bond issuance, when a refunding opportunity arises.

Discussion ensued regarding the potential annual savings for property owners, vetting of Mr. Bradish for the 2011 bond transaction, his experience, etc. Mr. Bradish knew of no other banks that would do this as a private placement, with a maturity 23 years out. Direct lending institutions will typically only go out 15 to 20 years. Capital One is willing to go out 23 years. Mr. Bradish discussed the benefits of this opportunity and working with his firm and Capital One. He was confident that Capital One's offer would remain valid until the next meeting.

Mr. Prudhomme suggested refunding the bonds on a 15-year term, and using the savings for projects, not reducing assessments based on the refunding and continuing with small annual assessment increases. Mr. Bradish explained that the District would not be locked into a 23-year term with the proposed refunding with Capital One; the District would have the option to refund it again in seven years, pay it off, etc. The District has more flexibility than the bank, as the bank is locked into 23 years. Mr. Bradish noted that, compared to other Districts, this District, based on its size, has one of the lowest, if not the lowest, debt leverage levels in Florida or, at least significantly lower than most. If the District has a higher leverage level, Capital One would not be willing to float this type of deal.

It was noted that, in the scenario, the District would realize savings in that the savings would go towards capital projects; the residents would not receive an outright reduction but could benefit since the District might not have to increase Operation and Maintenance (O&M) assessments as much as would be necessary if not for the savings from the bond refunding.

- Transaction can be closed as soon as 30 days.

Discussion ensued regarding the interest rates during the taxable and tax-exempt periods, savings levels, potential impact and benefits to property owners, etc. Ms. Cerbone

noted that the par amount on the bonds would increase as a result of the refunding and asked if that would result in a period in which a resident wanting to pay off their debt assessment would owe more than prior to the refunding. Mr. Bradish stated that, while the par amount would increase, the interest rate would go down; therefore, the debt assessment payoff amount should not be impacted. Discussion ensued regarding the COI.

Mr. Bradish discussed the next steps in the bond refunding process.

Mr. Morera stated that he did not entirely understand the refunding process enough to fully support it. He wanted input from Mr. Capko; he was not confident that the District would actually realize the benefit being proposed. Mr. Bradish stated that Mr. Capko vetted this refunding proposal. Discussion ensued regarding those involved and the process, how this potential refunding came about, the terms, timeline, etc.

The motion was made by Mr. Tornincasa and seconded by Mr. Prudhomme to proceed.

In response to concerns of Mr. Morera, Mr. Bradish stressed that the District is not obligated to close on the bonds. The District is not obligated to anything until the closing documents are signed and the Board could choose not to close. Mr. Malefatto noted that, while it is possible, it is highly unusual for a District to back out at the last minute. At Mr. Morera’s insistence the motion was amended to include a statement that the District is not obligated to close on the refunding. Mr. Tornincasa agreed to amend his motion.

On MOTION by Mr. Tornincasa and seconded by Mr. Prudhomme, as amended, with all in favor, authorizing Mr. Bradish and Staff to proceed with the Direct Purchase Refunding – Upfront Savings option but not obligating the District to close on the bonds, was approved.

Mr. Prudhomme stepped out of the meeting.

TENTH ORDER OF BUSINESS

Public Hearing to Hear Comments and Objections on the Adoption of the District’s Final Budget for Fiscal Year 2018/2019, Pursuant to Florida Law

A. Affidavit/Proof of Publication

The affidavit of publication was provided for informational purposes.

B. Consideration of Resolution 2018-07, Adopting the Final Budget of the Sunshine Water Control District for Fiscal Year 2018/2019

Ms. Cerbone presented the proposed Fiscal Year 2019 budget and highlighted the following:

- There were no changes since the last meeting.
- The Board was comfortable with a 3% assessment increase.

Mr. Prudhomme returned to the meeting.

- More detail was provided for "Engineering" and the "Capital outlay" expenses.

In response to Mr. Morera's question regarding hurricane recovery expenses, Ms. Cerbone stated that hurricane recovery expenses were approximately \$3 million.

Ms. Cerbone opened the Public Hearing.

No members of the public spoke.

Ms. Cerbone closed the Public Hearing.

Ms. Cerbone presented Resolution 2018-07.

On MOTION by Mr. Tornincasa and seconded by Mr. Prudhomme, with all in favor, Resolution 2018-07, Adopting the Final Budget of the Sunshine Water Control District for Fiscal Year 2018/2019, was adopted.

ELEVENTH ORDER OF BUSINESS

Public Hearing to Hear Comments and Objections on the Imposition of a Non Ad Valorem Maintenance Assessment and a Non Ad Valorem Assessment for the Debt Service Fund for Fiscal Year 2018/2019, Pursuant to Florida Law

A. Affidavit/Proof of Publication

The affidavit of publication was provided for informational purposes.

B. Consideration of Resolution 2018-08, Levying a Non Ad Valorem Maintenance Assessment for the General Fund and a Non Ad Valorem Assessment for the Debt Service Fund for Fiscal Year 2018/2019

Ms. Cerbone opened the Public Hearing.

No members of the public spoke.

Ms. Cerbone closed the Public Hearing.

Ms. Cerbone presented Resolution 2018-08.

On MOTION by Mr. Tornincasa and seconded by Mr. Prudhomme, with all in favor, Resolution 2018-08, Levying a Non Ad Valorem Maintenance Assessment for the General Fund and a Non Ad Valorem Assessment for the Debt Service Fund for Fiscal Year 2018/2019, was adopted.

TWELFTH ORDER OF BUSINESS

Consideration of FASD Renewal 2018-2019

Ms. Cerbone stated that membership in the Florida Association of Special Districts (FASD) was up for renewal; the District's full member annual dues would be \$4,000. Mr. Malefatto gave an overview of the FASD program. Discussion ensued regarding membership, utilizing the resources and opportunities offered through FASD membership, etc.

On MOTION by Mr. Prudhomme and seconded by Mr. Tornincasa, with all in favor, renewal of membership in the Florida Association of Special Districts, was approved.

THIRTEENTH ORDER OF BUSINESS

Update: West Outfall Canal (WOFC) Project

Mr. Maguire reported the following:

- Everything is satisfactory and no residents have contacted the District.
- He and Mr. Selchan made a recommendation in response to some neighbors' requests that the park across from the Coral Springs Bridge be addressed; a mesh fence was installed.

Mr. Rubio reported the following:

- Three bids were received today in response to the Board's authorization, at the last meeting, to put the project out to rebid, as the responses to the original Request for Proposals (RFP) were very high and varied.
- The unofficial bid responses were:
 - Lanzo Construction of Florida (Lanzo): \$4,450,00.02
 - Rio-Bak Corporation (RBC): \$2,292,976.09
 - Pac Comm, Inc. (PCI): \$2,479,849.96
- Continuing this meeting to September 19, 2018 was suggested so that the bids can be reviewed thoroughly and a recommendation can be made.

Mr. Morera asked if any of the original bidders rebid. Mr. Rubio stated only Lanzo; Metro did not rebid. Mr. Maguire noted that some companies were too busy to bid.

On MOTION by Mr. Prudhomme and seconded by Mr. Tornincasa, with all in favor, continuing this meeting to September 19, 2018 at 6:30 p.m., at this location, for the purpose of considering the responses to the Request for Proposals, was approved.

Mr. Maguire requested approval to survey, perform work, prepare a design and obtain permits for the Phase 1, Extension 1C Project. The work involves a section from the Coral Springs Bridge to the Park Bridge, which has a lot of vegetation in the canal. The estimated project cost is \$700,000, of which, the engineering costs would be approximately \$70,000. Mr. Tornincasa asked if this was money that was already approved for the overall project and was just being spent earlier than anticipated. Mr. Maguire replied affirmatively; in 2014, about \$6.4 million was budgeted for the entire project but he believes the costs will be higher. Ms. Cerbone stated that, the Fiscal Year 2019 budget has \$1.6 million for “Capital outlay: West Outfall Canal” and \$770,000 for “Capital outlay: Other”, which totals approximately \$2.4 million budgeted for Capital outlay projects. The \$2.4 million may not cover the WOFC work without adding Extension 1C. Engineering fees for capital outlay projects were also budgeted but the District Engineer, Staff and the Board must discuss and consider not initiating additional capital projects in Fiscal Year 2019 and using the \$2.4 million for the exiting project and Extension 1C. The Board directed the District Engineer to provide a proposal.

FOURTEENTH ORDER OF BUSINESS

Continued Discussion: Hurricane Irma – FEMA Funding Status

- Ms. Cerbone reported the following:
- Spent to date: \$2,939,026.56; \$2.5 million to Phillips & Jordan (P&J) and \$510,000 to Rostan Solutions, LLC (Rostan) but Rostan still has work to do.
 - FEMA: Submittal is in Phase 2; all supporting documentation was compiled and loaded onto the grant portal. The claim is with the FEMA Program Delivery Manager, who will review the claim and send it to the Consolidated Resource Center (CRC). The Program Manager should be finished and have it sent to the CRC by the end of next week.

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➤ FEMA, Phase 3: CRC will review the documentation and issue project work orders. Those work orders validate that the documentation provided is complete and accurate. The CRC then submits something to the District, in their format, which must be executed by the appropriate District representative and returned to the CRC.

➤ The claims process is still months away from being completed.

Discussion ensued regarding the appeal process, if a claim is denied, a claim from many years ago that FEMA paid but was later denied and the District had to repay FEMA, etc.

FIFTEENTH ORDER OF BUSINESS

Approval of Unaudited Financial Statements as of July 31, 2018

Ms. Cerbone presented the Unaudited Financial Statements as of July 31, 2018.

On MOTION by Mr. Prudhomme and seconded by Mr. Tornincasa, with all in favor, the Unaudited Financial Statements as of July 31, 2018, were approved.

SIXTEENTH ORDER OF BUSINESS

Approval of August 8, 2018 Regular Meeting Minutes

Ms. Cerbone presented the August 8, 2018 Regular Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Tornincasa and seconded by Mr. Prudhomme, with all in favor, the August 8, 2018 Regular Meeting Minutes, as presented, were approved.

SEVENTEENTH ORDER OF BUSINESS

Supervisors' Communications

Mr. Morera discussed the mediation held this morning. The International Dinner Dance would be held on September 15, 2018; the event was sold out.

EIGHTEENTH ORDER OF BUSINESS

Staff Reports

A. District Counsel: *Lewis, Longman & Walker, P.A*

Mr. Malefatto reported the following:

- IBI Group (IBI) Litigation: Mediation was held today. This item was discussed earlier.
- Claim by Cineus/Cambroune Update: A lawsuit was not brought against the District but Counsel for Sample Road Investments (SRI), the Developer of Coral Lago, filed a motion to allow them to file a third-party suit against the District. The hearing on that motion was held and the judge denied the motion; therefore, unless SRI appeals, the District is out of the case.
- The District was joined in a lawsuit involving a property owner who acquired a tax deed on a property in the Corporate Park. The property owner wants a clear title to the tax deed and sued Florida National Properties, Biggie Investments, Broward County and the District. District Counsel will file a Motion to Dismiss but also ask for more clarification if the plaintiff is allowed to re-file. Whether the District has a right-of-way (ROW) or easement across the property must be determined and the plaintiff might try to escape any past due assessments on the property.

B. District Engineer: *Craig A. Smith & Associates*

i. Monthly Engineer’s Report

Mr. Rubio reported the following:

- SWCD ROW Permit Application – Environmental Drilling at former City of Coral Springs Landfill, Submitted by Geosytec Consultants, on behalf of Goldstein Environmental Law Firm P.A., for work within the Sunshine Water Control District Canal RR Right-of-Way

Mr. Rubio stated that the drilling would be to install temporary monitoring wells for two days. The trash bond was paid and approval was recommended.

On MOTION by Mr. Tornincasa and seconded by Mr. Prudhomme, with all in favor, the Right-of-Way Permit Application, submitted by Geosytec Consultants, on behalf of Goldstein Environmental Law Firm P.A., for Right-of-Way access for environmental drilling for installation of temporary monitoring wells for two days, within the Sunshine Water Control District Canal RR Right-of-Way, in the vicinity of the former City of Coral Springs Landfill, subject to the requirements, specifications and special conditions, as set forth in the CAS letter dated September 7, 2018, was approved.

C. District Engineering Consultant: *John McKune*

Mr. McKune was pleased with the new bids.

D. District Field Supervisor: *Cory Selchan*

Mr. Selchan stated that the canals were lowered in anticipation of an anticipated major rainfall, which did not come to fruition. Divers inspected and would return to complete the

pump stations. The written report was pending but field staff noted there that some minor issues must be addressed. A new field staff member was hired and is working out well; one position remains unfilled.

E. District Manager: *Wrathell, Hunt & Associates, LLC*

Ms. Cerbone discussed the following:

➤ **Website Compliance with the Americans with Disabilities (ADA) Requirements**

Ms. Cerbone stated that most Districts are signing off on the ADA litigation settlement offer. Part of the settlement included that the plaintiff could not file a future complaint against any other District's in Florida, including those that were never named in a complaint. Although the Sunshine Water Control District (SWCD) was not named in that lawsuit, anybody else, at any time, could file a lawsuit against the District regarding ADA website accessibility. The District is covered by Egis, the same insurance carrier as most of the other Districts. Egis has stated that it will place a rider on the insurance policy and would not cover claims for lack of ADA compliance on the District's website, if the District does not bring its website into compliance. This District has much more on its website than is required by Statute. She recommended removal of the following from the District's website:

➤ **Agendas, budgets and minutes older than two years.**

Mr. Morera wanted to know FASD's position on this. Mr. Malefatto stated that FASD believes it is important for District's to be in compliance.

Discussion ensued regarding items that could be removed, required items, the ADA Site Compliance Shield already attached to the District's website, obtaining an estimate to convert certain documents, etc.

i. NEXT MEETING DATE: October 10, 2018 at 6:30 P.M.

The Continued Meeting will be held on September 19, 2018, at 6:30 p.m., and the next Regular Meeting will be held on Wednesday, October 10, 2018 at 6:30 p.m.

NINETEENTH ORDER OF BUSINESS

Adjournment

There being no further business to discuss, the meeting recessed and was continued to September 19, 2018 at 6:30 p.m., at this location.

On MOTION by Mr. Tornincasa and seconded by Mr. Prudhomme, with all in favor, recessing the meeting and continuing it to September 19, 2018 at 6:30 p.m., at this location, was approved.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

Cindy Carbone

Secretary/Assistant Secretary

Joe E. Moore

President/Vice President