

**MINUTES OF MEETING
SUNSHINE WATER CONTROL DISTRICT**

The Board of Supervisors of the Sunshine Water Control District held a Regular Meeting on Wednesday, October 10, 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
Bill Capko	Lewis, Longman & Walker, P.A.
Orlando Rubio	District Engineer
Jim Maguire	Craig A. Smith & Associates, Inc.
Cory Selchan	Field Superintendent
Wes Bradish	Ziegler

FIRST ORDER OF BUSINESS

Call to Order

Mr. Morera called the meeting to order at 6:33 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

Update on Bond Refunding Information

Ms. Cerbone recapped discussion from the last meeting about bond refunding and the refunding options. The Board approved proceeding with paperwork, documents, etc., related to the Direct Purchase Refunding – Upfront Savings option but not obligating the District to close on the bonds. Subsequently, there was a significant increase in the bond closing costs, which Mr. Wes Bradish, of Ziegler, would discuss, along with changing the closing date. Not discussed at the last meeting was that, if the bonds are refunded with Capital One, the District is not required to have a debt service reserve and the current debt service reserve of approximately \$440,000 could be used towards closing costs, reducing the par value, or otherwise used in the bond refunding process, which is good because it frees up more money for the District or to lower the debt assessment for property owners.

Mr. Bradish gave a presentation of the refunding opportunities for the Series 2011 bonds, with the updated information; he highlighted the following:

➤ The previously estimated \$180,000 Costs of Issuance (COI) went up about \$70,000; COI are paid as part of the closing costs, not out of actual District funds. The increase was primarily due to Bond Counsel costs being greater than anticipated, as this would be viewed as two transactions.

Ms. Cerbone discussed the reasons for the increase and explained that the arrangement requires nearly double the amount of work, compared to a traditional bond issuance or refunding, because the refunded bonds would be taxable for the first three years and then would be switched to nontaxable for the remainder of the term. Mr. Bradish discussed the “Cinderella Structure”, which is a hybrid taxable/tax-exempt alternative. Mr. Morera expressed his dislike for the term “Cinderella Structure”, as he felt it was a term made up by the banks, similar to during the banking crisis. Mr. Bradish doubted that the banks came up with the term; it is more an IRS term and the structure has been around since the late 80s. With the new tax laws, the advance refunding opportunities for municipalities were eliminated to offset the larger tax cuts being given to corporations, etc., so the “Cinderella Structure” reemerged, as it gives the opportunity to generate savings today and take advantage of today’s low interest rates, without having to wait three years to refinance and taking a significant interest rate risk; interest rates have increased even within the past month. Mr. Capko concurred that this

refunding structure became necessary because of the new tax laws, and it is becoming widely used, as it gives roughly the same advantages as the advance refunding opportunity that was taken away.

➤ It was discovered that a cash-funded debt service reserve fund of approximately \$440,000, is on deposit with the Trustee and must remain on deposit, as long as the Series 2011 bonds are outstanding.

➤ Capital One will not require a debt service reserve; therefore, despite the increase in the COI, the District's savings, by refunding, would still increase from the previously estimated \$924,521 to just under \$1.5 million.

Ms. Cerbone presented Mr. Morera's previously posed questions to Management, Bond Counsel, District Counsel and Mr. Haber, and the answers provided, were as follows:

1. Please confirm that the Costs of Issuance will come from the bond proceeds; that is, no direct expense to the District. Answer: Confirmed by Bond Counsel, Mr. Steve Sanford.
2. No 197 Letters or Mailed Notices to the property owners will be required, even with the par amount of the bonds increasing. Answer: Confirmed by Mr. Capko that the District is not required to notify property owners.
3. Debt assessments will remain constant over the remaining life of the debt. Answer: That is the intent; the debt assessments were not changing. If the Board approves bond refunding utilizing the upfront savings option, the assessments will be exactly the same. When the funds are received, the Trustee or Capital One will be paid the amount required. The dollar amount is less than what was collected, so that difference stays in the general fund and can be used for Capital Projects. Confirmed by Bond Counsel
4. In 2023, when the debt assessment due to Capital One is not less than the debt assessment being collected, do we have to issue any letters at that time? Answer: No, because nothing was changed, at any time, to the property owner; it has remained static, the entire time. Confirmed by Mr. Capko.

Mr. Morera disclosed his extensive conversations with Mr. Wrathell and Ms. Cerbone, due to the sophisticated nature of this type of financial transaction. Mr. Wrathell and Ms.

Cerbone provided clarity; however, while he feels better about the possible refunding structure, he is not fully comfortable with it.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2019-01, Authorizing the Issuance of Special Assessment Revenue Bonds in the Aggregate Principal Amount of Not Exceeding \$12,500,000 and Designated Sunshine Water Control District Taxable Special Assessment Revenue Refunding Bonds, Series 2018 (The “2018 Bonds”) to be Issued to Advance Refund the District’s Outstanding Special Assessment Revenue Improvement Bonds, Series 2011; Setting the Parameters by Which the President or Other Authorized Officers Shall be Authorized to Execute and Deliver the Commitment Letter for the 2018 Bonds; Approving the Form of and Authorizing the Execution and Delivery of a Trust Agreement and Escrow Deposit Agreement; Appointing the Placement Agent, Trustee, Paying Agent, Registrar and Escrow Agent; Providing for the Terms and Payment of Such 2018 Bonds; Providing for the Rights, Security and Remedies of the Owners Thereof; Making Certain Covenants and Agreements in Connection Therewith; Providing for Certain Other Matters in Connection Therewith; and Providing for an Effective Date

Mr. Capko stated that Resolution 2019-01 relates to the taxable bonds that will be issued this year and could close on or about November 6, 2018, if approved. Resolution 2019-02 relates to the Series 2021 tax-exempt bonds. Although one issuance will not occur until 2021, most of the documentation for both transactions must be prepared now. Mr. Morera asked if any federal tax/financial changes between now and the 2021 bond issuance could impact the transaction or if the terms are “locked in”, regardless of any federal changes. Mr.

Capko stated that there is never a guarantee with federal changes but, to likely be impactful, the federal government would basically have to take away the ability of all local governments to issue any tax-exempt debt; however, the District would still have a lower interest rate than the current rate. He had not heard any suggestion that tax exemption would be removed from governmental bonds.

Mr. Morera was concerned that the elections and changes at the federal level could impact the District. Mr. Bradish reiterated that, regardless, the interest rate would still be better than the current rate and the \$440,000 debt service reserve funds would be available. Mr. Capko felt that the risk of tax-exempt bonds being eliminated was remote but, even if it occurred, the District's interest rate would still be better.

Mr. Capko presented Resolution 2019-01. The Resolution accomplished the following for the Series 2018 taxable bonds:

- Authorizes issuance.
- Sets the parameters under which the District President would be authorized to execute the closing documents, which relate primarily to timing, interest rate and savings, all of which have been met by the commitment received from Capital One.
- Approves the forms of the agreements for the closing, including a Trust Agreement and Escrow Deposit Agreement with Regions Bank, who will serve as the Trustee, Escrow Agent, Paying Agent and Registrar.
- Confirms the prior action to formally appoint Zeigler as the Placement Agent.
- Provides the details of the Series 2018 bonds and makes Covenants with the bonds so the bondholders are secure knowing the special assessments will be imposed to pay back the debt.

Mr. Capko presented Resolution 2019-02, referenced in the Sixth Order of Business. This Resolution is similar to Resolution 2019-01, in that it contains the same types of authorizations, documents, etc., but for the tax-exempt bonds that will be issued by the District in 2021.

Mr. Capko stated that a thorough review of tax considerations was completed by Tax Counsel, at Bond Counsel's firm, and Tax Counsel was comfortable with the structure and signed off on it.

Mr. Morera asked if there were any additional transactional expenses when the bonds roll over to tax-exempt bonds in 2021. Mr. Capko replied affirmatively; legal opinions will need to be delivered at that time but that is contemplated in the costs of this transaction.

Discussion ensued regarding the documents to be executed by Mr. Morera and when the various documents will be executed.

Mr. Morera asked Mr. Prudhomme and Mr. Tornincasa if they were comfortable with the presentation and had an understanding of the COI, the transition from taxable to tax-exempt bonds, the savings and how the savings would potentially be utilized. He reiterated that he is not fully comfortable with this as he does not fully understand the proposed financial structure.

Mr. Tornincasa felt that the deal looks very good, especially with the rates.

Mr. Prudhomme felt that the professionals working on this deal for the District are providing credible advice.

Ms. Cerbone presented Resolution 2019-01.

On MOTION by Mr. Tornincasa and seconded by Mr. Prudhomme, as amended, with all in favor, Resolution 2019-01, Authorizing the Issuance of Special Assessment Revenue Bonds in the Aggregate Principal Amount of Not Exceeding \$12,500,000 and Designated Sunshine Water Control District Taxable Special Assessment Revenue Refunding Bonds, Series 2018 (The "2018 Bonds") to be Issued to Advance Refund the District's Outstanding Special Assessment Revenue Improvement Bonds, Series 2011; Setting the Parameters by Which the President or Other Authorized Officers Shall be Authorized to Execute and Deliver the Commitment Letter for the 2018 Bonds; Approving the Form of and Authorizing the Execution and Delivery of a Trust Agreement and Escrow Deposit Agreement; Appointing the Placement Agent, Trustee, Paying Agent, Registrar and Escrow Agent; Providing for the Terms and Payment of Such 2018 Bonds; Providing for the Rights, Security and Remedies of the Owners Thereof; Making Certain Covenants and Agreements in Connection Therewith; Providing for Certain Other Matters in Connection Therewith; and Providing for an Effective Date, was adopted.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2019-02, Authorizing the Issuance of Special Assessment Revenue Bonds in the Aggregate Principal Amount of Not Exceeding the Outstanding Principal Amount of the District's Taxable Special Assessment Revenue Refunding Bonds, Series 2018 and Designated Sunshine Water Control District Special Assessment Revenue Refunding Bonds, Series 2021 (The "2021 Bonds") to be Issued to Advance Refund the District's Outstanding Special Assessment Revenue Improvement Bonds, Series 2011; Setting the Parameters by Which the President or Other Authorized Officers Shall be Authorized to Execute and Deliver the Commitment Letter for the 2021 Bonds; Approving the Form of and Authorizing the Execution and Delivery of a Trust Agreement and Escrow

This item was discussed during the Fifth Order of Business.

Ms. Cerbone presented Resolution 2019-02.

On MOTION by Mr. Tornincasa and seconded by Mr. Prudhomme, as amended, with all in favor, Resolution 2019-02, Authorizing the Issuance of Special Assessment Revenue Bonds in the Aggregate Principal Amount of Not Exceeding the Outstanding Principal Amount of the District's Taxable Special Assessment Revenue Refunding Bonds, Series 2018 and Designated Sunshine Water Control District Special Assessment Revenue Refunding Bonds, Series 2021 (The "2021 Bonds") to be Issued to Advance Refund the District's Outstanding Special Assessment Revenue Improvement Bonds, Series 2011; Setting the Parameters by Which the President or Other Authorized Officers Shall be Authorized to Execute and Deliver the Commitment Letter for the 2021 Bonds; Approving the Form of and Authorizing the Execution and Delivery of a Trust Agreement and Escrow, was adopted.

SEVENTH ORDER OF BUSINESS

Consideration of Bond Counsel Engagement Letter with Greenberg Traurig

Ms. Cerbone presented the Bond Counsel Engagement Letter. The \$75,000 fee would be paid from the bond proceeds.

On MOTION by Mr. Prudhomme and seconded by Mr. Tornincasa, with all in favor, the Bond Counsel Engagement Letter with Greenberg Traurig, was approved.

EIGHTH ORDER OF BUSINESS

Consideration of Power Secure Service, Inc., (PSS) Maintenance Agreement

Mr. Selchan presented the Maintenance Agreement with Power Secure Service Inc. (PSS) for maintenance of the generators at the pump stations. He recommended hiring a qualified maintenance company, as the necessary general maintenance has grown beyond the scope and expertise of the District's crew and to ensure the District's facilities are maintained to the best standards so they continue functioning properly. Mr. Tornincasa asked if this was an unbudgeted expense. Mr. Selchan replied affirmatively; however, while it is not a line item in the budget, funds are available from the maintenance budget. Discussion ensued regarding the terms of the Agreement, scope of maintenance and pricing.

Mr. Prudhomme noted that Mr. Selchan is familiar with the equipment and machinery in the pump stations and asked him to make other employees knowledgeable about them so that, when he retires, the District is not at the mercy of vendors because staff does not have the necessary knowledge. Mr. Selchan expressed his understanding of Mr. Prudhomme's request and stated that he does his best to inform his crew members about the what and why of what they are doing, especially the crew leaders. Mr. Prudhomme asked if anyone currently on staff was being groomed to take over when Mr. Selchan retires. Mr. Selchan stated more than one. Mr. Morera agreed it is important and would be beneficial to have a knowledgeable person so that the transition is smooth when Mr. Selchan retires.

On MOTION by Mr. Prudhomme and seconded by Mr. Tornincasa, with all in favor, the Power Secure Service, Inc., (PSS) Maintenance Agreement, was approved.

NINTH ORDER OF BUSINESS

Update: West Outfall Canal (WOFC) Project

Mr. Rubio reported the following:

- The contract documents were issued and Rio-Bak Corporation (RBC) is preparing the Maintenance of Traffic (MOT) plan to submit to the County for approval but must obtain a right-of-way (ROW) permit first. The County has been cooperative.
- Work is scheduled to commence November 1.
- Relevant County and City personnel, permitting agencies, etc., were invited to the October 16 pre-construction meeting.
- The Notice of Commencement was sent to the South Florida Water Management District (SFWMD) and the County.

Mr. Maguire reported the following:

- Phase 1B: Work will commence on November 1.
- In-person visits to residents planned for October 20. Speak to residents or leave door hanger.
- Phase 1C: Surveying commenced. He has already met with five impacted property owners.
- Cost to remove trees and encroachments in that area is \$28,000 to \$35,000 and mitigation is estimated at \$30,000.
- Requested approval to commence the communication process. The Board's consensus was to allow the communication process to commence.
- Suggested sending resident packages on November 6, meet with residents around November 8, 9 and 10, request return of forms by December 14, District would send the Agreements around January 9 for execution and return to District by January 25 and work could possibly commence between February and April.

Ms. Cerbone noted that anything sent to property owners should also be emailed to the appropriate City personnel and the Commissioners.

Discussion ensued regarding the wording for the door hangers.

Mr. Rubio discussed the additional work related to rebidding the WOFC project and requested payment of \$6,048.

On MOTION by Mr. Prudhomme and seconded by Mr. Tornincasa, with all in favor, payment of engineering fees related to rebidding the West Outfall Canal construction project, in the amount of \$6,048, was approved.

TENTH ORDER OF BUSINESS

Approval of Unaudited Financial Statements as of August, 2018

Ms. Cerbone presented the Unaudited Financial Statements as of August 31, 2018. With the exception of the last invoice paid to Rostan Solutions, LLC (Rostan), everything has been submitted to the Federal Emergency Management Agency (FEMA); the claims are still in the first phase.

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

ELEVENTH ORDER OF BUSINESS

Approval of Minutes

- A. September 12, 2018 Public Hearings and Regular Meeting**
- B. September 19, 2018 Continued Regular Meeting**

Ms. Cerbone presented the September 12, 2018 Public Hearings and Regular Meeting and September 19, 2018 Continued Regular Meeting Minutes and asked for any additions, deletions or corrections. Mr. Malefatto, Mr. Capko and Mr. Rubio previously submitted edits to Management.

On MOTION by Mr. Prudhomme and seconded by Mr. Tornincasa, with all in favor, the September 12, 2018 Public Hearings and Regular Meeting and September 19, 2018 Continued Regular Meeting Minutes, as amended to include the changes previously submitted to Management, were approved.

TWELFTH ORDER OF BUSINESS

Supervisors' Communications

Mr. Morera stated the International Dinner Dance was a success; the event was sold out.

THIRTEENTH ORDER OF BUSINESS

Staff Reports

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

Mr. Malefatto reported the following:

➤ The August and September litigation expenses were high, due to the amount of work related to the ongoing litigation, commencement of mediation, etc.

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

i. Monthly Engineer's Report

There was nothing additional to report.

C. District Engineering Consultant: *John McKune*

There was no report.

D. District Field Supervisor: *Cory Selchan*

Mr. Selchan stated that 6" of rain was received since the last meeting. Everything was running smoothly and only a few concerns were received about algae and he assured the residents that it was a different type of algae.

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

Ms. Cerbone discussed the following:

i. NEXT MEETING DATE: November 14, 2018 at 6:30 P.M.

The next meeting will be held on Wednesday, November 14, 2018 at 6:30 p.m.

FOURTEENTH ORDER OF BUSINESS

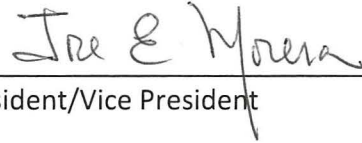
Adjournment

There being no further business to discuss, the meeting adjourned at 8:25 p.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]



Secretary/Assistant Secretary



President/Vice President