

MINUTES OF MEETING
NORTH SPRINGS IMPROVEMENT DISTRICT

The regular meeting of the Board of Supervisors of the North Springs Improvement District was held Wednesday, January 8, 2014 at 5:10 p.m. in the district office, 9700 N.W. 52nd Street, Coral Springs, Florida.

Present and constituting a quorum were:

David Gray	President
Vincent Morretti	Secretary
Mark Capwell	Assistant Secretary

Also present were:

Dennis Lyles	District Counsel
Rod Colon	Director of Operations
Jane Early	District Engineer
Dave Green	CH2M Hill
Brenda Richard	District Clerk
Nick Schooley	Drainage Supervisor
Donna Holiday	GMS-South Florida, LLC
Kevin Mulshine	MBS Capital Markets, LLC
Denise Ganz	Greenspoon Marder
Vandin Calitu	Virtual Design Group
Eric Mills	Virtual Design Group
Paul LoBianco	Cintas
Zach Aukland	Cintas
Miriam Omid	NSID

FIRST ORDER OF BUSINESS

Roll Call

Mr. Colon called the meeting to order at 5:10 p.m.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the December 4, 2013 Meeting

Mr. Colon stated the next item is approval of the minutes of the December 4, 2013 meeting.

On MOTION by Mr. Gray seconded by Mr. Morretti with all in favor the minutes of the December 4, 2013 meeting were approved as presented.

THIRD ORDER OF BUSINESS

Consideration of Resolution 2014-17 Relating to the Special Assessment Bonds and Water Management Bonds for Assessment Area A and Unit Area A

Mr. Colon stated the third order of business is consideration of Resolution 2014-17 relating to the special assessment bonds and water management bonds for Assessment Area A Unit and Area A.

Mr. Mulshine stated for the last year and a half we have been working on two tracks, one is financing the new reuse facility that will be on the north end and if you will remember back in September we changed our rates to increase the wastewater connection charges to pay for that facility. The board and staff made it very clear that the current customers will not pay for this, the capital cost has to be covered by the expansion of the territory. On the first page of the handout you will notice that as of today Lennar has committed to prepay \$14 million of their connection charges and this will be secured by cash, letter of credit or a bond and StanPac is at \$6.7 million. The pie chart shows the engineer's estimate that the total facility will cost as much as \$37,966,000 that means that we already have over \$21 million committed by the developers in the assessment program and the other \$17 million will be other developers and there is a lot of demand from the other developers for that it is just that they are not to the point where they can have all their land use and everything locked in

so they can give a firm contract on a number of units. Therefore you are about 67% of the way on funding a plant without having to issue any bonds or debt that is secured by the current customers.

We are really getting towards the end, you have taken a lot of actions that has helped us move towards where we can issue both 20 year assessment bonds and 30 year water management bonds for the parcels in the Wedge that are owned by Lennar and StanPac.

On the third page we put a quick summary of the basic sizes of the issues and basically the way the issues were sized is the end customer, Lennar and StanPac, are letting their customers know that they will not pay an assessment of more than \$1,600 a year therefore in Assessment Area A, which is Lennar and Assessment Area B, which is StanPac, the customer will pay about \$1,400 a year in debt about \$100 a year for operations and maintenance for the district and about \$100 in collections costs. You will see the estimated bond rates.

What you will be doing tonight is authorizing the president after this meeting to release the offering documents and execute a bond purchase agreement within certain parameters that will allow us to lock in the deal in the next two weeks then we will bring it back to the full board for ratification on the 5th and we anticipate it will close on February 20th.

We have a map of the Wedge with the distinction between Area A and Area B. The financial allocation on page 5 is for the future customers they will have an annual assessment of just under \$1,600 and that is made up of about \$104 for maintenance, collection costs of 6% then you add the \$1,390 that will be the bill seen by the taxpayers in the Wedge in the future to support this assessment debt.

The only thing remarkable that I will note back on page 3 is that on a per unit basis we are generating about \$15,000 of proceeds per unit and the developers are

paying pretty close to that in the form of prepaid connection charges for the wastewater plant.

The last page is a timetable. When we were here in September this had about 30 items on it and we are down to the last 6 or 7 items. Tonight you will adopt what is called delegated award resolutions and that says the president is authorized to execute a bond purchase agreement within certain parameters, the interest rate can't exceed 7% for instance, the par amount cannot be more than a certain amount, enter into a contract with our firm to purchase the bonds at a rate with all the details. We will do that in a couple weeks but that allows you the flexibility of the president to lock it in and once again it will come back to the board for full approval but today we are taking those delegated award resolutions, authorize the district to go out for the financing, it also allows you to print and mail your offering documents that are necessary under the SEC laws. Tomorrow Dennis is spearheading a validation hearing that is where the judge validates the bonds and says they are good, there is then a 30 day appeal period and we can't close before the end of that 30 days but it starts the clock running. We will then around the 10th print and mail the offering document to investors. We were actually up there today doing site visits with investors and we feel it is going to go very well it is a great area and the district has a fantastic reputation and the investors already own bonds on Heron Bay North or Parkland Golf & Country Club and they are very happy investors. That official statement will be printed and mailed to the investors on January 10th and if anybody wants a copy of that staff will be getting copies of it. We look to price bonds, that is when you actually set the interest rates and say to the institutions what is the best bid for the bonds and we will take bids on probably on January 23rd and lock in the lowest rate. Then Denise and Dennis will have a ton of work to do all the final documents to take those pricing details and put it into the final documents for (a) signature by the president and (b) to bring back to the board meeting on the 5th. They will be coming back with supplemental assessment resolutions, which set the

assessments not to exceed based on the actual terms of the bond. The 30 day appeal period should expire sometime in mid-February and close on February 20th. I wanted to give that background as context for the approvals we will ask for today.

Ms. Ganz stated through the whole process where we put in place these fixed special assessments and benefit assessments and the water control plan, we also did that for what we called Assessment Area C, which is also called the HHH property owned by Lennar and the plan is to ultimately bring that back in the future for a bond financing to do public infrastructure and water management improvements. Right now it is premature to do bond financing for that area so we are only going to go forward with the bond financing for A and B although Area C went through all these proceedings and will also be the subject of that bond validation. When the time is appropriate to do the financing we won't have to do all the other preliminary stuff we will just be able to do the bond financing.

Today what we are going to try to do is have you approve and put in place the authority and move forward with the bond issue. This type of delegated award is something this district has done before and it is pretty much the way all cities and counties handle these bond financings because by putting this in place now you create the flexibility to be able to access the market not at a fixed specific date but on a date that makes sense for getting you the best financing after your underwriter has put together a program and gotten the investors interested and they look at the different days they go into the market to actually price the bonds. This is intended to give you that flexibility.

You have previously authorized these bonds in general terms and this is where we are bringing it down to what you are really going to be asked to issue to finance the portion of that overall capital improvement program that you have already approved. If you will recall we originally put a master lien on Assessment Area A and Assessment Area B because the total project costs that are in the engineer's reports that you

approved is the overall CIP for those areas but in order to hit the target assessment levels that Kevin described the district is only going to finance a portion of that master lien and that overall CIP and there will be agreements with the applicable developers and the district for those developers to complete the CIP and convey those completed improvements of the CIP not financed through the bonds to the district. At the end of the day that overall CIP will be conveyed to the district but only a portion will be financed with bonds.

Resolutions 2014-17 and 2014-18 do basically the same thing with slightly different parameters but Resolution 2014-17 deals with Assessment Area and Unit Area A. It authorizes the specific issuance of special assessment bonds and water management bonds subject to the parameters that are shown in Section 6 on page 7 of that resolution and approves in substantial form the forms that are attached to this resolution a master indenture, you previously approved that form, we tweaked it, forms of the first and second supplemental indentures, which are the specific indentures that supplement the master that deal with these two bond issues for Assessment Area A, a form of preliminary offering memorandum, which is the prospectus that is going to be used to market the bonds. I have prepared that as your disclosure counsel and we are getting very close to wrapping it up, there are still some open issues. We are hoping that we can print it on or about the 10th we have to wait until the validation occurs and presumably that will happen tomorrow morning and then just wrapping up the loose ends to make sure that when we print it, it is final. The form of that is pretty close to final as attached, a form of a bond purchase agreement is attached and that is the agreement that will be entered into between the district and the underwriter in order to have the underwriter purchase the bond and ultimately the underwriter resells those bonds to investors but the bond purchase agreement will set forth all the terms and conditions to closing of the bond issue. Then finally there are forms, continuing disclosure agreements that are attached. You have these types of

agreements with your other publicly sold bond issues, the SEC requires that the district and the underwriters obtain this kind of agreement to provide annual information about the bonds to update certain operating information in the offering statement so when you trade in the secondary market people are trading on current information. The resolution also made certain findings why it is appropriate to have a negotiated sale of these two bond issues to the underwriter. It also appoints Prager Sealy & Co. as the dissemination agent with respect to the continuing disclosure agreements. That firm is currently serving as your dissemination agent on other continuing disclosure agreements that you have. It ratifies the appointment of U.S. Bank as your trustee.

That is the same for Resolution 2014-18 except with respect to specific parameters that apply to the water management and assessment bonds for Assessment Area B and Unit Area B. The documents are substantially the same and I will point out the differences under the next item.

Mr. Lyles stated if there are any questions about Unit Area A and Assessment Area A, which is generally referred to as the Lennar piece now would be the time to ask about this delegation resolution that Denise has been going over with you. It also at the very end has a blanket authority for the president, secretary, other members of the board and counsel and management staff to do all things and execute all instruments necessary to accomplish the closing on the bonds and the matters that are set forth in the delegation resolution as long as it is all within the parameters that you are establishing with this resolution. The same comment applies when we get to Assessment Area B and Unit B in just a moment.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor Resolution 2014-17 was approved.
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FOURTH ORDER OF BUSINESS

**Consideration of Resolution 2014-18
Relating to the Special Assessment Bonds
and Water Management Bonds for
Assessment Area B and Unit Area B**

Mr. Colon stated next is consideration of Resolution 2014-18 relating to the special assessment bonds and water management bonds for Assessment Area B and Unit Area B.

Ms. Ganz stated as I explained this resolution does basically the same thing as the last one. For Area B the major differences are that the parameters are slightly different because of the different par amounts and in this one as we discussed once before there is going to be an escrow established in each project account because approximately 42 acres in Area B is under contract to StanPac and hasn't gone through the zoning process that is necessary to allow it to be developed as anticipated with 131 units. Basically what we have structured is a timeframe that we believe works both for the district as a business matter and also for us from a tax law perspective that basically up until February 1, 2015 we will have the ability to notify the trustee as to whether that 42 acres has gotten the zoning all or in part to do up to 131 units. If we get the notice that it has gotten the zoning then that money will be freed up from the escrow that is established in the construction fund all of which is held by the bond trustee to be used for project costs. If we can't give that notice to the trustee by February 1, 2015, which everybody feels is sufficient time to see what will happen then that money will not be released for project costs but instead will be required to be used to redeem bonds by March 15, 2015. That portion of the capital improvement program for those units that haven't been rezoned won't be undertaken and that money will be used to take out the debt. That is the main difference.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor Resolution 2014-18 was approved.

FIFTH ORDER OF BUSINESS

**Consideration of Preliminary
Supplemental Engineer's Report for
Assessment Area A**

Mr. Colon stated the fifth order of business is consideration of preliminary supplemental engineer's report for Assessment Area A.

Mr. Green stated the first report is the preliminary supplemental engineer's report for public assessable infrastructure in Wedge Assessment Area A. Basically these are updates to the engineer's report that was prepared that covered all four of these different assessment/unit areas. The main reports, the water management report and the public assessable improvements reports actually covered three assessment areas as Denise explained a moment ago Area C is not really being pushed forward at this point in time so what we have area supplements to those reports to reflect updated information related to what is reported in the master engineer's reports.

The supplemental reports talk about things that have changed or additional information that we wanted to point out. As it relates to Assessment Area A and the public assessable improvements one of the main changes is that instead of 230 multi-family units being built by Lennar there are going to be building 250 multi-family units in that area. In addition it corrects a minor error in the text of the master engineer's report that talks about there being 13.9 acres of landscape buffer around the outside of Assessment Area A and it is really 15.75 acres. The other thing is instead of about 30% of the improvements having been constructed they are now about 60% complete at this point in time.

The other information is updated information relating to the bond issues and the associated assessments and that type of thing.

Ms. Ganz stated just to put it in context, those are the preliminary numbers so that we can move forward for disclosure purposes because we will put these reports in the prospectus so that we can get a sense of what the estimated par, interest rates and

target assessments will be. Once they go into the market and actually price the bonds and have an exact interest rate on the bonds those will be updated to show the final details of the bonds and what the assessments will be basically within that range and then Dave will update his report and it will be his final report. That is pretty much what we will be bringing back to you on the 5th so you can see how it finally shakes out and what the assessment levels are.

Mr. Lyles stated it is not necessary that we vote on these four documents separately. I think Dave can walk through each one, summarize them, answer questions if there are any and then a motion to approve all the preliminary numbers reflected in these supplemental reports and the other matters therein at the conclusion will be fine.

SIXTH ORDER OF BUSINESS

**Consideration of Preliminary
Supplemental Engineer's Report for
Assessment Area B**

Mr. Green stated next is the public assessable infrastructure in Wedge Assessment Area B. The main changes were that instead of 559 single family units as reflected in the master report there are 589 now being planned and they are about 60% complete on those improvements as well. The main change as it relates to Assessment Area B is a disclosure that the 42 acre site that is also part of Assessment Area B currently has not been rezoned to come into the city and as such that area if it is not rezoned and the developer is not able to develop it because it hasn't been brought into the city could potentially not be part of the ultimate development in which case those 42 acres and the associated 131 residential units that would have been built on that 42 acre site would be dropped out of the assessment district. That is basically what we are trying to disclose in paragraph 3 of the supplemental report.

There is an additional paragraph on the second page of that text that talks about the retainage amount that will now be set aside in case that area doesn't develop and it

is set aside and would basically not be funded through the bond proceeds and not result in an assessment to anyone in that 42 acre site. There is a new Exhibit 3 that shows the retainage amount for the public assessable improvements.

**SEVENTH ORDER OF BUSINESS Consideration of Preliminary
Supplemental Engineer’s Report for Unit
Area A**

Mr. Green stated next is the supplemental engineer’s report for water management improvements to the Wedge water management Unit Area A and it is very similar to the public assessable improvements Assessment Area A in terms of the number of multi-family units having been changed and here they are about 80% complete with those improvements.

**EIGHTH ORDER OF BUSINES Consideration of Preliminary
Supplemental Engineer’s Report for Unit
Area B**

Mr. Green stated next is the supplemental engineer’s report for Unit Area B and the main changes are repetitive in terms of single family units that would be constructed and they are about 70% completed with those improvements. Otherwise this is pretty much the same information as that I went over with you for the other improvements in Assessment Area B. This relates to the water management improvements the other relates to the public assessable improvements.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor the preliminary supplemental engineer’s reports for Assessment Area A, Unit Area A, Assessment Area B and Unit Area B were approved.

**NINTH ORDER OF BUSINESS Public Hearing Relating to the District’s
Proposed Use of the Uniform Method to**

Collect the Benefit Assessments and Special Assessments Levied for the Water Management Improvements and Public Improvements

Mr. Colon stated next is the public hearing relating to the district's proposed use of the uniform method to collect the benefit assessments and special assessments levied for the water management improvements and public improvements.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor the public hearing was opened.

There being no public comment or questions the following resolution was considered.

Consideration of Resolution 2014-19 Expressing the District's Intent to Utilize the Uniform Method of Levying, Collecting and Enforcing Non-Ad Valorem Assessments

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor Resolution 2014-19 was approved.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor the public hearing was closed.

TENTH ORDER OF BUSINESS

Consideration of Collateral Assignment and Assumption Agreement

Mr. Lyles stated these agreements, which relate to both of the projects that we are talking about, the assessment areas for the two different developers essentially provide that in the event of a default, a problem the district having to foreclose, the developers being unable to perform there would be an assignment by the developers of the development rights, permits, development orders, things of that nature that they had

issued by local government authorities to the district so that we can get the project once we foreclose and once we have taken title to it moving forward with new developers. We are still hearing a little bit of objection from StanPac but I believe they now understand that we need to protect the bondholders and the district from having a project that sits fallow while we are going through foreclosure and once we take title. If there is a default and this is something that is relatively new for instance in your last series of bonds we didn't have such a mechanism. The market pretty much demands it these days because of problems that bondholders ran into during the slump that began in 2007 and 2008. If there is such a problem we need to be in a position to take over the project including the right to develop it at the densities approved and with all the permits that had been issued. This forces that issue and protects the district and the bondholders in that event.

Mr. Mulshine stated it is just basic business, if a landowner doesn't pay their assessment the bondholders get to step in and develop the land. You not only need the fee title to the land when you get through the foreclosure process then you need the development rights. It is just trying to clarify what the deal is.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor the collateral assignment and assumption agreement was approved.

ELEVENTH ORDER OF BUSINESS

Staff Reports

A. Manager

Emergency Booster Station Repair Project

Mr. Colon stated we have a situation with our booster pump station regarding the disinfection process. On County Line Road there are two storage tanks that hold 3 million gallons of water in relation to the district's storage capacity for potable water.

The chemical feed system has malfunctioned and we made an attempt with the manufacturer and the people who installed it to repair the feed system with no success. Based on that the district needs to replace the disinfection system for us to be able to properly chlorinate the water and be able to maintain public health. We normally would contract through a work authorization with our engineering company and bring it to the board for approval but the current engineers could not do a fast enough turn around time. Under normal circumstances we would go out for a request for qualifications to hire another engineering firm for a project such as this. Because we need such a fast turn around time we believe we should bypass the CCNA and not go out for an RFQ.

Mr. Lyles stated what we have is an emergency. The time it takes to publish, evaluate proposals, have the selection committee come back before the board is a couple of months and we need a solution in a couple of weeks. As manager of the district, Mr. Hyche has certified this as an emergency situation that allows us to move forward with directly negotiating an appropriate engineering services contract on an emergency basis. Staff has done so and I believe the proposal that is before you that was handed out under separate cover is the same one I have seen and reviewed and discussed with staff both engineering and management. At this point in time so that we have a clean record I will ask the district engineer, Ms. Early, if she concurs that we are dealing with a situation that can be classified as an emergency.

Ms. Early stated yes, it is.

Mr. Lyles stated no. 2 that the initial request that the work be undertaken by the district's normal engineer, CH2M Hill was a request that could not be complied with on the emergency timeframe established by the district manager and that is correct as well.

Ms. Early responded that is correct, I just don't have staff available to turn this around in two weeks.

Mr. Lyle stated finally that the district engineer has reviewed and is familiar with the proposal from Virtual Design Group, which has been handed out today covering the scope of the emergency work and that she can certify to you that Virtual Design Group is a competent and qualified engineering firm capable of performing the task required by the district and that the fee proposal that they have submitted is fair and a good deal for the district. Is that correct as well?

Ms. Early responded that is correct. We are currently working with them so in the future we have them as a sub and that way when there is an emergency we can just go right to them and we won't have this situation.

Mr. Lyles stated the bottom line is in order to get this done and the design work completed in two weeks we are doing this as an extraordinary negotiation and agreement and bringing it before you. I believe the engineer and management staff have done all the things that they can do to expedite it and at the same time stay in compliance with the requirements that you have under the consultants competitive negotiations act.

Mr. Colon stated there are also representatives of Virtual Design Group if the board has any questions.

Mr. Gray stated you are familiar with them.

Ms. Early responded yes.

Mr. Gray stated you would have a better understanding than anybody so you feel they are both competent and professional and have the manpower to take on and complete the job we are talking about.

Ms. Early responded yes, I do and we are working with them to get them qualified under CH2M Hill as a sub so in the future they can just work directly without going through the CCNA and they will be a sub-contractor.

Mr. Lyles stated if you are satisfied with the description from Rod, myself and Jane as to the emergency nature then ratify the finding and certification by the district manager that indeed this is an emergency that needs to be dealt with expeditiously.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor the district manger's certification that the booster station repair is an emergency was ratified.

Mr. Lyles stated next would be a motion to approve the engagement of Virtual Design Group under the terms and conditions set forth in the proposal that has been handed out to you this evening.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor the engagement of Virtual Design Group was approved in accordance with their proposal in the amount of \$150,000.

Consideration of Proposal from Cintas Uniform Co.

Mr. Colon stated the next item is an agreement with Cintas Uniform Co. The district contracts with a uniform service to bring in uniforms for our employees and currently we are using G&K Services and their contract is expiring and we would like to switch to another uniform company. We are not going to say there was a performance issue we had Cintas in the past and we liked the service they provided. We have two representatives of Cintas here if you have any questions for them. Under separate cover you have the Cintas agreement, which the attorney has reviewed. We do like the service Cintas provided in the past but unfortunately when the district went out to bid they were \$500 short of where they needed to be and another company won the bid. Based on the reputation and the service they provided and the fact that the contract for

G&K Services is expiring we would like to switch uniform companies. I don't believe there is that much of a cost difference I think we are just a few dollars more a month.

On MOTION by Mr. Gray seconded by Mr. Morretti with all in favor the proposal from Cintas Uniform Co., copy of which is attached was approved.

B. Attorney

There not being any, the next item followed.

C. Engineer

Project Status Report

Ms. Early stated the project status report is in the package. The RO plant is moving along quite nicely and we haven't really had any problems. We are still working on certifications through the county with the 20" force main and the 6" force main but we will get there.

Acceptance of Flowage Easement

Ms. Early stated this is just an interconnect in Heron Bay that the actual flowage easement had been missed and the engineer who is working on that project is cleaning everything up found that wasn't on the plat so we just need to approve a flowage easement through that culvert.

On MOTION by Mr. Gray seconded by Mr. Morretti with all in favor the flowage easement within Heron Bay North Plat 3 was accepted.

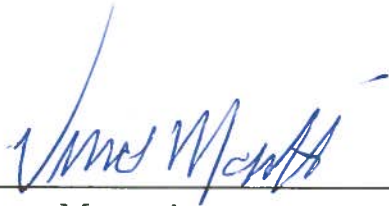
TWELFTH ORDER OF BUSINESS

Approval of Financials and Check Registers

On MOTION by Mr. Gray seconded by Mr. Morretti with all in favor the financials and check registers were approved.

Mr. Gray stated it is the beginning of the year and we are about to wrap up the bonds and Doug is not here but I want to personally thank Rod and the management team for all the work you have done on that to put the district in a good financial situation and to take care of business.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor the meeting adjourned at 5:50 p.m.



Vincent Morretti
Secretary



David Gray
President