

MINUTES OF MEETING

*Babcock Ranch Community
Independent Special District
Continued Board of Supervisors Meeting
Thursday, October 29, 2015 at 2:00 p.m.*

Present and constituting a quorum:

Mike Acosta	Board Member	
Elizabeth Andres	Board Member	
Gary Nelson	Board Member	
Bill Vander May	Board Member	(via phone)

Also present were:

Hank Fishkind	Fishkind & Associates, Inc.	
John Broderick	Kitson & Partners	
Camille Evans	Greenberg Traurig	
Jonathan Johnson	Hopping Green & Sams	(via phone)
Matt Smith	Lee County Liaison	(via phone)
Jennifer Walden	Fishkind & Associates, Inc.	(via phone)

FIRST ORDER OF BUSINESS

Call to Order

The meeting was called to order at 2:00 p.m. and Dr. Fishkind proceeded with roll call. Board Members Mike Acosta, Elizabeth Andres, and Gary Nelson were present, constituting a quorum.

SECOND ORDER OF BUSINESS

Business Matters

Public Comment Period

There were no questions or comments from members of the public.

Consideration of Resolution 2016-03, Bond Delegation Resolution-Authorizing the Issuance of the District's Special Assessment Bonds

- a) **Exhibit A: Master Trust Indenture**
- b) **Exhibit B: First Supplemental Trust Indenture**

- c) **Exhibit C: Bond Purchase Contract**
- d) **Exhibit D: Preliminary Limited Offering Memorandum**
- e) **Exhibit E: Rule 15c2-12 Certificate**
- f) **Exhibit F: Continuing Disclosure Agreement**

Dr. Fishkind stated that the purpose of today's meeting is to continue the process by which the District may issue bonds to infuse the Area 1 with infrastructure. At the last meeting the District launched the assessment process. The District has come to an agreement with the Landowner about which part of the project the District is going to produce and fund and which part the Landowner is going to produce and fund. Ms. Evans explained the Bond Delegation Resolution 2016-03 to the Board. She said that this Resolution provides the authority for the District to go ahead and issue the first series of bonds. She noted that in 2007 the original Resolution was adopted and that was a Resolution that approved a not to exceed amount of a few billion dollars. That was used to get the validation. Section 5 of the Bond Delegation Resolution lays out the parameters for the first series of bonds. By approving the Resolution the Board will authorize the issuance of not to exceed \$25,000,000.00 in par amount of bonds. The first optional redemption date shall not be later than May 1, 2030, the interest rate of the bonds shall not exceed the applicable statutory limit on publically offered debt, that the final maturity of the bonds shall not exceed May 1, 2048, and also that the purchase price of the bonds shall not exceed 2.0% of the aggregate face amount of the Series 2015 Bonds. Ms. Evans noted that in addition to approving the parameters of the Bonds, this resolution authorized several form documents that are used to issue these Bonds as publically offered debt. Ms. Evans stated that the Form Master Trust Indenture was initially approved back in 2008 when the District did their initial complaint for validation. She noted that the industry standards between 2008 and 2015 have changed significantly. She explained that what they have today is an updated Master Trust Indenture (Exhibit A) which provides all of the more standard provisions regarding defaults, remedies, and District security structure that are appropriate for modern assessment back debt issuances. Exhibit B is the First Supplemental Trust Indenture which is specific to the Series 2015 Bonds. Exhibit C is the Bond Purchase Contract which is the agreement between the District and the underwriters for the sale of the Bonds. This Resolution appoints Citigroup and FMS as the underwriters for the bonds and it is the agreement under which they are obligated to buy all of the bonds. The Preliminary Limited Offering Memorandum (Exhibit D) offers the District's debt to the public but on a limited basis given the fact that there is no credit rating being assigned to the bonds at this time. This memorandum lists out everything that investors may want to know about the District, the development, the Assessment Methodology and the project. The Rule 15 c2-12 Certificate (Exhibit E) is a certificate required by the FCC. It one of the first closing documents and has to be levered earlier than the issuance of the Bonds. The document says that when they issue a Preliminary Limited Offering Memorandum in its final form that it is deemed final absent pricing information. Ms. Evans explained the

Continuing Disclosure Agreement (Exhibit F) and that it says that underwriters are not allowed to purchase debt from the issuer without having a written agreement for the District to provide annual updates of certain financial and operating data. The Delegation Resolution provides the authorization for the issuance of bonds, negotiated sale to FMS and Citigroup, it approves the form documents, and authorizes the Chairman and any other designated member of the Board to execute documents to bring the transaction to a close. With the approval of this Resolution, if the Board so chooses, the District would then move forward with pricing the bonds, finalizing the documents, getting the Preliminary Limited Offering Memorandum out to the market, and then closing the transaction. From a bond authorization perspective it would not need to come back to the Board for approval, however, once the bonds are priced the District would then have to finalize the assessments on the bonds.

Mr. Johnson asked if the manner in which the Board is authorizing this proposed marketing and issuance by way of negotiated sale is consistent with what she has seen in representing other Special Districts. Ms. Evans said that negotiated sales are very common and almost the only standard you see in this sort of transaction. They are very common given the fact that there is such complex financing. With a negotiated sale the District is able to get into the market at a time that is most advantageous to the issuer and get the best rate available. Dr. Fishkind explained that in 30 years he has only seen one competitive sale and that was when bonds were guaranteed and therefore they could be rated. He said that even in Districts that he funds, they rarely see a competitive issuance as the financings are complicated. There are a small group of investors that even consider these investments and these are done in large denominations. All these things go into making it so special that a negotiated sale is almost the only way these are ever done and he noted as their financial advisor to the District it is his recommendation that a negotiated sale is in the best interest of the District. It will achieve the best possible rate.

Mr. Johnson wanted to solicit Dr. Fishkind's opinion as financial advisor to the District and the District's Bond Counsel that it was customary and usual that the forms of the various ancillary contracts and agreements attached to the Resolution that they would expect those to continue to be negotiated by the financing team and in some cases upon receiving input from the potential investors of the project. And the status of those documents and their continued evolution is also customary in a transaction such as this. Ms. Evans said absolutely and we approve the documents here and they are substantially final. Understanding that the work they do will continue to finalize them and to work through any transaction issues or disclosure issues or whatever may come about. She said that sometimes as the underwriters are marketing the bonds to their investors they will find that investors will say that they reviewed the documents and want to see a different reserve structure or additional debt limitation. She noted that they will come back to the District, District Counsel, Methodology consultant, and the Chair will eventually sign off on that. Dr. Fishkind said that all of that is within the parameters granting to Mr. Nelson as Chair or others who are authorized officers to act on the District's behalf. Ms. Evans explained an example of the parameters and the limitations. Dr. Fishkind explained that the team represents the District and not the underwriters. Ms. Evans explained that the day that the underwriters go out and market and price the bonds that produce final numbers as Bond

Counsel she always reviews these final numbers against the parameters in the Resolution before signing off on the Bond Purchase Contract. The Bond Purchase Contract would then contain the final pricing information of the transaction and their Tax Counsel also reviews that as well to make sure that everything is consistent. Mr. Johnson and his team also review it as well. It is a team process to make sure that every matter is covered.

Dr. Fishkind said that there are two important agreements (Collateral Assignment Agreement and Completion Agreement) that he wants to bring to the Board's attention. He wanted to do this because the Board Members of the District are also employees of Kitson. He wants to be clear about a few things because they cut hard against their employer. He directed their attention to the Collateral Assignment Agreement. He noted that there is potential for conflict of interest and so he wanted to be careful that the Board is reading it and approving it on behalf of the District.

**Consideration of Form of
Collateral Assignment
Agreement**

Dr. Fishkind stated that if there were some big problem in the past when the Districts have had to foreclose on the property, the Developer/Landowner has taken the position that they own all the non-tangibles such as the contracts and the permits. It caused grievous difficulties and some bad situations. In this situation the Landowner is very amenable to assigning over all of the personal property, all of the non-real-estate, in case there was some disaster. Dr. Fishkind said that he thinks that protects the Developer, the District, and the Board Members and the Bondholders insist on it.

**Consideration of Form of
True Up Agreement**

**Consideration of Form of
Acquisition Agreement**

**Consideration of Form of
Completion Agreement**

Dr. Fishkind stated that the District generally always has a Completion Agreement. The District only has so much money and if there was an overrun in the infrastructure generally then the Landowner would put up the additional money. This Completion Agreement has that parameter and everybody is amenable to it and that is common. He noted that what is a bit uncommon in this project is that there is a very large Landowner contribution of capital facilities or money in addition to the District's piece. They are all designed in this project to work together. In this Completion Agreement they will also be requiring the Developer to not only help the District if it runs short but to put in its funding as per the Assessment Methodology and Engineer's Report that the Board has already approved. There are heavy sanctions if the Developer fails to do that. District staff is going to make sure that the provisions are there to protect the District and the Board Members. Ms. Evans explained

that these additional agreements that are for the Board's consideration are not a part of the exhibits to the Bond Resolution. They are ancillary documents that are critical to the transaction as Dr. Fishkind pointed out. Ms. Evans explained that the other agreements in the agenda are industry standard documents that have come from the realities seen in the industry previously. Dr. Fishkind requested approval of Resolution 2016-03.

On MOTION by Ms. Andres, seconded by Mr. Acosta, with all in favor, the Board approved Resolution 2016-03, Bond Delegation Resolution.

THIRD ORDER OF BUSINESS

Other Business

Staff Reports

Attorney- No Report

Engineer- No Present

Manager- Dr. Fishkind requested ratification of Funding Request 93. It has previously been approved.

On MOTION by Mr. Acosta, seconded by Ms. Andres, with all in favor, the Board ratified Funding Request 93.

The next meeting is scheduled for November 19, 2015.

FOURTH ORDER OF BUSINESS

Audience Comments and Supervisors Requests

There were no questions or comments from the Board or the audience.

FIFTH ORDER OF BUSINESS

Adjournment

There were no further questions or comments. Dr. Fishkind requested a motion to adjourn the meeting.

On MOTION by Ms. Andres, seconded by Mr. Acosta, with all in favor, the October 29, 2015 Continued Board of Supervisors Meeting of the Babcock Ranch Community Independent Special District was adjourned.



Secretary/Assistant Secretary



Chairman