

MINUTES OF MEETING
NORTH SPRINGS IMPROVEMENT DISTRICT

A special meeting of the Board of Supervisors of the North Springs Improvement District was held Wednesday, February 19, 2014 at 5:35 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:

Doug Hyche	District Manager
Dennis Lyles	District Counsel
Brenda Richard	District Clerk
Donna Holiday	GMS-South Florida, LLC
Kevin Mulshine	MBS Capital Markets, LLC
Denise Ganz	Greenspoon Marder
Lesley Sease	Greenspoon Marder
Dave Green	CH2M Hill
Janice Entsminger	U.S. Bank, Trustee
Michael DeBock	Standard Pacific

FIRST ORDER OF BUSINESS

Roll Call

Mr. Hyche called the special meeting to order at 5:35 p.m.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the February 5, 2014 Meeting

Mr. Hyche stated the next item is approval of the minutes of the February 5, 2014 meeting.

On MOTION by Mr. Gray seconded by Mr. Morretti with all in favor the minutes of the February 5, 2014 meeting were approved as presented.

THIRD ORDER OF BUSINESS

Consideration of Agreements and Other Documents Related to the District's Series 2014 Special Assessment and Water Management Bonds

Mr. Hyche stated the next item is consideration of agreements and other documents related to the district's Series 2014 Special Assessment and Water Management Bonds.

Area A

I. Approval of Final Supplemental Engineer's Report, Public Assessable Improvements for Assessment Area A

Mr. Green stated there are two final supplemental engineer's reports both for Area A, one for public assessable improvements and the other for the water management improvements.

I will go over the changes we have in the public assessable improvements first. Originally the master report had 230 multi-family units being planned for Area A. During the preliminary supplemental engineer's report that was bumped up to 250 by the developer and they have subsequently decided to go back down to 230 units and we are changing it back to 230 multi-family units.

In addition we had the appraisers go out and look at the buffer area around Area A and instead of approximately 15.75 acres that was in the master report it is going to end up being about 15.22 acres.

The last change in terms the percentage the planned improvements have been completed they are currently at about 60% for the public assessable improvements.

The other changes reflect the actual sizing of the bond sale so it reflects a par amount of bonds of about \$6.3 million and interest rate of 6.17% for 20 years.

The last table shows an annual debt assessment per unit of about \$731.44 for the 20 year period. That assessment will be going on the same time as the water management improvements, which are going to go on for 30 years, which is the subject of the second supplemental engineer's report.

II. Approval of Final Supplemental Engineer's Report, Water Management Improvements for Unit Area A

Mr. Green stated the final supplemental engineer's report for water management improvements for Unit Area A has the same kind of changes in terms of number of multi-family units in Unit Area A. The easements for the lake drainage flowage treatment and storage easement was originally going to be about 66.76 acres and that has been bumped up to 138.17 acres for that easement of which the district will be purchasing about 18% of the developable property in the area and the remainder of this 138.17 acres is going to be contributed by the developer to the district. You are purchasing about the same amount that we had in the original engineer's report but what is different is that they are donating the remaining amount of the lake.

There is another easement that is a lake maintenance easement and that has been revised from 16.7 acres to 15.55 acres and that is basically the path around the outside of the lake that allows the district access to the lake if it needed to actually do something to maintain the lake.

The other change on this is that approximately 80% of the planned water management improvements have been completed. The other changes are in Exhibit 1 and 2 that are reflecting the final sale amount.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor the final supplemental engineer's reports for public assessable improvements for Assessment Area A and water management improvements for Unit Area A were approved.

III. Approval of Form of Acquisition Agreement

Mr. Lyles stated I think you have all seen an acquisition agreement in other transactions before with the possible exception of Mr. Capwell so I will quickly summarize what this calls for. This is the agreement between the district and in this case the developer, Lennar, for Area A by which we will buy completed improvements and interest in real property needed for the project as described in the engineer's report. It establishes a not to exceed price for the improvements and it establishes further that in the case of interest in real property that the price that will be paid by the district will be set at the lower of two appraisals that have been commissioned, one by the district and one by Lennar or the engineer's estimate whichever is lower and in all instances it is capped by the amount of proceeds from the bonds that we will be issuing for in this case the improvements for Area A. The purchase price that is established for all of this in paragraph 3.1 is \$12,447,681 and again it is broken down into the assessable improvements and the water management bonds improvements further not to exceed \$3,988,000 or \$1,144,000 for those two bond issues. We have a set of property and improvements that are worth far more than what we will actually be paying pursuant to this acquisition agreement but I want to assure you that your agenda packages went out earlier have some blanks and all the numbers have been run and are all in accordance with appraisals and the engineer's reports and estimates. We have worked on this together over a period of many months. The document also has certain requirements such as good and clear title, in the opinion of your counsel in order for us to pay for this property interest. The engineer has to certify that any improvements we

are paying for are built according to spec, properly permitted and inspected, functional at the time of the turnover and things like that. We have an obligation that notwithstanding the lack of funds to pay for all of the value of the improvements and the real estate that the developer will in fact complete the improvements at its own expense. We are going to come to another agreement to that affect later. Essentially, I have covered what we are doing here. The exhibits spell out and we are talking about "A" only right now, what it is we are buying in terms of improvements and interest in real property. I have a copy of the final version if anyone would like to take a look at that to see a little more detail than the form of the agreement, which you have in your agenda package. The only difference is some of the details were filled in where there are blanks the language and the substance of the agreement are identical to what you have in the package you received.

On MOTION by Mr. Gray seconded by Mr. Morretti with all in favor the proper district officials were authorized to execute the acquisition agreement between the district and Lennar Homes, the developer, for Assessment Area A.

IV. Approval of Form of Completion Agreement

Mr. Lyles stated the next item is a separate freestanding agreement. I mentioned earlier that the developer in signing the acquisition agreement acknowledges that if the funds are not sufficient to pay for all of the improvements and all the interests in property where the improvements will be located it is going to be at the developer's expense. We have prepared a separate agreement called a completion agreement between Lennar Homes and North Springs to that affect and specifically spells that out. It is an agreement that we will make sure is recorded and will be binding on a successor developer if someone were to come in and take over the project from Lennar so they wouldn't be surprised if they bought the property to see that they have an obligation to

complete all the improvements that the engineer has specified in his engineer's reports and supplements as described to you tonight. Essentially this is just putting into the form of a separate recordable agreement that obligation on the part of the developer to NSID.

On MOTION by Mr. Gray seconded by Mr. Morretti with all in favor the proper district officials were authorized to execute the completion agreement between Lennar Homes and the district for Assessment Area A.

V. Approval of Form of True-Up Agreement

Mr. Lyles stated the last thing pertaining to Area A is a true-up agreement, which again is a standard part of the documentation for new development of infrastructure and a bond issue to pay for it. We have used similar types of mechanisms in all of the other development that has taken place here in North Springs. This essentially follows the methodology that has been spelled out earlier for you and that you previously approved. The heart of this is a requirement that should the developer for whatever reason decide to build fewer units, reduce the density of the project, change the scope of the project in any way but specifically and most importantly build fewer units since the methodology is based on a per unit type of calculation that the developer has to pay down to the district the amount represented by the reduction in the number of units that are going to be built. By the same token if the developer were to build more units, get some additional density from Parkland, which is unlikely but theoretically if that were to happen the developer reduces the assessment levels so that the additional units are built and the financial consequences favor the residents that live in the units that were already sold.

On MOTION by Mr. Gray seconded by Mr. Morretti with all in favor the proper district officials were authorized to execute the true-up agreement between Lennar Homes and the district for Assessment Area A.

Area B

I. Approval of Form of Acquisition Agreement

Mr. Lyles stated Area B's developer is present now, Mr. DeBock, so he may actually have a question or a comment to make. I'm not suggesting that he needs to but we are now talking about the Standard Pacific portion Assessment Area and Unit Area B. The acquisition agreement that is the first thing that comes under Area B is exactly the same in terms of its terms and conditions as was the case with the one we walked through earlier. The numbers, however, and the description of the infrastructure are different. The not to exceed amount in section 3 under purchase price is \$9.4 million, which is further broken down and there is going to be retainage account and sub-account that will be put off to the side from that amount with the understanding that there is some property that is not yet owned by Standard Pacific but is expected to be owned shortly by Standard Pacific in which case that amount will come forward and be used for infrastructure in that particular 42.9 acre section. The part that is going to go out shortly is represented by \$3,394,000 from the special assessment bonds and the water management bonds in the amount of \$3,222,000 towards the purchase of interest in real property and infrastructure improvements that have been constructed and are going to be made part of the district's system. That is not the total value of this infrastructure and these interests in property. Once again we arrived at the values for the property with a cap represented by the lower of the appraisals that were obtained one for the district and one for the developer and the engineer's estimates going in so whichever figure is lower is the one that will be paid by the district for the interests in real property and then we have a portion but not all of the costs represented by the

infrastructure improvements, the lines that are going to be installed things like that. If you go to the exhibit at the end, which has been completed after your package was distributed but before this evening we have a specific list of what the improvements are, a breakdown of landscape buffers, sewage collection system, water distribution system, water management area, which is surface water management, stormwater and I have that for you if you would like to take a closer look at the improvements and the exhibit after that is the description of the interests in property, the easements that we will be acquiring with these bond proceeds from Standard Pacific. All of those numbers and all of those quantities and all those descriptions of the improvements to the property dovetail with and are identical to the engineer's reports and supplemental reports regarding the infrastructure project.

On MOTION by Mr. Gray seconded by Mr. Morretti with all in favor the proper district officials were authorized to execute the acquisition agreement for Area B between NSID and Standard Pacific.

II. Approval of Form of Completion Agreement

Mr. Lyles stated next is the completion agreement for Assessment Area and Unit Area B. It is the exact same conditions and provisions as I described to you a little while ago with respect to Area A. The developer acknowledges and understands with this recordable instrument that it is responsible for completing all the infrastructure even though the proceeds of the bonds are insufficient to do that. The developer is obligated to complete all the programs described in the engineer's reports and the supplements to the engineer's reports at his expense on a timely basis and this document will be recorded in the public records of Broward County so that any successor property purchasers would take title to the property with this obligation. As you know right now Toll Brothers is building and it took title to some former WCI property and this

completion agreement is one of the things that Toll Brothers had to acknowledge and take assignment of once it got involved. Essentially, this is for the protection of the district.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor the proper district officials were authorized to execute the completion agreement for Area B between NSID and Standard Pacific.

III. Approval of Form of True-Up Agreement

Mr. Lyles stated finally that brings us to the true-up agreement for Assessment Area B. Same terms and conditions as we discussed a little while ago regarding Area A. The principle concern is that if the developer were to reduce the number of units to be built it would have to pay down the difference, the capital costs represented by those units so that the assessments on the remaining units occupied by our future residents do not go up.

On MOTION by Mr. Gray seconded by Mr. Morretti with all in favor the proper district officials were authorized to execute the true-up agreement for Area B between the district and Standard Pacific.

Mr. Lyles stated we have a number of documents here and we are going to have the pre-closing this evening and I suggest in an abundance of caution if something were to arise during that process and we needed the board to take further action we would want to reconvene this board meeting so I'm going to suggest that you recess the meeting at this time so that the president and secretary and district staff can proceed to review and execute the documents necessary to accomplish the bond closing, which will be partly tomorrow and partly next week. At the conclusion of that process if need

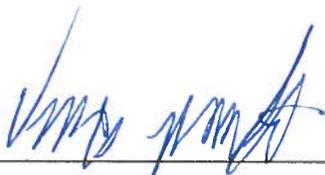
be we will reconvene the meeting, take any action that might be necessary and if not we will adjourn at that time.

On MOTION by Mr. Gray seconded by Mr. Capwell with all in favor the meeting recessed at 5:55 p.m.

On MOTION by Mr. Gray seconded by Mr. Moretti with all in favor the meeting reconvened at 7:55 p.m.

Mr. Lyles stated having completed the execution of the bond documents; a motion to adjourn the meeting is now in order.

On MOTION by Mr. Gray seconded by Mr. Moretti with all in favor the meeting adjourned at 8:00 p.m.



Vincent Morretti
Secretary



David Gray
President