MINUTES OF MEETING
SOUTH KENDALL
COMMUNITY DEVELOPMENT DISTRICT

A special meeting of the Board of Supervisors of the South Kendall Community Development District was held on September 2, 2016 at 9:00 a.m. at Tuscany Village Clubhouse, 12801 SW 133rd Terrace, Miami, Florida.

Present and constituting a quorum were:

Sergio Valdes	Vice Chairman
Ernesto Frye	Assistant Secretary
Betty Fayad	Assistant Secretary

Also present were:

Luis Hernandez	District Manager
Ginger Wald	District Counsel
Yamilex Ortega	Courtesy Property Management
Jon Kessler	FMSbonds
Steve Sanford	Greenberg Traurig (by phone)

FIRST ORDER OF BUSINESS **Roll Call**

Mr. Luis Hernandez called the meeting to order and called the roll.

SECOND ORDER OF BUSINESS **Consideration of Assessment Methodology Report**

Mr. Luis Hernandez: The second item on the agenda is Consideration of assessment methodology report. As the board probably remembers from last week, when we were discussing the district's budget, one of the items I brought for the board's consideration is the fact that the district received a response from Standard & Poors and the district also qualifies to be BBB-. Based on that information and based on the recommendation from the district's underwriter, it seems to be an appropriate time for the district to move forward. The easiest way for me to explain what is being presented as to the combination of all of the bonds and make just one big bond gets to be presented in the tables. Table 1 is trying to address and present the total number of units the community has and also what the participation of the different series of bonds outstanding is, which are the Series 2014, the Series 2008A, and the Series 2010A. As you can see, it shows the totals. Page 2 shows what will be the effect on the district to refinance today. To start, the district is going to present the yield that is being presented in the current market, which is somewhere around 3.3%. That is going to be fixed through the entire process of maturing the final date bonds on November 1, 2040. Based on the par amount, if we move to Table 3, we can see and compare the top part of the table, which shows the current situation. The main point to address is that a homeowner who is paying $1,060.84 right now, being from Sub-Phase I, it will go down to $945.32. What I am comparing is the table from the top to the table on the bottom, meaning that those units will have a savings of $115.52, taking in consideration that they already have savings, at the time the district did the refinancing 2014. So it is in addition to the savings they already have received. The ones who will receive the highest amount in district financing is in the Phase II, Sub-Phase 3 & 4. As you can see, currently they are paying $1,717.59 and that will go down to $1,379.75, meaning the savings based on these estimates will be approximately $337.84.

Mr. Kessler: There is a Phase I bond issue, there is a Phase II bond issue, and then there is the one for the club that goes across everything. This shows the debt service that the district is paying in aggregate and obviously you can see in 2036 it goes down because that is when the earliest series of bonds burns off. That is when the Phase I bond issue burns off, in 2036. Then it goes down again for the Phase II which burns off in 2038 and you are left with the last two years for the club in 2039 and 2040.

Mr. Valdes: So basically what you are saying is that each phase will be paid on time as if it had not been refinanced. Each individual phase will be paid off according to the original maturity dates.

Mr. Kessler: Yes. We can't change that. We are going to go through all of that in the resolution in a second, but legally speaking, we can't levy assessments for any phase more than originally 30 years of assessments. So absolutely that is staying the same. Then it also shows the new proposed debt service in aggregate. Luis gave me the allocation per unit. I think we can get it done at 12% or 13% annually. It may move up or down slightly but it should be in that range. We are waiting on the final rating from S&P, which we should have early next week, and then we can go ahead and price the bonds.

Mr. Luis Hernandez: So at the end of the day, the only purpose and reason for the methodology is to be able to allocate and show what would be the obligation of any property owner, and I think that has been presented. Does anyone from the board have any questions as to what has been presented?

Mr. Frye: I know we are saving on this, but how much is it costing us to refinance the bonds?

Mr. Luis Hernandez: The cost of issuance.

Mr. Kessler: I think it is in there, it is just an estimate, but usually it runs for something like around $160,000. One of the things I thought we would have to do last time is issue more bonds to refinance and we were going to have to notice everyone and tell them that the par amount of debt on their lot is going up, but they are saving money every year because we had to pay for the cost. Now because of how the market is, what we are doing is selling a premium bond, so think of it as issuing $10 million in bonds, but we are selling them at a premium to the investor so that essentially they are effectively paying the cost of issuance through the premium and we don't have to increase people's par. So it works out quite well.

Mr. Luis Hernandez: Are there any other questions? Hearing none, the next item would be for the board to accept the allocation report dated September 2, 2016.

> On MOTION by Ms. Fayad seconded by Mr. Frye with all in favor the assessment allocation report was approved.

THIRD ORDER OF BUSINESS — Consideration of Resolution #2016-06 Delegation Resolution

Mr. Luis Hernandez: Moving forward, next we have Consideration of Resolution #2016-06. There have been some slight changes to the one that was originally included in the packages, so I am passing out copies of the revised one, and Steve Sanford is also with us by phone, who will be helping us with the bond resolution. Steve, if you can please help us with discussing that, I would appreciate it.

Mr. Sanford: No problem. This is a resolution that authorizes the issuance of the refunding bonds, and it also sets forth certain parameters that once the underwriter is in the market and determines certain pricing information, if any of that pricing information is within the parameters the board will set today by adopting the resolution, the Chair or Vice Chair will be authorized to sign the bond purchase contract without the necessity of having another meeting. Thirdly, what this resolution does is it approves certain documents which are necessary to complete the financing. I will just quickly go through what those documents are. The first document is the bond purchase contract. That is the contract that will be executed between the underwriter and the district and it spells out the terms and conditions of the closing, what has to be delivered, and also sets forth the final terms of the bonds. The parameters are approved by the board and if we fall within those parameters, the Chair or Vice Chair can execute the bond purchase contract. The first parameter is the par amount of bonds that we issue will not exceed or may be less than the par amount of the outstanding bonds so that we are not increasing the par. The second item is savings, and Jon mentioned that may be around 13%, but we have a parameter in here of at least an annual debt service savings of 8% per year. So if the savings if for whatever reason came in less than that, we could not execute the bond purchase contract without coming back to the board.

Mr. Kessler: When we price the bonds, we usually put in a little wiggle room. If you feel more comfortable, we can put 10% in. Steve asked me probably a week ago for the parameters. It fluctuates based on the rates, but usually you need to give me a little bit of wiggle room. I am just telling you where rates are today, and we will probably price the bonds next week so we will be pretty much on top of what I am showing you, but if you feel more comfortable we can change that to 10%.

Mr. Luis Hernandez: But for the board to understand, what you are giving them is the parameters that if they are met, the district will be able to move forward. The part they are afraid of is to make it too tight and they will not be able to move forward. Since the market is getting better, Jon is rushing to try to get this done as soon as possible for the community. If we want to limit it further we can.

Mr. Valdes: I understand, but it is 13% that is listed and now we are talking about 8% and you are giving me authority to sign, but I don't want to sign off on 8%.

Mr. Kessler: That is fine, Sergio. What we are going to do before we price the bonds, I will be on the phone with you and we will walk through where we can get it done. We are not going to do anything without talking to you first and I will show you those numbers. We will talk next week. Steve, we are going to change the 8% to 10% so they feel more comfortable. Go ahead. Sorry for interrupting.

Mr. Sanford: Okay. The next parameter is if the bonds can be subject to optional redemption. That means that prior to the maturity date the bonds, if interest rates drop, the district can actually issue refunding bonds and create more savings. It is not likely in this market now, but anyway, you have to give the bondholders some protection. That protection is going to be for the bondholders.

Mr. Kessler: It is actually in there twice. We have the 8% and the 10%, as well. We should just cross out the 8% in Section 3. I just want to highlight two things to make sure everyone understands. We talked about the principal and terms. Don't we have a parameter that the term of these bonds won't be longer than the term of the old ones?

Mr. Sanford: Yes. It is under section (i).

Mr. Kessler: So obviously the par is not going to exceed the old par. The assessments aren't going any longer so you are not extending the maturity to get savings because that would be false savings. And then I just want to reiterate what he said, one of the negatives about doing a bond, with a bank loan you cannot refinance. We will probably make that November 1, we will try, but that means you wouldn't be able to refinance for 10 years. I think that is fine, though because you are locking in at such a low rate. But with a bank loan, like we did a couple years ago, the great thing about that for you was it allowed you to refinance within two years with no penalty. And that is what we are doing.

Mr. Sanford: So those are the parameters and I wanted to quickly go through the documents that are being approved by virtue of adopting this resolution. The first one is the bond purchase contract, which is between the district and the underwriter. The next document is the preliminary official statement, which is the marketing tool or prospectus that the underwriter uses to find prospective investors. That document describes and provides information about the development and the district. Once the final bond terms are determined, this preliminary official statement will turn into a final official statement with all of the final numbers and that is the document that we get delivered to the actual investors. The next document is the continuing disclosure agreement. This is a SEC rule that the underwriter is not permitted to purchase bonds unless the district has provided an undertaking to provide certain annual information and notices of material events. The whole purpose behind this SEC rule is they can't regulate the government, but they can regulate the underwriters and it shifts the obligation back to the government and provides us with information to the investors today who are going to get current information if they want to provide these bonds in a secondary market. That information becomes stale so the SEC thought in their wisdom that the playing field has to be leveled so it continually requires this updated information that is deposited into a national depository to anybody who is interested in buying the bonds or selling the bonds and they can go to this website to get up-to-date information about the district and the bonds. The next document is the trust indenture. The trust indenture is the document that exists for the length of the bonds and is between the district and the trustee, which in this case is Zions Bank, which is a national banking association and it gives rights and remedies of the bondholders and redemption provisions and the security for the bondholders. And lastly, there is the escrow deposit agreement, which says we are going to deposit a certain amount of bond proceeds, and if certain monies are left over from the prior bonds, then that will be irrevocably in escrow to pay off the old bondholders. So even though the 2008A and the 2014 bonds are going to be technically outstanding on the day we close the bonds, they will no longer be secured, as well as the 2010, by the special assessments that are currently securing the bonds. They will be secured solely by irrevocable escrow funds that will be held by the escrow agent who is also Zions Bank. So unless the board has any questions about any of those documents or about anything else in this resolution, as bond counsel I would recommend moving to adopt Resolution #2016-06.

Mr. Luis Hernandez: And just for the record, I want to indicate that copies of the documents he is referring to are here for anyone to review them. I didn't want to kill more trees than necessary so I just made one copy. With that being said, a motion to approve Resolution #2016-06 with the discussed changes that the savings needs to be at least 10% would be in order.

> On MOTION by Ms. Fayad seconded by Mr. Valdes with all in favor Resolution #2016-06 Delegation Resolution was approved as-amended subject to applying changes discussed at the meeting.

FOURTH ORDER OF BUSINESS **Consideration of Fee Schedule from Zions Bank to serve as Trustee, Paying Agent, and Registrar**

Mr. Luis Hernandez: Moving forward, the next item is the fee schedule. At this point, it is being recommended to change the trustee from the current one the board was using. We are trying to present an entity that will be a little more friendly and easier to work with. Wells Fargo caused some headaches so for that reason management has gone out and checked what other trustees we can work with and at this point, I am recommending Zions Bank. They do the same trustee services that any other bank does and currently they are coming out of Colorado. Once again, they are actively getting involved in this market and for that reason they are offering some good rates. The person who is our main contact is someone I have worked with in the past and I have confidence that the services they are going to provide are really good. Right now part of the problems we are facing with moving forward is the response rate from Wells Fargo. They diminished and eliminated completely the division that they used to have for dealing with community development districts. So with that being said, their fee schedule has been presented. It is comparable and similar to the one we currently have with Wells

Fargo. So the first action I would need from the board is to approve the fee schedule that is being presented by Zions Bank and by doing so this will authorize them to serve as the district's trustee, paying agent, and registrar.

> On MOTION by Mr. Valdes seconded by favor Ms. Fayad with all in the fee schedule from Zions Bank to serve as Trustee, Paying Agent, and Registrar was approved.

FIFTH ORDER OF BUSINESS **Discussion of Letter to Wells Fargo Bank regarding Series 2008A Bonds and Series 2014 Bonds**

Mr. Luis Hernandez: The next item on the agenda is a Discussion of Letter to Wells Fargo regarding Series 2008A Bonds and Series 2014 Bonds. This is a letter that the district is going to be sending them. The one I included in the agenda books didn't have the totals yet, so I am passing out copies that now do, and just for the record, what I need to read is the numbers that were missing were for the Series 2014 is $3,360,000 and for the Series 2008A, it is $2,150,000. So what this letter is going to be asking them is where they need to be moving those funds to and it will just be direction as part of everything we followed up with. With that being said, a motion to approve the letter to Wells Fargo and authorizing appropriate officials to execute would be in order.

Mr. Sanford: Before the board votes on this I just want to point out that the 2010 bonds are not actually going to be paid off from that escrow that I described until November 1, 2017. That is just for terms of the bonds and we can't redeem those bonds any earlier. But the 2008A and the 2014 bonds are callable at any time so the underwriter structured this so that we can actually close the bonds on October 10th and the very next day those two series of bonds will be redeemed. By doing it that way, we will have eliminated any negative arbitrage and it makes the savings better than if we had to do a 30 day notice after we close and I think it is very important for the board to know that.

On MOTION by Mr. Valdes seconded by Mr. Frye with all in favor the board approved and authorized the appropriate district officials to execute the letter to Wells Fargo regarding the Series 2008A Bonds and the Series 2014 Bonds.

SIXTH ORDER OF BUSINESS **Supervisors Requests and Audience Comments**

There not being any, the next item followed.

SEVENTH ORDER OF BUSINESS **Adjournment**

Mr. Luis Hernandez: Unless anyone has any other district business to discuss, a motion to adjourn would be in order.

On MOTION by Mr. Valdes seconded by Ms. Fayad with all in favor the meeting was adjourned.

Secretary / Assistant Secretary

Chairman / Vice Chairman