

April 27, 2016

**Board of Supervisors
Palma Sola Trace Community
Development District**

AGENDA

Dear Board Members:

The Public Hearing of the Board of Supervisors of the Palma Sola Trace Community Development District will be held on **Thursday, May 5, 2016 at 3:00 p.m.** at the Palma Sola Trace Clubhouse located at 7408 Hamilton Road, Bradenton, FL 34209. The following is the tentative agenda for this meeting:

- 1. CALL TO ORDER**
- 2. AUDIENCE COMMENTS**
- 3. BUSINESS ITEMS**
 - A. Discussion of Bond Purchase & Cancellation Transaction
 1. Public Hearing to Consider the Use of Surplus O&M Funds for Proposed Transaction
 2. Consideration of Resolution 2016-02, Authorizing Proposed TransactionTab 1
- 4. SUPERVISOR REQUESTS**
- 5. ADJOURNMENT**

I look forward to seeing you at the meeting. In the meantime, if you have any questions, please do not hesitate to contact me at (813) 933-5571.

Sincerely,

Gregory B. Cox

Greg Cox
District Manager

Tab 1

RESOLUTION NO. 2016-02

A RESOLUTION OF THE PALMA SOLA TRACE COMMUNITY DEVELOPMENT DISTRICT MAKING CERTAIN FINDINGS; SETTING FORTH THE AUTHORITY FOR THIS RESOLUTION; ACCEPTING CERTIFICATES FROM THE DISTRICT'S TRANSACTION AGENT AND ASSESSMENT CONSULTANT; AUTHORIZING THE USE OF SURPLUS O&M ASSESSMENTS TO PURCHASE AND CANCEL THE DISTRICT'S CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2013A-2; APPOINTING A TRANSACTION AGENT; AUTHORIZING THE ADOPTION OF A REVISED ASSESSMENT ROLL AND AN UPDATE TO THE DISTRICT'S IMPROVEMENT LIEN BOOK; AUTHORIZING APPROPRIATE OFFICERS AND CONSULTANTS TO TAKE CERTAIN ACTIONS IN CONNECTION WITH THE BOND CANCELLATION TRANSACTION; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Palma Sola Trace Community Development District ("**District**") is a special purpose unit of local government established under Chapter 190 of the Florida Statutes for the purposes of providing infrastructure and services to the Palma Sola Trace community; and

WHEREAS, the District previously financed a portion of the community's stormwater management system, wastewater collection system, water distribution system, roadways, and street lights, and presently operates and maintains the District's stormwater management system and street lights; and

WHEREAS, in April of 2005, and pursuant to the Master Trust Indenture dated April 1, 2005, as supplemented by the First Supplemental Trust Indenture dated April 1, 2005, the District issued its first series of bonds, the Capital Improvement Revenue Bonds, Series 2005, in the amount of \$4,885,000 ("**Series 2005 Bonds**"), and used the proceeds of the Series 2005 Bonds to finance a portion of the cost of the acquisition, construction, installation and/or equipping of the District's capital improvement plan, as described above; and

WHEREAS, in order to secure the repayment of the Series 2005 Bonds, and pursuant to Resolutions 2005-50, 2005-51, and 2005-54, the District levied a debt service special assessment ("**2005 Debt Assessments**") on benefitted property within the District; and

WHEREAS, in May of 2013, and pursuant to the Second Supplemental Trust Indenture dated May 1, 2013 (together with the Master Trust Indenture, "**Indenture**"), the District refinanced the Series 2005 Bonds by issuing two series of bonds, the Capital Improvement Revenue Refunding Bonds, Series 2013A-1 (Senior Lien), in the amount of \$3,955,000 ("**Series 2013A-1 Bonds**"), and the Capital Improvement Revenue Refunding Bonds, Series 2013A-2 (Subordinate Lien), in the amount of \$455,000 ("**Series 2013A-2 Bonds**," together with the Series 2013A-1 Bonds, "**Series 2013 Bonds**"); and

WHEREAS, pursuant to Resolution 2013-05, and to secure the Series 2013 Bonds, the District imposed special assessments ("**2013 Debt Assessments**"), which 2013 Debt Assessments superseded the 2005 Debt Assessments; and

WHEREAS, Section 301 of the Master Trust Indenture provides that:

"[s]ubject to the provisions of Section 506(b) hereof, the District may purchase a Bond or Bonds of a Series in the open market at a price no higher than the highest redemption price (including premium) for the Bond to be so purchased

with any funds legally available therefor and any such Bonds so purchased shall be credited to the amounts otherwise required to be deposited for the payment of Bonds of such Series as provided in Section 506(b) hereof or as otherwise provided in the Supplemental Indenture relating to such Series.”

WHEREAS, Section 506(b) of the Master Trust Indenture further provides that:

“[t]he District may purchase Bonds of a Series then Outstanding at any time, whether or not such Bonds shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, having regard to maturity, option to redeem, rate and price, such price not to exceed the principal of such Bonds plus the amount of the premium, if any, which would be payable on the next redemption date to the Owners of such Bonds under the provisions of this Master Indenture and the Supplemental Indenture pursuant to which such Series of Bonds was issued if such Bonds were called for redemption on such date. Before making each such purchase, the District shall file with the Trustee a statement in writing directing the Trustee to pay the purchase price of the Bonds of such Series so purchased upon their delivery and cancellation . . .”

WHEREAS, pursuant to Section 511 of the Master Trust Indenture, “[a]ll Bonds paid, redeemed or purchased, either at or before maturity, shall be canceled upon the payment, redemption or purchase of such Bonds;” and

WHEREAS, each year, and pursuant to Chapter 190 of the Florida Statutes, the District adopts an annual operating budget to fund its ongoing operations and services, and imposes special assessments (“**O&M Assessments**”) on property within the District to fund those expenses; and

WHEREAS, the District presently has a surplus of O&M Assessments (“**Surplus O&M Assessments**”) in the amount of at least five hundred thousand dollars, and desires to use the Surplus O&M Assessments to purchase, and thereby cancel, the Series 2013A-2 Bonds (“**Bond Cancellation Transaction**”); and

WHEREAS, the beneficial owners of the Series 2013A-2 Bonds have expressed a willingness to sell to the District the Series 2013A-2 Bonds at a premium of five percent, and all beneficial owners of the Series 2013 Bonds have provided their written consent, attached as **Exhibit A**, to the sale of the Series 2013A-2 Bonds at a premium of five percent, and to a waiver of any notice and other procedural requirements in connection with the Bond Cancellation Transaction; and

WHEREAS, MBS Capital Markets, LLC (“**Transaction Agent**”), which will serve as the District’s transaction agent for purposes of the Bond Cancellation Transaction, has provided a financial analysis, set forth in part in **Exhibit B**, of the benefits to the District from the Bond Cancellation Transaction; and

WHEREAS, also as set forth in **Exhibit B**, the Transaction Agent has certified that the proposed premium of five percent is a fair market price for the purchase of the Series 2013A-2 Bonds, given the market conditions and the fact that the Series 2013A-2 Bonds are not yet callable; and

WHEREAS, based on the Transaction Agent’s certificate, the Board of Supervisors (“**Board**”) hereby finds and determines that the purchase price of 105% of the par value of the Series 2013A-2 Bonds is a fair market price for the purchase of the Series 2013A-2 Bonds; and

WHEREAS, Rizzetta & Company, Inc. (“**Assessment Consultant**”), as the District’s assessment consultant, has also prepared a proposed assessment roll, which is attached hereto as **Exhibit C**, addressing what the 2013 Debt Assessments would be after the Bond Cancellation Transaction; and

WHEREAS, pursuant to Section 197.3632, Florida Statutes, a local government must hold a public hearing when “[t]here is a change in the purpose of [an] assessment or in the use of the revenue generated by such assessment;” and

WHEREAS, because the District is proposing to use Surplus O&M Assessments to cancel the Series 2013A-2 Bonds and thereby reduce the 2013 Debt Assessments for all District property owners, the District noticed and held a public hearing on May 5, 2016 to determine whether to use the Surplus O&M Assessment monies to effect the Bond Cancellation Transaction; and

WHEREAS, based on the information provided by the Transaction Agent and Assessment Consultant, as well as the comments received from the public hearing, the District’s Board hereby finds and determines that the Bond Cancellation Transaction would result in a financial savings to the District and its landowners, and accordingly, it is in the best interests of the District to use the Surplus O&M Assessments to purchase and cancel the Series 2013A-2 Bonds; and

WHEREAS, the Board hereby determines by this Resolution to authorize the Bond Cancellation Transaction;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE PALMA SOLA TRACE COMMUNITY DEVELOPMENT DISTRICT:

SECTION 1. RECITALS. The foregoing recitals are hereby incorporated into the provisions of this Resolution and constitute factual findings of the District’s Board relating to the Bond Cancellation Transaction.

SECTION 2. AUTHORITY FOR THIS RESOLUTION. The District’s Board is authorized to adopt this Resolution under the authority granted by the provisions of Chapter 190 of the Florida Statutes and the Indenture.

SECTION 3. ACCEPTANCE OF THE CERTIFICATE OF THE TRANSACTION AGENT AND THE CERTIFICATE OF THE ASSESSMENT CONSULTANT. The District’s Board hereby accepts the Certificate of the Transaction Agent and the Certificate of the Assessment Consultant, attached as **Exhibits B and C**, respectively.

SECTION 4. AUTHORIZING THE USE OF SURPLUS O&M ASSESSMENTS. Based on the findings stated herein, the District’s Board hereby authorizes the use of not-to-exceed five hundred thousand dollars (\$500,000.00) in Surplus O&M Assessments to effect the Bond Cancellation Transaction.

SECTION 5. APPOINTMENT OF TRANSACTION AGENT; AUTHORIZING THE PURCHASE AND CANCELLATION OF THE SERIES 2013A-2 BONDS. The District’s Board hereby appoints MBS Capital Markets, LLC as the Transaction Agent for the Bond Cancellation Transaction. Further, and in accordance with Sections 301 and 506(b) of the Master Trust Indenture, among other provisions, the Board hereby authorizes the Transaction Agent to:

- (i) purchase the outstanding Series 2013A-2 Bonds on the District's behalf using the Surplus O&M Funds, and at an amount not to exceed 105% of the par value of the Series 2013A-2 Bonds outstanding;
- (ii) provide trade instructions to U.S. Bank National Association ("Trustee"), as trustee for the Series 2013A-2 Bonds, in connection with the purchase; and
- (iii) direct the Trustee to cancel the Series 2013A-2 Bonds, upon completion of the purchase.

SECTION 6. AUTHORIZING THE ADOPTION OF A REVISED ASSESSMENT ROLL AND AN UPDATE TO THE DISTRICT'S IMPROVEMENT LIEN BOOK. The District hereby adopts as a preliminary matter the revised assessment roll attached to **Exhibit C** based on the proposed reduction of 2013 Debt Assessments that would result from the Bond Cancellation Transaction. The Assessment Consultant is hereby directed to update the assessment roll, and attach the updated version hereto, upon completion of the Bond Cancellation Transaction, and to update the District's Improvement Lien Book accordingly.

SECTION 7. GENERAL AUTHORIZATION. The officials and consultants of the District are hereby further authorized, upon the adoption of this Resolution, to do all acts and things required of them by this Resolution or desirable or consistent with the requirements or intent hereof. The Vice Chair shall be authorized to undertake any action herein authorized to be taken by the Chair, in the absence or unavailability of the Chair, and any Assistant Secretary shall be authorized to undertake any action herein authorized to be taken by the Secretary, in the absence or unavailability of the Secretary.

SECTION 8. SEVERABILITY. Should any sentence, section, clause, part or provision of this Resolution be declared by a court of competent jurisdiction to be invalid, the same shall not affect the validity of this Resolution as a whole, or any part thereof, other than the part declared invalid.

SECTION 9. EFFECTIVE DATE. This Resolution shall be effective immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Board of Supervisors of the Palma Sola Trace Community Development District this 5th day of May, 2016.

**PALMA SOLA TRACE COMMUNITY
DEVELOPMENT DISTRICT**

Chair

ATTEST:

District Secretary

- EXHIBIT A:** Bondholder Consent
- EXHIBIT B:** Certificate of Transaction Agent
- EXHIBIT C:** Certificate of Assessment Consultant

**BONDHOLDER CONSENT
TO THE DISTRICT'S PURCHASE OF SERIES 2013A-2 BONDS**

**Palma Sola Trace Community Development District
Capital Improvement Revenue Refunding Bonds, Series 2013A-1 (Senior Lien)
("Series 2013A-1 Bonds")**

**Capital Improvement Revenue Refunding Bonds, Series 2013A-2 (Subordinate Lien)
("Series 2013A-2 Bonds," together with the Series 2013A-1 Bonds, "Series 2013 Bonds")
May 5, 2016**

THIS CONSENT OF BONDHOLDER ("Bondholder Consent") is being given by the undersigned ("**Bondholder**"), as the beneficial owner of the principal amount of outstanding bonds described below, which bonds were issued pursuant to a Master Trust Indenture dated as of April 1, 2005 ("**Master Indenture**"), between Palma Sola Trace Community Development District ("**District**") and SunTrust Bank, as Trustee, and now U.S. Bank National Association, as successor Trustee, as amended and supplemented by a Second Supplemental Trust Indenture, dated as of May 1, 2013 ("**Second Supplemental Indenture**") (the Master Indenture, as amended and supplemented by the Second Supplemental Indenture, are hereinafter referred to collectively as "**Indenture**"). The undersigned understands and agrees that:

1. As set forth in the proposed Resolution 2016-02, a copy of which is attached hereto, the District desires to use Surplus O&M Assessments (as defined in Resolution 2016-02) to purchase at a premium of five percent (5%), and then cancel, the Series 2013A-2 Bonds ("**Bond Cancellation Transaction**").

2. In consideration of a premium of five percent (5%), and notwithstanding any provisions of the Indenture, the District has requested that all beneficial owners of the District's Series 2013A-2 Bonds consent to the Bond Cancellation Transaction.

3. Additionally, and in consideration of the cancellation of the Series 2013A-2 Bonds, and notwithstanding any provisions of the Indenture, the District has requested that all beneficial owners of the District's Series 2013A-1 Bonds consent to the Bond Cancellation Transaction.

4. The undersigned hereby consents to the Bond Cancellation Transaction, as described in the proposed Resolution 2016-02, and waives any notice or other procedural requirements under the Indenture relating to such Bond Cancellation Transaction.

5. The undersigned acknowledges and agrees that it has the full power and authority to execute and deliver this Bondholder Consent on behalf of the Bondholder. The undersigned further represents, warrants, acknowledges and agrees on behalf of the Bondholder that (i) it has reviewed the documents and matters referenced herein and understands the information contained therein and related thereto; (ii) it has such knowledge and experience in business and financial matters as to be capable of evaluating the merits and risks attendant to the execution of this Bondholder Consent; (iii) it has had the opportunity to ask questions and to obtain such information from the District as the Bondholder has determined to be necessary to enable the Bondholder to evaluate the merits and risks; and (iv) it has independently determined that providing this Bondholder Consent does not adversely affect its interests.

6. Additionally, by the execution below Bondholder agrees to indemnify and hold harmless, U.S. Bank National Association ("**Trustee**"), from and against any and all Losses (defined below) incurred by them by reason of or related to the Trustee honoring the purchase and cancellation of the Series 2013A-2 Bonds. For purposes of this paragraph, the term "**Losses**" includes any losses, liability,

claims, damages, costs and expenses, including attorney's fees, disbursements and court costs reasonably incurred by the Trustee, judgments, fines and other amounts paid in settlement, incurred or suffered by the Trustee in connection with any threatened, pending or adjudicated claim, demand, action, suit or proceeding by any party arising out of or in connection with the Trustee honoring this Bondholder Consent. This Bondholder Consent will be binding when one hundred percent (100%) of the Bondholder Consents have been received.

7. This Bondholder Consent may be executed in counterparts, and fax and electronic signatures shall be treated as originals.

[CONTINUED ON NEXT PAGE]

WHEREFORE, the Bondholder executes the foregoing Bondholder Consent to the District's Purchase of Series 2013A-2 Bonds set forth above, to be effective as of the 5th day of May, 2016.

BONDHOLDER, as beneficial owner

By: _____

Name: _____

Title: _____

Aggregate principal amount of Series 2013 Bonds held
on the Record Date hereof:

SERIES _____

PRINCIPAL AMOUNT _____

CUSIP _____

ATTACHMENT: Proposed Resolution 2016-02

CERTIFICATE OF TRANSACTION AGENT

_____, 2016

Board of Supervisors
Palma Sola Trace Community Development District

Re: Bond Cancellation Transaction
Capital Improvement Revenue Refunding Bonds, Series 2013A-2 (“**Series 2013A-2 Bonds**”)

Ladies and Gentlemen:

MBS Capital Markets, LLC (“**Transaction Agent**”), as Transaction Agent for the Palma Sola Trace Community Development District (“**District**”) in connection with the proposed purchase and cancellation of the above-referenced Series 2013A-2 Bonds, hereby makes the following certifications to the District:

1. We understand that the District is seeking to purchase, and then cancel, the Series 2013A-2 Bonds (“**Bond Cancellation Transaction**”). We have undertaken an analysis of the Bond Cancellation Transaction and estimate that, assuming transaction costs do not exceed \$20,000, and assuming that the premium to be paid for the purchase of the Series 2013A-2 Bonds does not exceed five percent, the District will realize an estimated savings of at least \$ _____ as a result of the Bond Cancellation Transaction. Please note that the savings as stated herein are estimated, and any actual savings may vary significantly based on changes in interest rates and other market conditions.

2. Further, based on existing market conditions, and the fact that the Series 2013A-2 Bonds are not callable until 2023, a premium price of 105% for the purchase of the Series 2013A-2 Bonds is fair and reasonable and consistent with market rates.

IN WITNESS WHEREOF, the undersigned authorized representative of the Transaction Agent has executed this certificate on behalf of the Transaction Agent as of the date and year set forth above.

MBS CAPITAL MARKETS, LLC

By: _____
Name: _____
Title: _____

CERTIFICATE OF ASSESSMENT CONSULTANT

_____, 2016

Board of Supervisors
Palma Sola Trace Community Development District

Re: Bond Cancellation Transaction
Capital Improvement Revenue Refunding Bonds, Series 2013A-2 (“**Series 2013A-2 Bonds**”)

Ladies and Gentlemen:

Rizzetta & Company, Inc. (“**Assessment Consultant**”), as District Manager of the Palma Sola Trace Community Development District (“**District**”) and assessment methodology consultant to the District, hereby makes the following certifications to the District:

1. We understand that the District is seeking to purchase, and then cancel, the Series 2013A-2 Bonds (“**Bond Cancellation Transaction**”). The assessment roll attached hereto reflects the amount of the District’s outstanding debt service assessments, after taking into account the cancellation of the Series 2013A-2 Bonds. If necessary, the Assessment Consultant will further update the assessment roll, and the District’s Improvement Lien Book, upon completion of the Bond Cancellation Transaction and determination of the resulting savings.

2. Upon completion of the Bond Cancellation Transaction, there will remain sufficient 2013 Debt Assessments levied against the benefitted properties within the District to make all debt service payments required under the applicable indentures and other documents related to the Series 2013A-1 Bonds.

IN WITNESS WHEREOF, the undersigned authorized representative of the Assessment Consultant has executed this certificate on behalf of the Assessment Consultant as of the date and year set forth above.

RIZZETTA & COMPANY, INC.

By: _____
Name: _____
Title: _____