

MINUTES OF MEETING
CANOPY
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Canopy Community Development District was held Tuesday, May 1, 2018 at 11:00 a.m. at Dorothy B. Oven Park, 3205 Thomasville Road, Tallahassee, Florida.

Present and constituting a quorum were:

Tom Asbury	Chairman
Gregg Patterson	Vice Chairman
John "Al" Russell	Assistant Secretary
Colleen Castille	Assistant Secretary

Also present were:

Darrin Mossing	District Manager
Jennifer Kilinski	District Counsel
Jennings Cooksey	District Counsel
Alan Wise	District Engineer
George Smith	Bond Counsel
Jill Burns	GMS by phone
Kim Hancock	Hopping Green & Sams
Robbie Cox	MBS Capital Markets by phone

FIRST ORDER OF BUSINESS

Roll Call

Mr. Mossing called the meeting to order at 11:00 a.m.

SECOND ORDER OF BUSINESS

Public Comment Period

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Organizational Matters

- A. Appointment of Individual to Fill Board Vacancy with a Term Ending November 2019**

On MOTION by Mr. Asbury seconded by Ms. Castille with all in favor Colson Hosford was appointed to fill the unexpired term of office.

B. Administration of Oath of Office to Newly Appointed Board Member

C. Consideration of Resolution 2018-06 Electing Assistant Secretary

Items B and C will be deferred to the next meeting.

FOURTH ORDER OF BUSINESS

Approval of the Minutes of the April 3, 2018 Meeting

On MOTION by Mr. Patterson seconded by Ms. Castille with all in favor the minutes of the April 3, 2018 meeting were approved as presented.

Mr. Wise joined the meeting at this time.

FIFTH ORDER OF BUSINESS

Consideration of Financing Related Documents

A. Resolution 2018-07 Delegated Award Resolution

Mr. Smith stated I have prepared this resolution that approves the forms of the documents that are needed for the bond financing that are Exhibits 1 – 6. The first three are Supplemental Indentures that supplement the Master Indenture that you approved at a prior meeting, Bond Purchase Agreement, Preliminary Limited Offering Memorandum and Continuing Disclosure Agreement. We approve the forms and finalize those as the financing gets finalized.

The most important one for today’s purposes is the Bond Purchase Agreement and this is discussed in Resolution 2018-07 section 6. Section 6 of the resolution authorizes the form of the Bond Purchase Agreement and then delegates authority to the Chairman to sign the Bond Purchase Agreement if that bond purchase agreement meets the following requirements. It should be for an amount not to exceed \$15 million and that is in the aggregate and doesn’t specify what sub-amount will go into which series of securities but in the aggregate those cannot exceed \$15 million. The price of those bonds is not less than 98% and the interest rate shall not exceed the maximum rate allowed by Florida Statute. The final parameter is that the maturity cannot be later than May 1, 2049. If this resolution is adopted as long as the Bond Purchase Agreement, the form of which is attached to the resolution, as Exhibit B is presented to the Chair, the Chair is allowed to authorize

that on behalf of the District. That Bond Purchase Agreement and the other documents that are attached, I prepared the Supplemental Trust Agreement, other parties have prepared some of the other documents that we have reviewed those as your attorneys and providing comments that they are as close as they can be as of today's date. All the other forms are contracts you will enter into to protect your bondholders so they will purchase the bonds from you.

Ms. Kilinski stated we will have a Board Meeting in June and we will bring back more final forms of these documents. This gives us the parameters we need to continue to move forward but we do anticipate the June meeting being a Supplemental Assessment resolution, hopefully, we will have the pricing so we will be coming back to you with some of these as well.

Mr. Smith asked Rob, do you have an interest rate update?

Mr. Cox stated the interest rate is going to be set by the market and what I mean by that is there are a number of CDD transactions that get finalized and they are all public transactions. The world is free to see what the rate and structure of those maturities look like so it is our responsibility to price or set the interest rate comparable to other deals that are in the market. Right now the AAA municipal is about 3.09% I believe.

Mr. Mossing asked are you getting the Assessment Area 1 bonds rated?

Mr. Cox stated they will not be rated because you don't have enough rooftops at this point that would make it appropriate to be rated; however, the 93 units will price higher in all likelihood to AAA securities because of the nature of the development being completed in that area.

Mr. Mossing asked if we closed in the month of May what would the average interest rate over the four bond issues likely be?

Mr. Cox stated if we were in the market today for the Assessment Area 1, which is the 93 lots that is going to be somewhere in the lower 5% range so between 5% and 5.50% for assessment area two and three that is going to be in probably the 5.75% to 6.25% range depending on what the market does. Because of the additional leverage and characteristics of assessment areas 2 and 3 those will price at a wider spread.

Mr. Asbury stated all these rates are fixed.

Mr. Mossing stated once they sell the bonds they will be fixed.

Ms. Castille asked is it only the assessments on the property that go to pay the bonds off or are there other revenues?

Mr. Asbury stated there are four different bonds. The A Bonds stay on the property for the term of the bond. The B Bonds we pay off as we sell each lot.

Ms. Kilinski stated the pledged revenues is the assessment, there are no other funding mechanisms in place to secure the bonds.

Mr. Asbury stated some are paid down relatively fast and the other stays on the lot for the term of the bond.

Mr. Smith stated there was a question on the interest rate cap and where it might end up. The Florida Statute provides an interest rate cap in the most recent Bond Buyer Index 20 Bond, which is a bond index, which is probably right around 3.85% or 4% plus 300 basis points and that gets us around 7% as a cap and that fluctuates. There is nothing in here that requires you to accept a bond purchase agreement it just gives you the authority if you determine to accept that bond purchase agreement.

On MOTION by Ms. Castille seconded by Mr. Patterson with all in favor Resolution 2018-07 was approved.

Supplemental Engineer's Report

Ms. Kilinski stated the Supplemental Engineer's Report was encapsulated in the resolution we just approved, but I think it is worth reviewing the Engineer's Report and the Assessment Methodology.

Mr. Wise stated the bonds will cover three different assessment areas. Assessment Area 1 is generally the parcels that are already complete, those 93 lots. Assessment Area 2 is generally what would be permitted and constructed within the next 24 months, which is primarily the two southern portions of the two southern units that would be accessed from Dempsey Mayo Road and is comprised of 257 lots and had a mix of units. There are some larger lots, medium size lots and some smaller lots, there are attached units and detached units so there is a wide variety of units in that assessment area. The third Assessment Area is the remainder of the lots, about 650 lots and that is a little bit of leverage on all these lots understanding that there are master improvements that are being constructed that allow those lots to be closer to development. For instance, Dove Pond Dam, a little bit of the cost of that dam increases the value of all the other lots. Master pump stations, Dempsey Mayo Road, some of these master improvements that benefit all of the residential lots not just some of them. Those are generally the three assessment areas. The

proceeds of the bonds are anticipated to go towards Dove Pond Dam, amenity center clubhouse, construction of those 257 lots in Assessment Area 2 as well as a portion would be reimbursed to the infrastructure that created the first 93 lots that are already in the ground.

Mr. Russell asked is the developer responsible for Dempsey Mayo Road?

Mr. Wise responded yes. The City is reimbursing multi-use paths on Dempsey Mayo Road but generally the construction of the roadway is the developer's responsibility.

Mr. Russell asked is that 24 months?

Mr. Wise responded a portion of it for sure. The things in permitting right now start at Miccosukee Road and extend north and allows us access into these southern two neighborhoods.

We have a 220 foot right of way through the greenway, we obviously won't be using all of that. We are impacting the Canopy Road Protection Zone and later this month we will be going before the citizens committee to seek approval for that impact to the Canopy Road Protection Zone. I expect that they will want some trade-off and one of the items I'm holding as a trade is we have 220 feet of right of way through that greenway. We really only need about 80 feet so if we can set aside some of those wooded areas along Dempsey Mayo Road that runs through the greenway in conservation I anticipate using that for some of our Canopy Road mitigation.

Mr. Russell stated it is somewhat cleared coming off of Miccosukee Road.

Mr. Wise stated there is a big electrical underground duct bank that they installed several years back and that is what you see that is cleared. The roadway and electrical duct bank don't necessarily line up. Because there is a special sand that surrounds that electrical duct bank that dissipates heat if we put a roadway on top of it, it will prevent that action from being able to occur so the electrical underground utility will be beside our roadway.

Ms. Castille asked is there a design for safe crosswalk for this Dempsey Mayo?

Mr. Wise responded yes. They haven't been approved by the County yet, but we are proposing a wooden two rail fence along either side and there are two primary crossings where the greenway trail crosses Dempsey Mayo. We have elevated crossings and at the end of that two rail fence we are going to have a switchback where someone can't just run straight through and dart out into Dempsey Mayo Road. We are going to make it to where someone actually has to make two or three movements before they can cross and that goes for cyclists as well. Our design is to where the cyclists would have to get off their bikes so they know they are about to cross Dempsey Mayo. Our goal is to make sure that the folks crossing Dempsey Mayo have to slow down and are

aware they are crossing and also the drivers driving along Dempsey Mayo because they are going to have elevated crossings so it is going to be like a ski hump that a driver has to realize as well.

Ms. Kilinski stated from a hierarchy standpoint we will get into a little bit on the completion agreement later in the agenda, there are three Engineer's Reports in a way. There is the Master Engineer's Report that you approved that was validated that is the maximum capacity of what we ever develop related to Canopy and that was around \$90 million. If you look at the Supplemental Engineer's Report there is something called the completion project, which is about \$52 million and that is the infrastructure necessary to develop all 1,001 units that are anticipated in Canopy. That is going to be a project that is associated with the completion agreement we are going to get to later today. Then there is the \$13 million in the 2008 capital improvement plan that is the improvements that Alan just described. We do have different components of what we are going to be securing by way of some of the improvements that we are going to talk about later.

Mr. Russell stated these are all going to need bonds.

Mr. Asbury stated they will all be bonded but they don't have to be. That is how much it is going to cost to build it, but we could pay it out of pocket, we don't have to bond it.

Ms. Kilinski stated correct.

Supplemental Assessment Methodology

Mr. Mossing stated the Assessment Methodology was enclosed in your agenda packet. We take the information from the Engineer's Report, the cost of the improvements and take the information from the District's underwriter for the bond related costs and put it into a methodology that allocates those costs to all of the developable property within the District based upon the benefit that those properties receive. The narrative describes a little bit of the background history of the Master Assessment Methodology process that we went through and it describes the process for levying a valid assessment, the different assessment areas and the true-up mechanisms in case the project is not developed in accordance with the plans. In the back there are various tables. Table 3 shows the four bond issues broken down into the three assessment areas. The 2018 A-1 and A-2 are the assessment area 2, the 2018 A-3 is assessment area 3 and the 2018 A-4 is the assessment area 1, which is the 93 platted lots. Assessment area 2 is the 257 planned units. Assessment area 3 is 690 lots and that is the A-3 bonds.

Mr. Cox stated the nomenclature may be a little confusing. You have three assessment areas and four different series of bonds and what may throw some of you a little bit is that Assessment Area 1 corresponds with what we are currently calling the series 2018 A-4 bonds. The reason we assigned specific bond names to a particular assessment area is because investors are used to certain naming conventions that go along with particular types of underlying land and credit. They are used to having an A-1 and A-2 bond like we are doing on the 257 lots and they are used to having an A-3 bond associated with lands that are future development lands, the lands that are not currently under development. That is why there is a little bit of a mismatch in nomenclature, but I wanted to explain that.

Mr. Mossing stated A-4 is Assessment Area 1, A-2 is Assessment Area 2 and A-3 is Assessment Area 3. Assessment Area 2 is the 257 lots. The A-1 bonds are the long-term bonds and the A-2 bonds are the pay down bonds. The 93 lots are platted and they are going to be on the tax roll and that is a very strong credit. The 257 lots are not platted, they are not developed yet but they are planned to be developed in the next two years so that is not as strong as the 93 lots but Assessment Area 3 is not going to be developed for three plus years to that is the lesser credit. That is why we settled on the different assessment areas because they are really a different development phases and from an investor standpoint it is a different credit.

The remaining tables take each assessment area and allocates the annual assessment that the property owners will see by product type within that assessment area and then also the total amount of the bond debt associated to each of those product types. We have to do not only the annual we have to allocate the individual principal so if someone wants to call and pay off their debt assessment we have the specific amount that if they pay it they will no long receive the annual debt assessment they would only receive the O&M portion.

Continuing Disclosure Agreement

Mr. Smith stated this is an agreement that is attached to the resolution, required by the bond documents and it is required by the SEC that on an annual basis the District and the developer update the information that is in the offering memorandum and that will allow your bonds to trade on the secondary market with market transparency. There is an investor in the secondary market, they go on the website called EMMA that is managed by the municipal security rulemaking Board, MSRB, and they can find the offering statement that will be the final offering statement for this

transaction. They can look and find financial information on the developer as well as on the District on an annual basis. That is part of your securities offering; you are required for MBS to be able to enter that bond purchase agreement with you. They have to certify that you entered into this continuing disclosure agreement because SEC can't regulate you as a government, but it can regulate MBS so they tell them you can't issue these bonds unless the District agrees to on an annual basis update the financial information.

Mr. Mossing stated on a quarterly basis I will be sending the developer a bunch of questions such as how many lots have been developed, how many have been sold, how many are under contract. There are about 14 questions of information that you readily have available that you will provide quarterly and then we have annual reporting and annual audit we will post to the website that George referred to. We handle all the requirements in that agreement.

B. Collateral Assignment Agreement

Ms. Kilinski stated next is agreements entered into between the District and the Landowner, Ox Bottom Mortgage Holdings, LLC and the first one is the collateral assignment agreement. This typically says if the Landowner fails to pay assessments as they are timely due then the District has the right to the collateral assignment of development rights so that bondholders who foreclose would have the development rights necessary to continue moving ahead with the project or selling the project with the requisite development rights to continue the project forward. We are going to look for separate motions to approved each of these.

On MOTION by Mr. Russell seconded by Mr. Patterson with all in favor the Collateral Assignment Agreement between the District and Ox Bottom Mortgage Holdings, LLC was approved in substantial form.

C. Completion Agreement

Ms. Kilinski stated next is the completion agreement and it is similar to what I just described. The District is issuing bonds and as long as the District issues bonds and you use the proceeds for portions of the capital improvement plan that you have already approved, then the developer or landowner agrees to continue to move forward with completion of the completion project portion of the Supplemental Engineer's Report that you approved previously. The idea is

that bondholders are relying on the whole development of that project to purchase the securities and this completion agreement obligates over time either the District or the developer to complete the completion project as described in the Engineer's Report.

On MOTION by Ms. Castille seconded by Mr. Pattreson with all in favor the Completion agreement between the District and Ox Bottom Mortgage Holdings, LLC was approved in substantial form.

D. True-Up Agreement

Ms. Kilinski stated next is the True-up Agreement and in the Assessment Methodology there is a portion regarding a true-up mechanism. This is the security for that true-up mechanism. Essentially it says that as plats occur the District will be presented with a plat and also approve it to ensure that the number of units that are on that plat is what we said was going to happen in this methodology so that the debt doesn't build up and you have one acre left with 80% of the debt. We make sure that is the case and as long as the number of units continue on the plat as we anticipated and they are not less, then you would just keep going. If for some reason less units are platted than we anticipate, for example there are 800 instead of 1,001 at the end of that platting process, there would be a true-up payment that would be obligated by the developer because there are less units that we can spread the debt to.

Mr. Mossing stated or smaller lots than you anticipated.

On MOTION by Ms. Castille seconded by Mr. Patterson with all in favor the True-up agreement between the District and Ox Bottom Mortgage Holdings, LLC was approved in substantial form.

E. Acquisition Agreement

Ms. Kilinski stated the last one is the Acquisition Agreement. This sets forth the process, it is very similar to what we will get to later although we are going to defer that again on the acquisition documents associated with the unit 1 improvements. This Acquisition Agreement articulates the District responsibilities to acquire the improvements that are within the Capital Improvement Plan you previously approved and the mechanism under which the District will accept those improvements. That would be costs, how we require warranty deeds and Engineer's Certification, how we would convey real property, and all of those processes. It also stipulates the

difference as long as the District has bond proceeds in the construction account, it won't fail to acquire those improvements that are part of the capital improvement plan.

On MOTION by Ms. Castille seconded by Mr. Patterson with all in favor the Acquisition Agreement between the District and Ox Bottom Mortgage Holdings, LLC was approved in substantial form.

F. Other Documents

Ms. Castille stated there is a Declaration of Consent.

Ms. Kilinski stated the Board can consider that. After the bonds are issued we will record a declaration of consent, which tells the world if they do a title search that you recognize there are assessments on your property, you recognize the District is in existing and you are going to waive any right that you have to claim ignorance.

On MOTION by Ms. Castille seconded by Mr. Patterson with all in favor the Declaration of Consent to Jurisdiction was approved in substantial form.

SIXTH ORDER OF BUSINESS

Consideration of Acquisition of Public Infrastructure

This item deferred until the June meeting.

SEVENTH ORDER OF BUSINESS

Consideration of Uniform Method of Collection Agreement with the Leon County Tax Collector

Mr. Mossing stated next is consideration of uniform method of collection agreement with the Leon County Tax Collector. We need to approve and enter into this agreement in order to utilize the tax collector for collecting our annual O&M and debt on the tax bill.

On MOTION by Mr. Patterson seconded by Ms. Castille with all in favor the agreement with the Leon County Tax Collector was approved.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

i. Ratification of Capital Funding Requests 2 & 3

Mr. Wise stated we have two funding requests for Dove Pond Dam. They have already been processed and this is for ratification.

We are farther along than halfway, the last remaining item is the concrete spillway and they started pouring concrete yesterday. There is an ancillary treatment pond with stormwater pipes and things that are coming up that will happen very quickly and we have a meeting this afternoon to discuss some of the wetland plantings, which is the last step or so. It is going to come together pretty quickly. They didn't want to start pouring concrete until they could pour until it was done.

On MOTION by Ms. Castille seconded by Mr. Russell with all in favor capital funding requests 2 and 3 were ratified.

Mr. Wise stated Mr. Patterson mentioned that he was copied on an email from some neighbors and there was something related to percolation. I wanted to let everybody be aware that there is a group of concerned citizens primarily that live on the north side of Centerville Road. They have attempted to challenge almost every permit or approval that we have sought and in the same sentence they will tell us that our percolation rate is too high and our percolation rate is too low. They have gummed up one of our State permits whenever we finally sat down with all the State agencies and looked at the rule and looked at our geotechnical information it was clear that we exceeded our requirement by three times over. You will probably be copied on things and if you have any questions or concerns do not hesitate to forward the message to me or Jennifer. As members of the Board eventually you will probably be asked questions and I want to make sure that you are educated and have the answer or at least know who to refer it to. The next thing is the middle of this month we are going to be on Canopy Road Protection Zone Citizens Committee, that may garner some interest. It is for the construction of Dempsey Mayo, which is required by the City so it shouldn't be a controversial matter but anytime you are impacting the Canopy Road Protection Zone it opens the opportunity for people to be passionate about it. I want to put that

out there as a reminder that as the development progresses as things become more visible people are going to start asking more questions, don't feel like you don't have someone to defer back to whenever you get those questions. You have staff to assist you.

Ms. Castille asked is the question on the perc rates is that on the stormwater ponds?

Mr. Wise responded yes and it is not related to Dove Pond.

Mr. Asbury asked when do you think we will have permits?

Mr. Wise stated the 450 lots were resubmitted yesterday, we are back on the DRC meeting for May 14th and we will be negotiating with staff reviewers starting next week. As far as Dempsey Mayo Welaunee Boulevard, the City last week gave us a new typical section for Welaunee Boulevard so that set us back on Welaunee Boulevard but all of the items that we resubmitted yesterday should clarify any concerns they had on Dempsey Mayo.

Mr. Asbury asked when should we be able to award a contract for Dempsey Mayo?

Mr. Wise responded probably two months if all goes well.

Mr. Russell asked for the overall project are we on schedule as far as where you thought we would be?

Mr. Wise responded we had a delay about four weeks ago the city postponed their approval. Normally if we submit a subdivision we get conditional approval then we address the conditions. In this instance, they said we want a little bit more information than we are comfortable giving you conditional approval on and that was about a four-week delay.

C. Manager

i. Balance Sheet and Income Statement

The balance sheet and income statement were included in the agenda package.

On MOTION by Mr. Patterson seconded by Mr. Russell with all in favor the financials were accepted.

ii. Consideration of Funding Request No. 7

On MOTION by Mr. Patterson seconded by Mr. Russell with all in favor funding request no. 7 in the amount of \$21,034.25 was approved.

iii. Presentation of Number of Registered Voters - 4

Mr. Mossing stated a copy of the letter from the Supervisor of Elections indicating that there are four registered voters residing within the District was included in the agenda package. That is important information that triggers the general election process. You have to have both 250 registered voters and 6 years. Once you meet both requirements you begin to transition to the Board being elected by general election.

NINTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

TENTH ORDER OF BUSINESS

Supervisors Requests

Mr. Patterson stated a while back they talked about getting a copy of the D&O policy.

Mr. Mossing stated I will follow-up on that and email it to you.

On MOTION by Mr. Russell seconded by Mr. Patterson with all in favor the meeting adjourned at 12:12 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman