

MINUTES OF MEETING
CANOPY
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Canopy Community Development District was held Tuesday, July 10, 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
Colson Hosford	Assistant Secretary

Also present were:

Darrin Mossing	District Manager
Jennifer Kilinski	District Counsel
Jennings Cooksey	Hopping Green & Sams
Alan Wise	District Engineer
Travis Justice	Greenman-Pedersen
Joel McHugh	Greenman-Pedersen
Robbie Cox	MBS Capital Markets by telephone

FIRST ORDER OF BUSINESS

Roll Call

Mr. Mossing called the meeting to order and called the roll.

SECOND ORDER OF BUSINESS

Public Comment Period

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the June 5, 2018 Meeting

On MOTION by Ms. Castille seconded by Mr. Russell with all in favor the minutes of the June 5, 2018 meeting were approved as presented.

FOURTH ORDER OF BUSINESS**Presentation of Master Engineer's Report:
Greenman-Pedersen, Inc.**

Ms. Kilinski stated you previously approved the Master Engineer's Report and Alan will talk about the changes to that report and Darrin will talk about the changes to the Master Assessment Methodology report. We previously went through a master assessment process where you approved a resolution, we provided notices to landowners within the District regarding the maximum assessments the District would ever levy on lots based on the maximum Engineer's Report amount of \$90,900,000. The only difference here and the reason we are going through this change is that as we got into the Supplemental Engineer's Report and Assessment Methodology we determined that an allocation on units as 1 ERU factor, which essentially is to say whether you have a 20-foot detached townhome or an 80 foot lot size it would be the exact same assessment amount and it made more sense in the development program to stratify those assessments so the assessments will be based on front foot. A 20-foot lot will get a lower assessment and an 80-foot lot would get a higher assessment based on the ERU calculation that Darrin has come up with in his methodology. Because of that change, the amount of assessments has changed in terms of lot sizes and the methodology used to apply those assessments has changed and as a result we are having to go back through this master assessment process. We will be sending 30-day notices to lot owners. Obviously, there are residents in the community now where there were not before so we expect we may get questions when they see there is going to be \$110,000,000 potentially for the cost of improvements that could be allocated to your property. We are trying to make it as clear as we can and still be within legal requirements that their assessment is not expected to change, they will still be getting the same amount that was disclosed to them, there is really no change to the actual lot owner except for the way we are applying the methodology.

I wanted to let you know that because at our assessment hearing we may have residents here who have questions about that and we are going to do our best to answer questions for residents between now and that assessment hearing. None of the numbers have changed, the methodology, in terms of the actual numbers of assessment, has not changed it is just the way we are applying it, which is the way we expected to apply it over the last six to eight months.

Mr. Asbury stated we may end up with people here.

Ms. Castille stated there is a way to avoid that if you write the letter in the right way that says we are applying methodology differently, but your actual assessment is not going to change.

Ms. Kilinski stated we are doing the best we can, but this is not normal English language. It is saying your assessment is not going to change. What does that really mean? It can be scary to some residents. It is difficult to read the letter and say now I understand it. Oftentimes you have to really talk them through exactly what you are doing and why and show them the bill and that sort of thing, but I think we can get there.

Ms. Castille stated I would like to see it underlined and bolded that says my assessment is not going to change.

Ms. Kilinski stated we have it in a box that is shaded and underlined in capitals. We broke that part out and said it again then said it again. Because we are also putting O&M assessments on the properties to fund the budget for the first time we are also having to send notices for the operation and maintenance assessment. We are combining that in this one notice so they are not getting two letters 10 days apart that says you have this assessment now you have this assessment. I would rather do it in one fell swoop and explain that as clearly as we can and still have all the legal requirements. We may get people here just because it is the first time.

Mr. Patterson asked if we are changing the methodology to front footage, but it is not changing, is that just for the existing people?

Mr. Asbury stated it is not changing for anyone.

Mr. Patterson stated changing it to front footage it seems like it would be different.

Ms. Kilinski stated keep in mind when we do the Master we have this \$90 million number we knew we would never allocate \$90 million to the property so it has a maximum assessment amount. When we go through and actually take the \$13 million that we are doing for this bond issue the numbers are changing in that the application is different, but it would never get close to the \$40,000 or so per lot that we said was the maximum debt if all these improvements are made. All we are really doing at the end of the day is going to be allocating \$11.5 million of the \$90,900,000 possible.

Mr. Patterson stated if it changes the assessment to the front footage if someone has 80 and someone has 150 if it is not changing I'm a little confused.

Mr. Asbury stated we had come up with this stratified assessment already and they have been noticed. They have signed something at contract that says that is what it is going to be and they have all that and that is what is not changing. The number they were told when they bought is where they are.

Mr. Wise stated related to the Master Engineer's Report specific to this item is the same report you have seen and approved eight or so months ago. The Master outlines all the improvements for the entire project, the maximum amount that would ever be requested to borrow money against this amount of infrastructure is the \$90 million plus administrative, which comes up to \$110 million. This master report is just going to supplement your methodology, which we are about to talk about.

The Master hasn't changed since August. It outlines anything and everything that would ever be needed for the entire 424-acre development.

FIFTH ORDER OF BUSINESS

Presentation of Amended Master Special Assessment Methodology Report: Governmental Management Services – Central Florida, LLC

Mr. Mossing stated enclosed in your agenda package is the amended Master Special Assessment Methodology Report and the narrative section didn't change significantly. I will walk you through some of the tables to show you the changes. In the prior methodology the ERU per unit was 1 so every one of the different types of lots and the unit count in the original master was 900 residential lots and we are up to 1,001 plus the church so Table 1 changed. The allocation of the \$110 million of the maximum amount of bond issuance then was allocated based upon those assigned ERU factors as a percentage of the total amount of ERUs. That flows through to each product type. Table 6 shows how the \$110 million is allocated to the different product types and then the \$110 million is basically divided by the number of units for that product type. We did the same for the annual debt service of \$8,098,000 if you issue the \$110 million. Table 7 is the preliminary assessment roll. When we originally did this there was only one property owner, the property was not platted at that time and Table 7 includes all 93 platted lots in Assessment Area 1 so our assessment roll changed significantly. If you look through each one of these lots, the par debt allocation per unit and the gross annual per unit is going to be part of the letter that is going to the individual property owners. It is going to be supplemented with the disclosure that your assessment is not going to increase over what was previously disclosed as part of your sales contract.

Ms. Kilinski stated it is going to say that \$110 million is the maximum amount of improvements and benefit that your property may receive through our capital improvement plan. We can show you a draft before we send it out.

Mr. Patterson asked what do we think the real number is most likely to be?

Mr. Mossing responded \$13,070,000.

Mr. Asbury stated of that we think eventually the passthrough amount will only be about \$7 million. Based on what we told them they are going to pay that is the debt we can cover.

Mr. Mossing stated this methodology is how that \$13 million is ultimately planned to be allocated to the property owners, however, when we started the process we started off as being one single-family unit was equal to one single-family unit. They are both acceptable methodologies for allocating the debt based upon the benefit the homeowners receive. We are applying both and it is causing complications.

Ms. Castille asked so you are going from unit to front foot?

Mr. Mossing responded yes.

Mr. Patterson asked will the letters going out show the numbers on this table?

Ms. Kilinski responded not unless they ask for a copy of the methodology.

Ms. Castille stated this \$110 million represents actual debt that could possibly be entered into for benefits to the community.

Ms. Kilinski stated it is based on Alan's Engineer's Report as the maximum improvement costs of \$90,900,000 for every improvement that may ever be constructed related to the development at all, plus cost of issuance, interest, carry cost on top of that.

Ms. Castille asked why wouldn't the \$90 million be spent?

Ms. Kilinski stated the Supplemental Engineer's Report that you reviewed has a completion project cost closer to \$52 million in improvements that we think will be needed for the residential portion of the development so that is cut in half. The second reason is when you talk about being able to sell the lots to an end user the idea of having \$20,000 assessment you will never sell that lot.

Ms. Castille asked do I need \$90 million in improvements in the community in order to get the community that I bought into?

Mr. Wise stated some of it is going to be borne by the developer. Some of the master costs is borne by the developer and isn't bonded. Some of those costs, when we put this together in

August we were using our projected costs of construction that may occur over however many years so there was also some rate of inflation that was included. In the supplemental that is going to be tied to the \$13 million that we are borrowing is a much narrower scope of improvements, it is a lot more defined and it is also based on actual contracts that are in place on this property. Some of the difference between the \$52 million and \$90 million is wiggle room contingency, including an inflation factor and from the start it was a question of what else could we need. There is a lot of recreational stuff that was included on the front end that was a contingency.

Ms. Castille stated that was the direction I was going. Over the years with the rare person who would show up at a governor and cabinet meeting on a CDD issue is people who said I bought in and here is my brochure and it shows tennis courts and this clubhouse and this golf course and pool and here I am five years later and all we have is a pool.

Mr. Asbury stated everything that has been sent to the public, which is the pool, clubhouse, linear park, walking trails, all that is included in the \$52 million and also in that is the cost of building Welaunee Boulevard all the way from one end to the other and Blueprint is picking up three-quarters of that.

Mr. Wise stated also part of the \$52 million is attributable to the commercial, which is outside of the CDD's responsibility. Master sewer pump station, master stormwater improvements are 70% attributable to the CDD and residential portion, 30% attributable to the commercial area and outside the CDD's responsibility or purview.

Mr. Asbury stated the commercial pays their share of that.

Mr. Patterson stated the \$52 million you are talking about is a gross number that includes everything and \$13 million is the net number for the residential.

Ms. Wise stated for a portion of the residential.

Mr. Asbury stated that is what we are borrowing right now, the \$13 million, which will get us the 257 lots and the dam and the pool and clubhouse. Of that, the developer is required to pay back \$5.27 million.

Mr. Russell asked what triggered the reformulation from what we originally started with to what we are doing now?

Ms. Kilinski stated in part when you think about when we started the process we went through validation it was early last summer before a development plan in terms of lot sizes were really together so I think there was some communication about if we use the lot sizes we have now

and these changed dramatically there could be a True-Up payment that is required. Let's say you drop all your 80s and end up with 20s you may end up with a few million True-Up payment that might be required at the end. Not doing those lot sizes the idea was the easiest way to approach it was the ERU of 1, which we do in a lot of Districts it is just a straight allocation method.

Mr. Russell asked as a homeowner how long am I able to maintain that assessment as is?

Mr. Asbury stated it is a 30-year bond.

Ms. Kilinski stated the debt stays the same, the O&M may change.

Mr. Wise stated your assessment has two parts, O&M that is keeping the CDD going and then there is the debt component, the debt component is locked in. Annually this Board votes on O&M.

Ms. Kilinski stated that is the other thing with the \$90 million, hypothetically speaking we have had Districts do this, you have a Master Engineer's report that says all these improvements have been validated, the court has decided these are public improvements you can finance these improvements. Let's say 15 years from now the developer is gone and homeowners come in and say we want that floating dock. We have the capacity that has been validated that they could issue bonds on themselves, to build an additional clubhouse to build a floating dock, whatever they want to build, they don't have to go back through validation, we don't have to go back and reallocate assessments.

Mr. Russell stated so we are leaving them in good shape when the developer leaves, which is a plus when we have residents coming here and questioning why we are doing what we are doing.

Ms. Kilinski stated this offers the maximum flexibility for the future not knowing what the future holds. You have those categories covered and they have been validated.

Mr. Mossing stated we will send to the Board the draft notice that will go to the homeowners. If we select August 21st that letter needs to go in the mail by July 21st. We will get that out this afternoon or tomorrow to the Board, contact me with any concerns about the letter because there is a potential turnout and I will know because my phone number and email address are in the letter. I will have a feel pretty early on how that letter is being received and we may end up having to get another meeting location if people are going to show up at that public hearing.

Ms. Kilinski stated there are only 19 homeowners on our assessment roll.

Mr. Mossing stated the developer may be proactive on this too and get ahead of this letter with the people that it is coming, this is what it means.

Mr. Patterson asked what about the people who are under contract and the people potentially thinking about buying? Can the developer go ahead and tie this in place so it doesn't have to be covered again?

Ms. Kilinski stated it won't have to be covered again, you will have a disclosure in the purchase and sales contracts.

Mr. Asbury stated we disclose there is a CDD and we disclose what the fees will be. We have been doing that all along and now we are cleaning up to a certain extent what we have been practicing.

Mr. Wise stated basically this is a prequalification but realistically the Board will set how much will be borrowed, what the payment actually is just like you would make a decision on the car you are comfortable with and not what the bank is willing to give you.

Ms. Kilinski stated we tried to be clear that this is the maximum amount of benefit your property may receive if all the improvements are constructed but your actual assessment for these lot owners because it has already been disclosed in their purchase and sale agreement know their assessment is going to be exactly what has already been disclosed.

Mr. Cox stated it is important for the Board to remember with this bond issuance the amount of interest being passed through to all 1,001 lots is basically being maxed out at whatever the amount is. That is being capped within this \$13 million issuance so the Board can take some comfort in the fact that it can be explained if necessary at the next meeting, the public hearing, that is basically anything that would come in the future would be the B Bond component, which would be paid back by the developer who would be constructing more improvements on his own dime. This issuance will cover everything that will be passed through to the homeowner.

Mr. Asbury stated of this \$13 million almost \$6 million is to be paid back by the developer anyway.

Mr. Cox stated that is right. The pass through to the homeowner is roughly \$8 million.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2018-10 Declaring Special Assessments; Designating the Nature and Location of the Proposed Improvements, Declaring the Total Estimated

Cost of the Improvements, the Portion to be Paid by Assessments, and the Manner and Timing in which the Assessments are to be Paid, Designating the Lands Upon which the Assessments Shall be Levied; Providing for an Assessment Plat and a Preliminary Assessment Role; Addressing the Setting of Public Hearings; Providing for Publication of this Resolution; and Addressing Conflicts, Severability and an Effective Date and Mailed and Published Notices

Mr. Mossing stated item six is consideration of Resolution 2018-10 declaring special assessments, designating the nature and location of the proposed improvements, declaring the total estimated cost of the improvements the portion to be paid by assessments, and the manner and timing in which the assessments are to be paid, designating the lands upon which the assessments shall be levied; providing for an assessment plat and a preliminary assessment role; addressing the setting of public hearings; providing for publication of this resolution and addressing conflicts, severability and an effective date and mailed and published notices. Basically, that resolution approves the Engineer's Report, the Assessment Methodology and we are going to make the date August 21, 2018 at 11:00 a.m. at this location subject to confirming availability of the space.

Ms. Castille moved to approve Resolution 2018-10 and Mr. Asbury seconded the motion.

Mr. Asbury stated all we are doing here is cleaning up, we are making it exactly the way we disclosed. What happens if we don't do it?

Ms. Kilinski stated if you don't do it the concern is an assessment challenge that you have a methodology that demonstrates a contribution and an amount that is not ever going to be done based on our completion project. We have a completion project of \$52 million, we take out the reimbursements that we know are now coming from Blueprint, you are down to \$38 million and you are issuing \$13 million, you will never get there.

Mr. Patterson stated I get that.

Mr. Asbury stated we are not charging them any more money.

Mr. Russell asked is the issue that there is money sitting there that they can allocate or borrow?

Mr. Patterson stated my issue is the perception of the homeowner.

Mr. Asbury stated that would be more my issue. It is going to be my problem to explain to them that it is not going up. You are not voting to increase their assessment.

Mr. Mossing stated there is already \$110,000 approved through the prior Master Methodology that is out there.

Ms. Kilinski stated the actual number is not changing at all.

Mr. Patterson stated it gives me serious heartburn that it may come back to haunt me.

On voice vote with all in favor the motion passed.

Mr. Cox left the telephone conference at this time.

SEVENTH ORDER OF BUSINESS

**Consideration of Resolution 2018-12
Supplemental Assessment Resolution**

This item deferred.

EIGHTH ORDER OF BUSINESS

**Consideration of Other Financing Related
Matters**

There being none, the next item followed.

NINTH ORDER OF BUSINESS

**Consideration of Acquisition of Series 2018
Project Improvements**

Ms. Kilinski stated you have seen this form of documents before. This is the package we use for acquisition of improvements that are part of the Engineer's report. You don't have the 2018 Engineer's report in here, that is the Engineer's report that is specific to the 2018 bonds, but you have seen it before, you approved it two meetings ago. This is part of the acquisition package for the Unit 1 infrastructure. You will see the actual total costs, what improvements you are acquiring and the total was \$4,607,686.

Mr. Wise stated a portion of the infrastructure in this infrastructure acquisition package is from Assessment Area 1 and a portion of it is from Assessment Area 2.

Mr. Wise pointed out on the map Assessment Area 1 that has been completed and platted and Assessment Area 2 and stated also master stormwater facilities that serve Assessment Area 1

and a portion of Assessment Area 2, there are three primary stormwater facilities that serve these western phases, they are complete and getting ready to be accepted by the City.

Mr. Asbury stated we as the CDD are accepting these improvements, which are the infrastructure improvements then the CDD is giving them to the City.

Mr. Wise stated that is correct. The infrastructure itself, the improvements is what the CDD is being requested to acquire but no land at this time. There will be land that is transferred to the CDD at a future acquisition. Right now, it is just the constructed improvements. The portion of those construction improvements that we won't immediately pass to the City are the alleyways, they don't meet the City's design criteria and then stormwater management facility #1 and stormwater management facility E.

Mr. Russell asked are we going to maintain the alleyways?

Mr. Wise stated correct, the CDD will maintain the alleyways in perpetuity. Besides that, everything else, the main roads, water, sewer, stormwater, everything that occurs through the roadway corridors will get turned over, accepted and will be owned and maintained by the City.

Mr. Russell asked is there a certain condition they have to be in before they accept the turnover?

Mr. Wise stated yes and they have met those conditions. One of the things I have done prior to allowing this infrastructure acquisition to get to this point is to make sure they are up to City standards, they have met all their permit requirements, they have met all the testing requirements, and they are ready to be accepted by the City or whoever the final governmental entity is that will own them.

Ms. Kilinski stated we have discussed the CDD providing some letter or having the letter from the developer that says that any bond or warranties that need to be provided to the city for acceptance of the roadways is being provided directly from the developer to the city and not from the CDD. If there is any warranty item that they are required to come back and fix, that wouldn't be on the District.

Mr. Wise stated the contractor is providing a 2-year warranty bond from the date of acceptance so it will handle any warranty items.

Mr. Russell asked is that how it is traditionally handled?

Mr. Wise stated the City's minimum roadway design criteria is that you have to have two-lanes right off the bat and an alleyway is one-way.

Mr. Asbury stated because we haven't put the final lift of asphalt on some of the roadways and some of the sidewalks aren't done, there is a bond being given to the City for those improvements to be done at the end.

On MOTION by Mr. Patterson seconded by Ms. Castille with all in favor acquisition of the Series 2018 project improvements was approved.

TENTH ORDER OF BUSINESS

Consideration of Addendum No. 1 and Update Regarding Construction Related Matters for Canopy Units 4 and 5 Infrastructure

Ms. Kilinski stated this is more of an update to the Board. At the last meeting you authorized a request for proposal for Units 4 and 5 and we had certain dates specified in that authorization. The evaluation criteria is not changing but the scope of the project is changing and we wanted to bring that to your attention.

Mr. Justice stated on the 26th we issued this addendum to make the bid more representative of what was going to be constructed, the 257 lots versus the overall 450 lots. We are going to issue a second addendum as it states here on or before the 18th releasing those revised plans for Assessment Area 2.

Mr. Wise pointed out on a map the areas that were put out to bid and stated we decided it was better to push the bid opening back, reissue a set of plans that had a reduced scope so that the bidders were bidding on what was actually intended to be constructed right away, not the overall picture and then once we get the contractor on Board try to scale it down then.

Ms. Castille asked the numbers you just read out were different than on the front page. We have 352 lots down to 184 lots.

Mr. Wise stated I apologize, the other 100 we were referencing is this portion over here so Units 4 and 5 combined are 352 lots. 184 is the area highlighted in pink. We are reducing the scope of the construction project to more accurately match assessment area no. 2 for the bonds that are going to be issued that way we don't have a contractor come in with a \$12 million bid and we start negotiating down to the actual scope that we want. We want to advertise a scope then towards the end of the project if we want to add on another 40 houses or whatever it is easier to add than it is to start off on the front end and reducing a construction contract by 50%.

ELEVENTH ORDER OF BUSINESS Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

Mr. Wise stated I'm transitioning out of my role at GPI and as such Joe who has 30+ years of experience in construction has been transitioning in. Almost everything we do related to engineering and CDD is bidding and construction oriented so I believe his expertise is going to prove more beneficial than my third of his career. I am still available to these guys, it is going to be a transition period of six more weeks or so. I plan to come to the next CDD meeting and be involved as much as I need to be. I wanted to let you know my news and thank you for letting me serve and I really enjoyed it. I will be joining my brother in his business.

Mr. Mossing stated we are sad to hear your departure, you have been helpful and instrumental in getting us to the point we are. It sounds like you have a strong team behind you.

C. Manager

Mr. Mossing stated as we mentioned as part of the amended Master Methodology discussion we want to ask the Board to move their public hearing date for the budget from September 5th to August 21st at the same time and location as your public hearing for the assessments. We will adopt the budget and levying an operating and maintenance assessment. We will add it to the draft mailed notice coming out.

On MOTION by Ms. Castille seconded by Mr. Asbury with all in favor the budget hearing date was changed from September 5, 2018 to August 21, 2018 at 11:00 a.m. at Dorothy B. Oven Park.

i. Balance Sheet and Income Statement

A copy of the balance sheet and income statement were included in the agenda package.

ii. Consideration of Funding Request No. 9

On MOTION by Mr. Patterson seconded by Mr. Russell with all in favor funding request no. 9 was approved.

Mr. Wise stated we received a capital funding request late last week and we will review that and get it to you.

TWELFTH ORDER OF BUSINESS Other Business

There being none, the next item followed.

THIRTEENTH ORDER OF BUSINESS Supervisors Requests

There being none,

On MOTION by Mr. Patterson seconded by Mr. Asbury with all in favor the meeting adjourned at 12:05 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman