

**MINUTES OF MEETING
FALLSCHASE
COMMUNITY DEVELOPMENT DISTRICT**

A Public Hearing and Regular Meeting of the Fallschase Community Development District's Board of Supervisors was held on **Tuesday, September 29, 2015 at 1:00 p.m.**, at the **office of Gardner, Bist, Wadsworth, Bowden, Bush, Dee, Lavia & Wright, P.A., 1300 Thomaswood Drive, Tallahassee, Florida 32308.**

Present and constituting a quorum were:

Chuck Vavrus	Chair
Tim Marston	Vice Chair
Sean Marston	Assistant Secretary
Mike Taggart	Assistant Secretary

Also present were:

Rick Woodville	Wrathell, Hunt and Associates, LLC
Kenza "Ken" van Assenderp	District Counsel
Charles Gardner	Landowners' Counsel/Gardner, Bist, <i>et al.</i>

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Woodville called the meeting to order at 1:12 p.m., and noted, for the record, that Supervisors Chuck Vavrus, Tim Marston, Sean Marston and Mike Taggart were present, in person. Supervisor Brett DuBois was not present.

SECOND ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

THIRD ORDER OF BUSINESS

Administration of Oath of Office to Newly Elected Supervisor, Brett DuBois [Seat 4]
(the following to be provided in a separate package)

- A. Guide to Sunshine Amendment and Code of Ethics for Public Officers and Employees**
- B. Membership, Obligations and Responsibilities**

- C. **Financial Disclosure Forms**
 - i. **Form 1: Statement of Financial Interests**
 - ii. **Form 1X: Amendment to Form 1, Statement of Financial Interests**
 - iii. **Form 1F: Final Statement of Financial Interests**
- D. **Form 8B – Memorandum of Voting Conflict**

Mr. Woodville deferred this item, as Mr. DuBois was not present. Mr. Vavrus', Mr. Sean Marston's and Mr. Tim Marston's seats expire November, 2016; Mr. DuBois' and Mr. Taggart's seats expire November, 2018.

FOURTH ORDER OF BUSINESS

**Public Hearing to Hear Comments and
Objections on Adoption of Fiscal Year
2015/2016 Budget**

A. Affidavit of Publication

Mr. Woodville presented the affidavit of publication for today's Public Hearing and Regular Meeting.

B. Consideration of Resolution 2015-4, Relating to the Annual Appropriations and Adopting the Budget for the Fiscal Year Beginning October 1, 2015 and Ending September 30, 2016

Mr. Woodville reported that the proposed Fiscal Year 2016 budget was presented at the March 24, 2015 meeting.

Mr. van Assenderp explained that the Board approved the proposed budget, at the last meeting, and will adopt the final budget, today. He pointed out that the Board may revise the budget but cannot increase assessment amounts. Mr. van Assenderp advised that cities and counties follow the same procedure.

Mr. Woodville referred to Page 1, of the proposed Fiscal Year 2016 budget and noted that revenues and expenditures were exactly the same and the fund balance will pay the operational expenses of the District, as projected.

Mr. van Assenderp indicated that, under "Legal", on Page 2, the statement "they provide services as local government lawyers" should be changed to "they are local government lawyers".

*****Mr. Woodville opened the Public Hearing.*****

Mr. Woodville noted, for the record, that there were no questions or comments from members of the public.

*****Mr. Woodville closed the Public Hearing.*****

Mr. Woodville presented Resolution 2015-4 for the Board’s consideration and read the title into the record:

“THE ANNUAL APPROPRIATIONS RESOLUTION OF THE FALLSCHASE COMMUNITY DEVELOPMENT DISTRICT (THE “DISTRICT”) RELATING TO THE ANNUAL APPROPRIATIONS AND ADOPTING THE BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2015 AND ENDING SEPTEMBER 30, 2016”

On MOTION by Mr. Taggart and seconded by Mr. Tim Marston, with all in favor, Resolution 2015-4, Relating to the Annual Appropriations and Adopting the Budget for the Fiscal Year Beginning October 1, 2015 and Ending September 30, 2016, as amended, was adopted.

In response to a Board Member’s question, Mr. Woodville indicated that Staff will complete the blanks in Resolution 2015-4.

FIFTH ORDER OF BUSINESS

Consideration of Fiscal Year 2015/2016 Funding Agreement

Mr. Woodville presented the Fiscal Year 2015/2016 Funding Agreement with the landowner, RBC Fallschase LLC (RBC), for the Board’s consideration.

Mr. Vavrus referred to Article 2, on Page 2, and requested clarification of the following statement:

“The Landowner agrees to make available to the District the moneys necessary for and limited to the operation of the District as called for in the Budget...”

Mr. Woodville explained that this is a standard form of agreement and, according to the fourth WHEREAS clause, on Page 1, this Funding Agreement is in effect for one year. He noted that the current budget is being funded from fund balance and, for contingency reasons, should

additional funds be needed to operate the District, the District would request funding from the developer; however, this was not anticipated.

Mr. Vavrus asked why the agreement does not specify that funding is on a contingency basis, as he understood that RBC must immediately write a check.

Mr. van Assenderp clarified that the District is limited by the budget, which is not a requirement to spend but an authorization of the maximum amount to be spent.

Mr. Vavrus questioned the meaning of “contingency”. Mr. Woodville indicated that there is raw land and no infrastructure so there is only operation and maintenance (O&M); however, for debris removal due to a tornado or hurricane, the District will turn to the developer for additional funding. Mr. Woodville anticipated that, next year, the District must consider other funding sources, such as a direct contribution from the developer or imposing assessments.

Mr. Vavrus reported that grates must be installed along the stormwater system and asked why this would not be under the purview of the District, if the roads are not operational. Mr. Woodville explained that the District is responsible to the City or County. Mr. van Assenderp believed that the District owned the old drainage system and, if the improvement is not the responsibility of the District, it would be the responsibility of the landowner. In response to Mr. Vavrus’ question, Mr. van Assenderp indicated that the District Engineer can determine whether an improvement is owned by the District.

Mr. Tim Marston understood that the District did not own anything but, if it was within the District’s boundaries and, if there was an accident, the District could be liable. He recalled that, several years ago, manholes were stolen.

Mr. van Assenderp advised that the District’s one purpose is to provide infrastructure and the District has not provided any infrastructure, nor does it own any infrastructure. He pointed out that, if the District does not own, construct or maintain anything, the fact that the Charter gives the District the power to do so is not enough for the County to require the District to do something. The District only performs administrative tasks, such as approving a budget.

In response to Mr. Tim Marston’s question, Mr. Woodville indicated that the District carries public officials and general liability insurance.

Mr. Gardner asked why the developer is paying for the protective barriers over the storm drains. Mr. Vavrus indicated that the developer owns the drainage system and the County requires them. Mr. Gardner recalled this issue being resolved last year.

Mr. van Assenderp will research what the CDD owns and whether the County has an enforceable right to ask the District to do something, in the event of an act of God. Mr. Woodville was of the opinion that, because the District does not own any land; the responsibility falls on the landowner.

Mr. Gardner inquired if the developer owns the holding ponds. Mr. Vavrus indicated that the developer agreed to maintain them.

Mr. Vavrus did not want to sign a blank check that the District can use for whatever purpose necessary.

Mr. Woodville advised that, if the District encountered a situation where it did not have funding, the Board has authority to assess the developer.

In response to Mr. Vavrus' question, Mr. van Assenderp indicated that a noticed Public Hearing is required. Mr. Vavrus asked if the assessment can occur at any time of the year. Mr. van Assenderp explained that the District can impose and levy an assessment, which is a lien on property equal to a property tax lien, whenever it wants to but, it must be collected through the Tax Collector, once per year. Mr. Woodville noted that the assessment is collected under uniform tax collection or direct bill, at the direction of the Board. Mr. van Assenderp explained that, with direct billing, all billing is directly off roll and collected by the Tax Collector or District Manager.

Mr. Woodville recalled a conversation with Mr. Vavrus, last year, regarding adjacent homeowners complaining about pond maintenance. It was determined, at that time, that the District did not own any property and the developer immediately handled this matter. Mr. van Assenderp commented that this is a great example.

Mr. van Assenderp will ask the District Engineer to confirm what property is owned by the District.

Mr. Vavrus did not recall signing a Developer Funding Agreement last year. Mr. Woodville reiterated that this is standard operating procedure in all Districts where there must be a funding source, whether imposing assessments or entering into a Developer Funding Agreement.

It was noted that, once the land is developed, the District will issue bonds and assess property owners. On Page 3, of the Funding Agreement, "RBS FALLSCHASE, LLC" should be "RBC FALLSCHASE, LLC".

On MOTION by Mr. Sean Marston and seconded by Mr. Taggart, with all in favor, the Fiscal Year 2015/2016 Funding Agreement, as amended, was approved.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2015-5, Adopting the Annual Meeting Schedule for Fiscal Year 2015/2016

Mr. Woodville presented Resolution 2015-5 for the Board’s consideration. He advised that the meeting schedule is published once per year and, although monthly meetings are scheduled, the Board only meets twice per year; in May, when the proposed budget is presented and in August, when the Board finalizes the budget.

Mr. Tim Marston recalled that, this year and last year, the Public Hearing on the final adoption of the budget was held in September; he was not available in August.

In response to a question, Mr. Woodville indicated that contact information was provided in the advertisement and will be posted on the District’s website. This Public Hearing satisfies the legal requirement.

On MOTION by Mr. Tim Marston and seconded by Mr. Sean Marston, with all in favor, Resolution 2015-5, Adopting the Annual Meeting Schedule for Fiscal Year 2015/2016, as amended to schedule the Public Hearing to adopt the Fiscal Year 2017 budget, in September, and authorizing Staff to advertise, accordingly, was adopted.

SEVENTH ORDER OF BUSINESS

Presentation of Audited Financial Report for Fiscal Year Ended September 30, 2014, Prepared by Grau & Associates

Mr. Woodville presented the Audited Financial Report for the fiscal year ended September 30, 2014, which was prepared by Grau & Associates (Grau). He advised that an annual audit is statutorily required.

On Page 1, Mr. Woodville reported that the Auditor stated, *“In our opinion, the above information was presented fairly”*, meaning that the financials were materially accurate. He discussed the *“Financial Highlights”*, under *“Management Discussion and Analysis”*, on Page 3, noting that the liabilities of the District exceeded its assets, at the close of Fiscal Year 2014,

resulting in a net position deficit of \$45,639. Mr. Woodville indicated that the audit met the requirement of being filed with the state by June 30, 2015.

Mr. Woodville referred to the “Statement of Net Position”, on Page 6, and explained that, due to the adoption of Governmental Accounting Standards Board (GASB) 34, in 2000, the “Net Position” recognizes full accrual of the District’s total liabilities and assets. In this case, the District does not have any bonds or assets; the same is reflected in the “Statement of Activities, on Page 7.

Mr. Woodville noted that the “Balance Sheet” for the “Governmental funds”, on Page 8, reflected the District’s current assets and liabilities. There were no long-term liabilities, assets or depreciation. As of September 30, 2014, the District had \$41,778 in “Cash” and “Prepays” of \$5,150, for general liability and officers and directors liability insurance, “Accounts payable” of \$1,289 and an “Unassigned” fund balance of \$21,664.

Mr. Woodville referred to the “Statement of Revenues, Expenditures, and Changes in Fund Balances”, on Page 9, and noted “Miscellaneous revenue” of \$55, which accrued during the year from interest and a “Fund Balance - Beginning” of \$63,193. There was a deficit of \$17,554 in revenues over expenditures, resulting in a “Fund Balance - Ending” of \$45,639.

On Page 10, Mr. Woodville reported that the District was originally created under Ordinance 75-6, on February 11, 1975, and later re-established by Ordinance 97-18, in Leon County, on October 23, 1997.

Mr. van Assenderp explained that, technically, Fallschase was created as a Special Taxing District by the County Commission for the original developer, Lennar; after the Charter of CDD was enacted in 1980, the County Attorney converted Fallschase into a CDD, in 1997. He noted that no District, as a matter of Florida law, under Chapter 190, has ever been created by a County; the legislature created Fallschase and chartered it. All the County did, in 1997, was to take this legislatively created District, breathe life into it and allow it to operate on Fallschase property, independently.

Mr. van Assenderp advised that the statement: *“Fallschase Community Development District was originally created under Ordinance 75-6 on February 11, 1975”* is incorrect and should say *“Fallschase Special District was created under Ordinance 75-6 on February 11, 1975 and later re-established as a Community Development District...”*

Mr. Woodville referred to Note 5, on Page 14, and the statement: *“During the fiscal year 2013, CPP Fallschase II LLC and RBC Fallschase LLC purchased the remaining land owned by the Developer at a bankruptcy proceeding, which became the major Landowner. The Landowner/Developer agrees to make available to the District the monies necessary for and limited to the operation of the District as called for in the budget”*. Mr. van Assenderp noted that the words “and limited to” protect the developer.

Mr. Woodville indicated that the reason for the Funding Agreement was because of Note 6, which stated: *“The District’s activity is dependent upon the continued involvement of the major Landowner, the loss of which could have a material adverse effect on the District’s operations”*. Mr. Vavrus pointed out that two entities purchased the land. Mr. van Assenderp and Mr. Woodville agreed.

Mr. Woodville advised that, in the “Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance”, on Page 17, the Auditor identified no instances of noncompliance or other matters, meaning that this was a clean opinion on the internal controls of Management.

Mr. Woodville reported that the “Independent Auditor’s Report on Compliance with the Requirements of Section 218.415, Florida Statutes, Required by Rule 10.556(10) of the Auditor General of the State of Florida”, was a new report, which showed the District’s compliance with investment requirements. The “Management Letter” and “Report to Management”, on Pages 20 and 21, were required by the Auditor General and reflected no current or prior year findings or recommendations.

In response to a question, Mr. Woodville explained the conditions of a financial emergency, which would pertain to a District’s inability to pay its bills or a negative fund balance. He stated that there were no conditions for a financial emergency or indications that the District was under any deteriorating financial conditions because the District is adequately funded.

Mr. Vavrus questioned the “Miscellaneous revenue” of \$55. Mr. Woodville will clarify this with the Accountant.

EIGHTH ORDER OF BUSINESS

Consideration of Resolution 2015-6, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2014

Mr. Woodville presented Resolution 2015-6 for the Board's consideration.

On MOTION by Mr. Sean Marston and seconded by Mr. Tim Marston, with all in favor, Resolution 2015-6, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2014, as amended, was adopted.

NINTH ORDER OF BUSINESS

Approval of April 7, 2015 Regular Meeting Minutes

Mr. Woodville presented the April 7, 2015 Regular Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Taggart and seconded by Mr. Sean Marston, with all in favor, the April 7, 2015 Regular Meeting Minutes, as presented, were approved.

TENTH ORDER OF BUSINESS

Other Business

There being no other business, the next item followed.

ELEVENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. van Assenderp reported that, last November, he sent Mr. Vavrus and Mr. Wrathell a draft petition to contract the District. He explained that the area within the District will be reduced by taking certain property outside of the District. Mr. van Assenderp noted that this action was placed on hold because of the preparation of Exhibit B.

Mr. van Assenderp pointed out that certain real properties within the current District boundary are privately owned; including a road right-of-way (ROW) and stormwater ponds,

which are being moved out of the District, as the District does not own them. He noted that the developable parcels are:

- Parcel ID: 1127290000070, a 14.5 acre parcel owned by CPP Fallschase II LLC; seven acres are within the District boundary and a ROW and stormwater pond, owned by the POA, will be removed from the District boundary.
- Parcel ID: 112741K0030, a 0.33 acre parcel owned by RBC Fallschase LLC, will be removed from the District boundary.
- Parcel ID: 1126200090000, a 3.33 acre parcel owned by RBC Fallschase LLC, will be removed from the District boundary.

Mr. van Assenderp noted that, upon receiving the report from the landowner/developer, Staff will proceed with the County to contract the District's boundary.

Mr. Vavrus will verify with Mr. Gardner why the 0.33 parcel has a separate Parcel ID number and why it is being moved out of the District's boundaries. Mr. Sean Marston requested an exhibit.

Mr. van Assenderp advised that, if the Board is ready to authorize the draft petition to contract the District, he will task the District Engineer with preparing Exhibit B.

Mr. Taggart asked if a new boundary survey was necessary. Mr. van Assenderp indicated that it is not required but it is a good idea, especially if the District eventually issues bonds and imposes assessments. Mr. Sean Marston pointed out that a boundary survey is costly. Mr. van Assenderp clarified that a meets and boundary survey is required.

*****The meeting recessed at 2:06 p.m.*****

*****The meeting reconvened at 2:20 p.m.*****

Mr. van Assenderp reported that he thoroughly examined the parcels to be contracted out of the District and will revise the contraction resolution, which Mr. Gardner, attorney for the landowner, provided, and will explain it.

Mr. Woodville asked if all District Counsel or District Engineer expenses would be paid by the developer. Mr. Vavrus indicated that the expenses will be paid by CPP Fallschase II LLC.

Mr. van Assenderp advised that when and if the decision is brought to the Board, the Board must then decide whether to file the petition.

Mr. Gardner stated that the landowner must send a letter to the District. Mr. van Assenderp concurred and noted that he provided an estimate to Mr. Gardner, which was minimal, as Mr. Gardner completed most of the work.

▪ **Approval of April 7, 2015 Regular Meeting Minutes**

Discussion of the April 7, 2015 Regular Meeting Minutes resumed.

Line 198: Change “pre-operation” to “pre-application”

On MOTION by Mr. Taggart and seconded by Mr. Sean Marston, with all in favor, amending the prior motion to approve the April 7, 2015 Regular Meeting Minutes, as amended, was approved.

Mr. van Assenderp reminded Mr. Woodville to contact Grau regarding the audit corrections.

B. Engineer

There being no report, the next item followed.

C. Manager

i. Approval of Unaudited Financial Statements as of August 31, 2015

Mr. Woodville presented the Unaudited Financial Statements as of August 31, 2015 and noted that the “Balance Sheet”, on Page 1, reflected “Cash” and “Fund balance” of \$29,246. He indicated that on Page 2, “Legal advertising” was trending higher, at 42% of budget but the remainder of the budget was trending appropriately, at 92%. Per the financials, “Legal advertising” was at 113% and the remainder averaged at 87%.

On MOTION by Mr. Sean Marston and seconded by Mr. Tim Marston, with all in favor, the Unaudited Financial Statements as of August 31, 2015, were approved.

ii. 0 Registered Voters in District as of April 15, 2015

Mr. Woodville indicated that there were zero registered voters residing within the boundaries of the District as of April 15, 2015.

TWELFTH ORDER OF BUSINESS

**Audience
Requests**

Comments/Supervisors'

Mr. Sean Marston requested an update on the plan for the residential property.

Mr. Vavrus reported that the developer, RBC, is continuing with planning efforts; the pre-operation meeting with the County was held on April 29, 2015. He noted that the County raised some issues with the plan for Phase 1, or the western portion, which are being resolved. Mr. Vavrus advised that construction was at a standstill, as Public Alliance was trying to purchase some parcels and working with the Department of Trails and Parks; they may have enough money to purchase the land east of the ravine. The apartments also received some interest. Mr. Vavrus believed that everyone would have the same issues and it was better for the developer to resolve the issues to reap the benefit.

THIRTEENTH ORDER OF BUSINESS

Adjournment

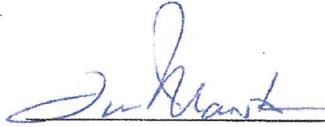
There being no further business to discuss, the meeting adjourned.

On MOTION by Mr. Tim Marston and seconded by Mr. Taggart, with all in favor, the meeting adjourned at 2:28 p.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]



Secretary/Assistant Secretary



Chair/Vice Chair