

**MINUTES OF MEETING
FALLSCHASE
COMMUNITY DEVELOPMENT DISTRICT**

A Public Hearing and Regular Meeting of the Fallschase Community Development District's Board of Supervisors were held on **Wednesday, September 6, 2017 at 1:00 p.m.**, at **2810 Remington Green Circle, Tallahassee, Florida 32308.**

Present at the meeting were:

Richard Yates	Chair
Rick Singletary	Vice Chair
Albert C. Penson	Assistant Secretary

Also present were:

Craig Wrathell (<i>via telephone</i>)	District Manager
Howard McGaffney	Wrathell, Hunt and Associates, LLC
Kenza van Assenderp	District Counsel
Edward N. Bass	District Engineer
Max Beverly	Landowner Representative
Jeff Phipps	Supervisor-Elect
Chase Williams	

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. McGaffney called the meeting to order at 1:15 p.m. Supervisors Yates, Singletary and Penson were present, in person. Supervisor Lamb was not present. Supervisor-Elect Phipps was present, in person.

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 Jeff Phipps [Seat 2] (*the following will also be provided in a separate package*)

Mr. McGaffney, a Notary of the State of Florida and duly authorized, administered the Oath of Office to Mr. Phipps. Mr. McGaffney provided and briefly explained the following items:

- A. **Guide to Sunshine Amendment and Code of Ethics for Public Officers and Employees**
- B. **Membership, Obligations and Responsibilities**
- C. **Q & A**
- D. **Chapter 190, Florida Statutes**
- E. **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**
- F. **Form 8B: Memorandum of Voting Conflict**
 - **Purpose of the District**
 - **Responsibilities of Board of Supervisors**

****These items, previously items 11Ai and 11Aii, were discussed below, as part of the explanation of the Supervisor documents.****

Mr. van Assenderp discussed the importance of the District in making Fallschase a success. Board Members, as elected officials, must conduct themselves and are subject to the same limitations, requirements and disclosures as City and County Commissioners. The CDD is a Special Purpose District with the sole purpose of managing the infrastructure, including providing, acquisition, construction, operation and maintenance (O&M) and financing that infrastructure. There are limitations on the Board, which include procedural limitations, such as complying with the Sunshine Law, financial disclosure, noticing meetings and quorum requirements. Substantive limitations govern how the CDD is developed; the District cannot participate in zoning, comprehensive planning, environmental permitting, etc. Mr. van Assenderp discussed the thresholds required for the District to transition from Landowners' Election to the General Election process and stated that, once the District reaches the threshold of 250 qualified electors residing within the District, it would transition to the General Election process. Mr. van Assenderp discussed the difference between HOAs and CDDs.

Mr. McGaffney and Mr. Wrathell further explained the Sunshine Law, submitting Form 1 to the Supervisor of Elections of their county of residence, via Certified Mail within 30 days

from today, public records requests and maintaining separate files and emails for CDD matters. Mr. Wrathell stated that, Management's office was the repository for the District and, if Board Members copied him on all emails, they would be retained on Management's server. Should there be a public records request, it should be forwarded to him and Mr. van Assenderp and they would provide the requested documents.

FOURTH ORDER OF BUSINESS

Public Hearing to Hear Comments and Objections on Adoption of Fiscal Year 2017/2018 Budget

A. Affidavit of Publication

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

B. Consideration of Resolution 2017-15, Relating to the Annual Appropriations and Adopting the Budget for the Fiscal Year Beginning October 1, 2017 and Ending September 30, 2018

Mr. McGaffney presented Resolution 2017-15. There were no changes since the last meeting. The District would be Developer-funded. Funding requests would be submitted to the Developer, who would fund the expenses, accordingly.

Mr. Penson inquired if retaining the Auditor, District Engineer and Bond Counsel would require amending the budget or if those expenses would be funded from another source. In response to Mr. Penson's inquiry, Mr. Wrathell stated that he assumed Mr. van Assenderp would handle the bond validation proceedings although Bond Counsel could handle that as well. Typically, the activities related to the bond validation were eligible to be paid as part of the bond Costs of Issuance (COI), including the actual Bond Counsel work related to the issuance of the bonds. The District previously went through the required Request for Qualifications (RFQ) process and the District Engineer, Moore Bass, was probably already under a Continuing Services Agreement; Mr. Wrathell would verify. If the Board desired, it would not have to go through and RFQ process again, since the District already did that in the past. There should be no issue or concern to return to the RFQ process. The District Engineer's fees, as related to the Engineer's Report, were also eligible to be paid as part of the bond COIs; therefore, those fees were not included in the budget. If Mr. Bass required payment prior to the bond issuance, through the existing developer funding arrangement, the District could fund the expense and the

developer would be reimbursed. Wrathell Hunt and Associates, LLC (WHA), as the Assessment Methodology Consultant, would only be paid for those services, once the bonds were issued. Most everything in the budget was directly related to the ongoing operational aspects of the District. The Bond Underwriter would be paid at the time of bond issuance; if bonds were not issued, the Bond Underwriter would not be paid.

Mr. van Assenderp stated that he and Bond Counsel, as the issuer’s counsel, must render opinions to the bond purchasers, as the perspective investors, since the District governed the issuance of bonds. Bond Counsel’s opinion deals with securities laws, federal tax and state tax laws; the opinion would state that everything was set up correctly and that the District did what was required of it, including that the liens of the assessments and first liens were handled accordingly. Those opinions would be funded by the bond proceeds and would not affect the budget.

*****Mr. McGaffney opened the Public Hearing.*****

No members of the public spoke.

*****Mr. McGaffney closed the Public Hearing.*****

On MOTION by Mr. Penson and seconded by Mr. Singletary, with all in favor, Resolution 2017-15, Relating to the Annual Appropriations and Adopting the Budget for the Fiscal Year Beginning October 1, 2017 and Ending September 30, 2018, was adopted.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2017-16, Adopting the Annual Meeting Schedule for Fiscal Year 2017/2018

Mr. McGaffney presented Resolution 2017-16. Meetings would be held on the first Wednesday of each month, at 1:00 p.m., at this location. If a meeting was not necessary it would be cancelled but, as the activity of the District picked up, more meetings would be necessary. There would be requirements , such as Public Hearings, etc., as the District got closer to issuing bonds.

Mr. Yates stated that Mr. Fred Harris was retained, as Bond Counsel, and meetings would depend on the schedules of Mr. Harris and the other attorneys.

Mr. Wrathell stated that Management and Mr. Bass were working on an updated Engineer's Report. The original Engineer's Report and Assessment Methodology Report (Methodology) were completed just prior to the beginning of the recession. The required Assessment Public Hearings were successfully conducted and completed. The District validated bonds in Circuit Court, as required pursuant to Chapter 190 of the Florida Statutes, when issuing debt exceeding five years in debt maturity. If continuing under the same path and umbrella of what had already been completed, only updates to the Engineer's Report and Methodology, reflective that a new development team was in place, remained. There might be a few adjustments to the product mix and development plan and potential adjustments to the Capital Improvement Plan (CIP), as originally contemplated. If the District proceeded under the original umbrella, then it could also proceed under the original bond validation, which meant that the bonds might not have to be validated again, which would save a lot of time; however, depending on the changes and updates to substantiate the changes, the Assessment Public Hearings, would probably be necessary and require the District to be fluid in how meetings and hearings were scheduled and held. Once an updated Engineer's Report was prepared by Mr. Bass, Management would only need one or two weeks to update the Methodology, based on Mr. Bass' updated Engineer's Report. This would be placed on a future agenda, together with an Assessment Resolution, which would commence the Assessment Public Hearing process. The Public Hearings would occur approximately 45 days after that Board Meeting and then the District would be in a position to authorize the Underwriter to market and sell the bonds. Potentially, the bond closing could be done fairly quickly, following the required Public Hearings.

On MOTION by Mr. Penson and seconded by Mr. Singletary, with all in favor, Resolution 2017-16, Adopting the Annual Meeting Schedule for Fiscal Year 2017/2018, was adopted.

Mr. van Assenderp stated that he still had the Validation Order and would review the Assessment Resolutions, once the amended Engineer's Report was provided; therefore, he was not prepared to recommend what the District did, or did not need, in order to proceed towards bond validation. He wanted to ensure that the District was well-protected, as to whatever decisions the Board made, based on the advisement of its Management Staff and Counsel, for

any collateral that may come later. Mr. van Assenderp wished to clarify that he had not rendered any kind of a legal opinion regarding what the District does or does not need to do regarding a validation or that it did not need to do an Assessment Resolution.

SIXTH ORDER OF BUSINESS

Consideration of Responses to RFP for Annual Audit Services

A. RFP Package

The Request for Proposals (RFP) was provided for informational purposes.

B. Affidavit of Publication

The affidavit of publication was provided for informational purposes.

C. Respondents

Mr. McGaffney stated that he was familiar with all of the above auditors, with the exception of Lanigan & Associates, P.C., and, in his professional experience, they all did a great job.

Mr. Wrathell stated that the auditors generally come to Management's Corporate Offices to review the internal control procedures and those types of aspects of the operation. He had not heard of Lanigan & Associates, P.C., but was familiar with and had worked with the others in the past.

i. Berger, Toombs, Elam, Gaines & Frank

Berger, Toombs, Elam, Gaines & Frank (Berger Toombs) proposed the following:

- \$2,750 for the Fiscal Year ended September 30, 2017
- \$3,125 for the Fiscal Year ended September 30, 2018
- \$3,250 for the Fiscal Year ended September 30, 2019

ii. Carr, Riggs & Ingram, LLC

Carr, Riggs & Ingram, LLC (CRI) proposed the following:

- \$5,500 for the Fiscal Year ended September 30, 2017
- \$5,500 for the Fiscal Year ended September 30, 2018
- \$5,500 for the Fiscal Year ended September 30, 2019
- Plus, additional hourly rates for services.

iii. Grau & Associates

Grau & Associates (Grau) proposed the following:

- \$2,600 for the Fiscal Year ended September 30, 2017

- \$2,700 for the Fiscal Year ended September 30, 2018
- \$2,800 for the Fiscal Year ended September 30, 2019

iv. Lanigan & Associates, P.C.

Lanigan & Associates, P.C. (Lanigan) proposed the following:

- \$ 5,000 for the Fiscal Year ended September 30, 2017
- \$10,000 for the Fiscal Year ended September 30, 2018
- \$12,500 for the Fiscal Year ended September 30, 2019
- Plus additional hourly rates for services, ranging from \$100 to \$275, depending on the level of service required and the level of the accountant used.

D. Ranking

Mr. McGaffney reviewed the Auditor Evaluation Matrix.

Mr. Wrathell stated that auditors generally propose fixed fees, per year and he was leary of firms that charged an hourly rate, unless approved with a “not-to-exceed” amount, since some of the auditors had additional hourly fees included in their proposals.

Discussion ensued regarding whether the firms worked hourly and would charge an hourly fee above the proposed fee amounts. Mr. Wrathell stated that it was very rare for firms to charge above the proposed fee. Discussion ensued regarding additional hourly rates, fees and the experience of the proposers. Mr. Wrathell voiced his opinion that Lanigan’s proposed fees were indicative of a firm that had not performed many CDD audits and did not have the same economies of scale, which resulted in higher proposed fees and potentially charging additional hourly fees. Mr. McGaffney stated that Grau performed the CDD’s last two audits. Mr. Wrathell discussed Management’s working relationship with CRI, Grau and Berger, Toombs. Given the experience and quality of work from CRI, Grau and Berger, Toombs, Mr. Wrathell was comfortable with the Board selecting the firm with lowest proposed fees.

Discussion ensued regarding scoring and ranking the firms, whether the District was obligated to select the lowest bidder, approving a firm and setting a not-to-exceed amount, etc. Several Board Members preferred Lanigan because of their familiarity with that firm. Mr. Wrathell stated selection of a firm was the Board’s decision and Management would work with the firm that is selected; however, since this was a developer-funded District, the Board should avoid exceeding the budget. The audit must be submitted to the State Auditor General by June

30, annually; therefore, the firm selected must be able to complete the annual in a timely manner, for submittal by the June 30 deadline.

The Board Members chose not to complete the Auditor Evaluation Matrix and made their decision based on personal experience.

E. Award of Contract/Authorization to Negotiate with Number-One Ranked Firm

Mr. McGaffney indicated that, based on the collective discussions, the Board ranked Lanigan & Associates, P.C., as the number-one ranked firm.

On MOTION by Mr. Phipps and seconded by Mr. Yates, with all in favor, ranking Lanigan & Associates, P.C., as the number-one ranked firm, based on discussions, awarding the Annual Audit Services contract, to Lanigan & Associates, P.C., in the amount of \$5,000 for the Fiscal Year ended September 30, 2017, \$10,000 for the Fiscal Year ended September 30, 2018 and \$12,500 for the Fiscal Year ended September 30, 2019, and authorizing Staff to negotiate a contract, was approved.

SEVENTH ORDER OF BUSINESS

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

This item was deferred.

EIGHTH ORDER OF BUSINESS

Approval of Unaudited Financial Statements as of July 31, 2017

Mr. Wrathell presented the Unaudited Financial Statements as of July 31, 2017. Assessment levy revenue collections were at 87% and expenditures were at 122%.

On MOTION by Mr. Penson and seconded by Mr. Singletary, with all in favor, the Unaudited Financial Statements as of July 31, 2017, were approved.

NINTH ORDER OF BUSINESS

Approval of Minutes

A. June 7, 2017 Landowners' Meeting

Mr. McGaffney presented the June 7, 2017 Landowners' Meeting Minutes and asked for any additions, deletions or corrections. The following change was made:

Line 13: Delete "Jeff Phipps"

B. June 7, 2017 Regular Meeting

Mr. McGaffney presented the June 7, 2017 Regular Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Penson and seconded by Mr. Singletary, with all in favor, the June 7, 2017 Landowners' Meeting Minutes, as amended, and the June 7, 2017 Regular Meeting Minutes, as presented, were approved.

TENTH ORDER OF BUSINESS

Other Business

Mr. Yates wanted to discuss engagement of the Underwriter, as it appeared that a number of items, in terms of Mr. Harris' review of the validation, would be enhanced by having the Underwriter involved in the process. He thought the Board was in agreement and that it was a good idea to engage the Underwriter .

Mr. Wrathell expressed concern about having discussion about the investment banker because it was not included on this agenda. The new website requirements stated that the agenda must be posted and contain the items for consideration. He thought there was a need to make a decision on the Underwriter immediately, due to the items was being worked on, such as the updated Engineer's Report and Assessment Methodology Report. Ultimately, the Underwriter would be assisting in structuring the deal and selling the bonds so this was the time to move forward.

Mr. Yates recommended placing this on the next agenda. Mr. Wrathell stated that there were only two firms in Florida that he could recommend highly; FMSbonds, Inc. (FMS) and MBS Capital Markets, LLC (MBS), who do the majority of the underwritings. There is no legal requirement to go out for bids for Underwriting Services. Mr. Wrathell suggested selecting an investment banking firm that charged around 2% or less. He could work with the Chair and request a proposal from and investment banking firm and if the Chair was comfortable with it, this item could be placed on the upcoming agenda for approval.

A Board Member stated that Mr. Harris was engaged as Bond Counsel. Mr. Harris recommended Mr. Bill Regan, of FMS or Mr. John Kessler, an associate of Mr. Regan.

Mr. Wrathell stated that, with the new disclosure requirements, engagement of the Underwriter must be placed on an agenda; however, authorizing the Chair to work with the District Manager to obtain an engagement letter would be okay. At least the Underwriter could start gearing up with the idea that they would be hired at the next meeting.

On MOTION by Mr. Penson and seconded by Mr. Singletary, with all in favor, authorizing the Chair and District Manager to obtain a proposal from FMSbonds, Inc., was approved.

Mr. Yates stated that the District was in the process of completing all of the survey tasks associated with the east end of the property. The west end was thoroughly investigated by AIG. The east end remained uncertain. Under brushing was needed so that work could begin.

Mr. Bass stated that all of the perimeter controls that had to be set up were completed. He had to tie down the various house corners, survey encroachments, etc. The Buck Lake Road improvements were now completed. The updated, written portion of the Engineer's Report addressed some of that and all of the related survey work that was completed. Presently, they were truly into the bush right behind the mowing crews. He estimated that, of the 200-plus acres, 25% was completed.

Mr. Yates stated that his initial thinking was to construct a spine road throughout the entire parcel and then work off that spine road, as the development expanded. As soon as that was underway, he would like to start. The spine road was a priority and he at least wanted to expand out from the west end, early on. The apartments could go up roughly along the same timeline as they broke into housing on the west end. That would appeal to three or four different markets in the current economy. The concern was to complete this as quickly as possible since the economy was good.

Mr. van Assenderp inquired if the core road would generally be in the same location as the asphalt. Mr. Bass replied stated that a portion would be in that location but then it took a slightly different route, based on typography.

Mr. Bass met with Leon County Growth Management (LCGM) a few times. One time, was a follow up to an item wherein clean-up efforts were attempted but a neighbor had

complained. LCGM had to field calls from residents who heard the under brush mowing and thought it was construction. He spoke with the President of Buck Lake Alliance, Mr. Jerry Miller, apprised him of what was occurring and asked him to spread the information to concerned residents to dispel misinformation and rumors. Discussion ensued regarding the plans, public communication schedule, tree surveys, typographical information, AIG, GIS information for planning purposes, roadway design and the gate code.

Mr. Yates suggested a protocol for the media. Mr. Wrathell stated that, if he received calls from the press, concerning the development, he would usually reach out to the Developer or majority Landowner and refer reporter questions. He would almost always circle around with the Developer first, to determine if the Developer wanted him to respond. If directly related to the District, it would be forwarded on to the District Manager’s Office, a Board Member or the Developer.

ELEVENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

- i. Purpose of the District**
- ii. Responsibilities of Board of Supervisors**

These items were discussed during the Third Order of Business.

B. Engineer

Mr. Bass stated that he was continuing to work through the proposed roadway improvements and reevaluating the Engineer’s Report.

C. Manager

Mr. Wrathell stated that he would be happy to discuss the draft Engineer’s Report when it was received.

TWELFTH ORDER OF BUSINESS

**Audience
Requests**

Comments/Supervisors

There being no audience comments or Supervisors’ requests, the next item followed.

THIRTEENTH ORDER OF BUSINESS Adjournment

There being nothing further to discuss, the meeting adjourned.

**On MOTION by Mr. Penson and seconded by Mr. Phipps,
with all in favor, the meeting adjourned at 2:57 p.m.**

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]



Secretary/Assistant Secretary



Chair/Vice Chair