

ROLLING HILLS
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Rolling Hills Community Development District was held Wednesday, August 3, 2016 at 6:00 p.m. in the Rolling Hills Amenity Center, 3212 Bradley Creek Parkway, Green Cove Springs, Florida 32043.

Present and constituting a quorum were:

Jody Smith	Vice Chairman
Rose Bock	Supervisor
Kurt von der Osten	Supervisor
Stephen Grossman	Supervisor

Also present were:

Jim Oliver	District Manager
Katie Buchanan	District Counsel
Keith Hadden	District Engineer
Freddie Oca	Riverside Management
Brian Stephens	Riverside Management

FIRST ORDER OF BUSINESS

Roll Call

Mr. Oliver called the meeting to order at 6:00 p.m.

SECOND ORDER OF BUSINESS

Audience Comments

There not being any, the next item followed.

THIRD ORDER OF BUSINESS

Affidavit of Publication

A copy of the affidavit of publication of the Clay Today's notice of public hearing was included as part of the agenda package. Mailed notice of the public hearing went to all property owners.

FOURTH ORDER OF BUSINESS

Approval of the Minutes of the May 25, 2016 Meeting

On MOTION by Mr. Smith seconded by Mr. von der Osten with all in favor the minutes of the May 25, 2016 meeting were approved.

FIFTH ORDER OF BUSINESS

Public Hearing Adopting the Budget for Fiscal Year 2017

Mr. Oliver stated the next item is a public hearing adopting the budget for fiscal year 2017. It is something we do every year for every district as required under Florida Law. I will review the budget with the board. Following their discussion of the budget, we will open the public hearing, take comments from the public, close the public hearing and the Board will consider the budget and assessment resolutions.

The budget you are considering today is essentially the same budget that you approved at the beginning of the budget process on May 25, 2016. The budget has been refined over the last couple of months, but the assessment increase was capped. Those of you who have lived in the neighborhood a long time may recall the original developer decided to increase the assessments no more than \$60 gross in any particular year. The idea was that as assessments ramped up, the developer contribution or subsidy would go down. We did not get to that point yet. They had high hopes for that to happen sooner, but the recession severely impacted the pace of development and home sales. While many other planned developments crashed as a result of the recession, the original developers did everything they could and spent substantial funds to keep the community in good repair. Eventually, Rolling Hills was bought other investors and they have invested significant funds to turnaround the development. I wanted to give you an outlook that that Mr .Bill Huck of the development team shared with me today on a phone call regarding a projected timeline for the district to become is fully self-sustaining through assessments paid by homeowners. As you may recall there will be 761 developed lots in the district eventually. Right now according to the assessment roll we have residents living in homes on 134 of those lots. This information was provided recently by the property appraiser's office. Ware capping how much we increase assessments and right now the budget we are talking about would be an O&M assessment of \$828 per unit gross and the difference is made up by the developer. To put that in perspective, the budget for FY 2017 is \$545,000 to operate and maintain the district, including all the amenities and the grounds. The revenues received from the residents is \$104,000 and the rest is made up by the developer and homebuilders.

The budget is very similar to last year, the breakdown between finished lots and funding from the developer without counting the homeowners and the homebuilders is about 49/51 split. The top line in the budget is the assessments at \$320,000 and \$114,000 from current residents, and the developer and homebuilders make up the difference. The next line item is developer contributions. The developer puts in another \$217,000 into this year's budget so we can balance the budget and keep operations essentially where they are right now.

This is conceptual, but the developer said in 2018 he expects to sell about 100 lots and that would bring the total finished lots ramped up from 322 to 422, in 2019 sell 50 lots and that would bring the total finished lots to 472 then 75 lots in 2020, which would bring the count to 547, 75 lots in 2021 bringing the count to 622, 74 lots in 2022 bringing the count to 697 then selling the remaining 64 lots in 2024, which will bring it to build out at 761. Somewhere around 2021 when you get to about 622 lots you wouldn't need developer contributions anymore because that will be the point where assessments are covering everything.

Mr. Smith asked at what point in those numbers do the other phases come into play? How many lots?

Mr. Oliver stated I don't have that information by phase, only total lots. The developer wanted you to know they do have a conceptual plan. Everyone in this room would love it if sales escalated more quickly and it got built out. Later in FY 2017, we may bring back a budget amendment proposal so that this developer can take these developer contributions and actually reclassify them as assessments and that would help us with the cash flow. It is conceptual right now, but he is trying to think long term so you are fully self-sustaining.

I want to point out that in 2018 you will have your first general election for this district. Chapter 190, F.S. states that the district will start having elections of qualified electors, which are registered voters living in the district once you are six years old, which you passed a long time ago and have 250 registered voters living in the district. This year I think you were in the low 200's so you haven't met that threshold yet, but you will by the next election. One thing the developer did a few years ago was put a resident on the board that has been helpful for the community. Two of the seats will be up in 2018, two more seats in 2020 and at that time the residents will have control of the board. I think the residents have quite a bit of input on what goes on anyway through your resident vice chairman. That is the outlook on the district and as we talk about budgets we want to talk about the control element also.

The general fund budget is broken down into two main sections, one is revenues and one is the expenditures. The revenue section is made up of assessments that are levied on all the lands and the developer contributions complete the budget. In this case you can see it is over \$200,000 of developer contributions. The other three lines are small in terms of revenues they generate less than \$8,000.

The admin budget goes from \$95,800 to \$112,900 and the biggest driver is probably the fact that we have more engineering and attorneys costs this year and the reason is there have been a lot of legacy issues that were existing with this district as a result of the previous developer and some of that had to do with road improvements or deteriorating infrastructure that needed to be fixed so that they could be used by the district safely but also so the roads could be conveyed to Clay County as intended. \$112,000 is pretty common for a CDD. Next is the field budget that goes from \$156,900 to \$172,050 and the biggest driver there is landscape contingency. We didn't have anything in that line item for FY 2016 we are putting in \$10,000. Later in the meeting we will talk about the scope of services for landscape maintenance and when I get to that subject I can talk in more detail about it. We have and have had for several years an excellent company doing the landscape maintenance and it is my hope that we stay with that company but because of the added areas in the district as well as cost pressures on the vendor we imagine the cost will go up some and that is why we plugged it into the budget. Because we are a governmental entity there is a process we need to go through and we will approve the scope of work, get bids then rank those proposals not necessarily the lot bid but certainly best value for the district.

The next one is the amenity center and that goes up slightly from \$254,700 to \$260,652. Everything within these line items can be moved among the line items so if a line item does go out of whack whether under budget or over budget we can move funds among those line items so we can meet budget. If we go over budget and we have to have more money that is where the developer contribution kicks in but if we take developer contributions above what is budgeted then the district will have an obligation to pay back the developer for that loan.

The next section is platted lots and the gross assessment goes from \$768 to \$828, the net assessments is \$778 so although the district will have on the tax bill \$828 we will receive \$778. The tax collector charges 2% for a collection fee and these assessments are marked up 4% in case people don't take advantage of the early payment discount by paying their tax bills by

November 30th. Most people or their lenders pay the tax bill by November 30th so that will be 4% lower than the \$828.

The next several pages are line item descriptions and beginning on page 9 you will see a series of debt service funds. There is nothing the board can do with the debt service funds this is something you did with previous assessment hearings, it is the debt service on the bonds and this is to collect assessments to pay the two semi-annual interest payments as well as the principal payment that is made each year. What we are talking about tonight is the O&M and that increases \$60 gross.

Mr. Smith stated under security we don't contract with the highway patrol we contract with the Clay County Sheriff's Office. I bring that up because there is a cost difference and I want to make sure that we have that recorded accurately in the budget who we actually contract with.

Mr. Oliver stated we will fix that.

On MOTION by Ms. Bock seconded by Mr. Grossman with all in favor the public hearing was opened.

A resident asked what does security cover?

Mr. Oliver stated we use off duty Sheriff's Deputies and they help with patrolling the area particularly areas owned by the district but as they go through these different areas there is also a benefit to the homeowners. We can leave that line item as it is but if we need to move more money into that line item at some point we can take that from other line items.

A resident asked can you explain the large jump in supervisors fees?

Mr. Oliver responded supervisors are allowed by Florida Statute to accept \$200 per meeting up to a max of \$4,800 a year and this district meets about six times a year. We are meeting more now than in past years.

On MOTION by Mr. Grossman seconded by Mr. Smith with all in favor the public hearing was closed.

A. Consideration of Resolution 2016-06 Relating to the Annual Appropriations and Adopting the Budget for Fiscal Year 2017

Ms. Buchanan stated Resolution 2016-06 we refer to as the appropriations resolution and it goes through the whereas clauses, which indicate that we have officially approved a proposed budget we complied with our publication requirements, set a hearing date, posted the budget on the website and now we are moving forward to adopt the budget. Section 1 provides that we do adopt the budget in accordance with the provisions of Section 190.008, it clarifies that the budgets remains in Jim's office, which is where most of our official records are and it is posted on the district's official website. Section 2 we will fill in the line items since you haven't made any modifications. Section 3 authorizes budget amendments just like Jim discussed. We can move things between line items that are authorized by this resolution so long as it is not more than \$10,000 or it will come back to the board for review.

Mr. Smith asked with regard to increase in supervisors' fees you are not counting me in that right?

Mr. Oliver stated no. Please note the Vice Chairman waives his fees. We recognize that there may be extra meetings and if those funds are not used they can go to another line item. It is not a use it or lose it budget. You don't lose your money at the end of the year. Any surpluses are retained in the district so it can be used. However, based on the outlook I provided earlier, it will be several yeears before we can anticipate any surpluses.

On MOTION by Mr. Smith seconded by Ms. Bock with all in favor Resolution 2016-06 was approved.

B. Consideration of Resolution 2016-07 Imposing Special Assessments and Certifying an Assessment Roll for Fiscal Year 2017

Ms. Buchanan stated Resolution 2016-07 is called the assessment resolution, it basically takes the revenue line items in your budget and indicates how the district is going to levy those assessments and certifies them for collection. Section 1 is a finding of benefit that the district's operations do provide benefit to the residents. Section 2 goes into details about how they are to be collected. As we discussed all of the platted lots are to be collected via the uniform method on the tax roll so it will be on residents' tax bills and that will include both debt service and operation and maintenance assessments. Then the developer property will be subject to direct bill assessments because they are bulk payments the developer plans to phase them out over a period of time this will help the district before it gets money in from the tax collector. We expect

an operation and maintenance payment will be based on a quarterly basis the first payment being due in October, the second in January, the third in April and the fourth in July and that is a 25% allocation. As to the developer's debt service we expect to break it out in three payments, the first being 35% due in December, 35% due in April and 30% due the 1st of September. This will allow the district to make its May 1st debt service and interest payment and November interest only payment.

On MOTION by Mr. Grossman seconded by Mr. von der Osten with all in favor Resolution 2016-07 was approved.

C. Consideration of Developer Funding Agreement for Fiscal Year 2017

Ms. Buchanan stated the last of our budget documents is the funding agreement. This is very similar to what we have seen in the past, we haven't changed the form of it. Basically it is as Jim described, the developer has requested the district not levy operation and maintenance assessments in excess of \$320,107 and they are willing to cover the difference between \$320,107 and \$545,374 is \$217,007 and they agree to fund that balance right there. If for some reason their portion goes over \$217,007 they will be entitled to a reimbursement, they didn't request one this year.

Mr. Smith asked are we projected to go over?

Mr. Oliver stated you never know what may happen.

Ms. Buchanan stated because we are doing this as a funding agreement instead of levying assessments we do retain the ability to levy assessments on the non-payment of this funding obligation and that lien will go over the unplatted property owned by the developer.

On MOTION by Mr. Smith seconded by Ms. Bock with all in favor the fiscal year 2017 developer funding agreement with BCBP Rolling Hills Landco, LLC was approved.

SIXTH ORDER OF BUSINESS

Consideration of Renewal of Clay High School Swim Team Agreement

Mr. Oliver stated the next item is consideration of renewal of Clay High School swim team agreement. I believe this is their third year of being here. I know they have been responsive to you whenever you brought any type of issue to them. One of the swimmers from a

few years ago, Caleb Dressel, is in Rio at the Olympics. This agreement is something Freddie has been working with Katie, Clay High School and the vice chairman.

On MOTION by Ms. Bock seconded by Mr. Smith with all in favor the Clay High School Swim Team Agreement was approved.

SEVENTH ORDER OF BUSINESS Other Business

There being none, the next item followed.

EIGHTH ORDER OF BUSINESS Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

Mr. Hadden stated a couple things have been brought to my attention. The pothole has reformed on Battle Creek so we contacted the county because it is a county road. You can see by the old repairs they fixed it twice. They are aware of it and they know how to fix it and I have tried to get them to hire an outside crew to fix it if they don't have the manpower in-house.

Mr. Smith stated we had talked about doing some investigation work into the validity of the road signs, certification of the road signs because that concern was brought up by the deputy that helps out with our Neighborhood Watch Program that there has to be consistency with the road signs. Obviously, in Clay County 25 mph is the established residential speed limit they are going to enforce. They will not enforce 20 mph speed limit signs. We have a 25 mph speed limit sign when you come into the neighborhood but then everything past that drops and they can't enforce anything less than 25 mph. We need to make sure we are consistent if we need to change the signs then let's change the signs so the off duty officers can do their job consistently throughout the development. The other question that was brought up was a question of the signs, a certification requirement, some sort or marking, sticker, something on these signs showing they are certified DOT approved street signs. If they are not marked in some way like that then the deputy said he is in a position where they can't write tickets.

Mr. Hadden stated it is my understanding there are official Clay County, DOT signs and you put them up on a county road, they have a sticker that shows they are certified and you can

use those in a subdivision. Most higher end subdivisions like Rolling Hills don't go with those because they go with a smaller sign, made with a little border, maybe it is on a different pole so they are not certified signs but you can still enforce the speed limit to the 25 mph.

Mr. Smith stated all we can do is react to what we have been told. We had the conversation with Chris as well as the officer that helps out with our Neighborhood Watch and if he is telling us he can't enforce anything less than 25 mph he is not going to write anything less than 25 mph we can put 10 mph speed limit signs out here but that is not going to do any good. I would rather post to what is going to be enforceable so they can come out here and do what they are paid to do. They want to be able to do what in a sense we are paying them to do. It is a waste of their time if they can't write to something because of the way it is posted. If we need to change the signs so they are consistent through the neighborhood at 25 mph then let's do that and be done with this if that is doable. As far as the certification goes I'm at the mercy of what I'm being told.

Mr. Hadden stated he might be right but I think you can put up an enforceable non-standardized sign but you can't enforce anything less than 25 mph.

Mr. Oliver stated staff will work offline and get some information on both issues. You did bring up the pothole and I did receive an email from a resident with several pictures and I really appreciate that and we were able to forward that to Ryan and Keith.

C. Manager – Discussion of Meeting Dates for Fiscal Year 2017 and Selection of a Landowners Meeting Date, Resolution 2016-08

Mr. Oliver stated tonight we will be setting the meeting schedule for fiscal year 2017. We will schedule six meetings, you can continue meetings or add meetings if there are issues we need to address more quickly. Those meetings will be bi-monthly as they are now and will be held October 5, December 7, February 1, April 5, June 7, and August 2. We also have a landowners meeting on November 7 and that would be at 6:00 p.m. also. I talked earlier about the general election process starting in 2018 right now supervisors are elected by landowner elections and each residential lot gets one vote, it is one vote per lot and one vote per acre. In this case you have 134 lots owned by residents, representing 134 votes. The developer would have a vote for each of his acres or any lots that he owns. Right now, as expected for a community which a majority of its lands undeveloped, the developer will control the most votes in the landowners election.

I have in your agenda packet a resolution that counsel prepared regarding the landowners election in compliance with the statutes and it shows what the notice will look like for the landowners' election and the instructions for the election. We will talk more about this at our October meeting and the landowners' election will be November 7th.

On MOTION by Mr. Grossman seconded by Mr. Smith with all in favor the annual meeting schedule was approved and the landowners meeting was scheduled for November 7, 2016 at 6:00 p.m. in the same location.

D. Operations/Amenity Manger - Report

Mr. Stephens gave an overview of the operations report.

Mr. Smith asked where are we on the deck repair?

Mr. Stephens stated we have accepted a proposal and they are about three weeks out from starting and he said it would take three or four days.

Mr. Oca gave an overview of the amenities report.

Mr. Oliver stated they also obtained a cost estimate for the shade structure over the slide and the range is \$20,000 to \$30,000. Right now we have an estimate we just have to get funding from the developer. When we get funding we can get more proposals but we had to get an estimate to the developer so he could see what it would cost.

Mr. Smith stated it is expensive but needed because the kids can't use the equipment because it is too hot and it needs to be done.

NINTH ORDER OF BUSINESS

Supervisors Requests

Mr. Smith stated I spoke with Brian briefly about taking a look at the sidewalk over here across he street in front of the Richmond Model. There are some slick spots on that and we are starting to get a few slick spots as we age and that are shaded and get some of the moss. From time to time we may need to look at pressure washing some of these spots on an as needed basis. That spot in particular needs to be pressure washed.

Mr. Oliver stated in terms of setting a precedent I want to confirm if Clay County is supposed to be doing things that we are informing them of those things.

Mr. Hadden stated the sidewalk is actually on their property, the county property. You build a sidewalk when you build a house. The county won't come out and pressure wash typically it would be done by the resident who lives along that stretch.

Mr. Oliver stated I don't want to get into HOA business but I will want to know whether or not that is a CNR responsibility.

Mr. Smith stated if you are talking about a piece of sidewalk in front of a residence but if you are talking about sidewalks that are lining CDD owned property that is different.

Mr. Oliver stated I thought it was in front of a model home.

Mr. Smith stated it is on the street here, it is on a corner and that sidewalk has been there since the development was opened and originally that was East West's office.

Mr. Oliver stated in front of CDD common areas where there is sidewalk in terms of routine maintenance like you are speaking of here that would certainly be a district responsibility.

Mr. Smith stated this subject comes up from time to time and I want to make sure from one year to the next that we are ADA compliant. Is there a review process as far as ADA compliance issues with the amenity center and the pool? Are we doing everything that we are legally required to do? I know there was a request that the front door have a push button entrance attached to the security system because the door is pretty heavy and even if there is a ramp here if the person in the wheelchair is by themselves it is very hard to pull that door open because of how heavy it is. We are meeting the requirement because there is a ramp there but are we doing the right amount of service to the resident with a door that is heavy to open. I want to make sure we are meeting all of our ADA requirements as best we can.

Ms. Buchanan stated I think we had a survey done several years ago but it is not to say that you can't do it again.

Mr. Oliver stated that is a good idea. I know when this was originally constructed it had to be ADA compliant and with the changes in 2010 all of our facilities had to be reviewed and that is why you saw more spacing with the fitness equipment, you saw the chairlifts for the pool. It is always a good idea to review so we will do that.

TENTH ORDER OF BUSINESS

Audience Comments

A resident stated we have several children on our street who are handicapped and there are no signs that there is a handicap child living on the street. Cars drive 50 mph on that street and I'm concerned about these young children. I don't know if that is under the CDD or HOA.

Mr. Oliver stated typically I have found that most counties will assist with that. One thing I want to do in a case like this is if the parents of that child or those children are agreeable to having such a sign. We don't want to in any way invade their privacy, but if the parents want that Clay County will likely install such a sign.

A resident stated I have seen several kids jumping the railing to get in the pool that possibly don't live here. I see it as a safety concern. Is it possible to get that raised so they can't jump it?

Mr. Stephens stated I will talk to the contractor when he is doing work on the patio and see if we can adjust that.

A resident stated I have done some research on having someone come out and engineer the roads and make sure they are wide enough to have a golf cart path.

Mr. Oliver stated I think the board is supportive of any effort that the residents want. I had a discussion with the one of the developers and he is not interested in funding that effort, but he wouldn't be an obstacle.

Mr. Smith stated that's where we were at with that before the developer was completely on board with the residents doing whatever they wanted to do he just wasn't in funding the survey.

Mr. Oliver stated when we did St. Johns Golf & Country Club when they became a golf cart community there is a lot more in signage costs but that is because it is a golf community and there are so many cart paths that intersect with roadways. I would imagine the signage costs would be a lot cheaper here. I think you have the board's support but you have to do the funding piece because that was an upfront cost to pay for preliminary engineering study.

A resident stated we are new to Florida, CDDs and HOAs. We weren't aware that you could pay your taxes early and where do we pay the CDD piece.

Mr. Oliver stated the CDD fees are collected on your property tax bill to be mailed out November 1, 2016. You can Google the Clay County Tax Collector and get more information about it.

A resident stated I see speeding is a concern. What would it take to put in a speed bump?

Mr. Oliver responded it would take what is called a traffic calming study by Clay County and it is very similar to the process you are talking about for the golf carts but it is a lengthy process. You can go to the Clay County website and look up traffic calming study and they will talk about the elements of conducting that study and at the end of the study there are recommendations made by the engineer that is contracted on behalf of Clay County and then those recommendations are voted on by the residents that are impacted by those recommendations. For instance if it were to be a speed bump on a particular road it would probably take a vote of those residents that drive down that road to and from work and it is a pretty high threshold of support and I believe the number might be 75%. For other districts we have had that have done traffic calming studies at least in St. Johns County some of the recommendations like speed bumps have failed. Some of the things that have been supported have been if the county decides to put in some type of traffic light that flashes and shows what the speed is. Eagle Landing that is a sister community to this one started going down that road but the lack of support and the people against speed bumps pretty much killed it before it got started.

Mr. Smith stated everybody will want them and the people who live in the back will have to drive over 15 speed bumps to get to their house and residents will kill that before it gets started. One of the services that the Clay County Sheriff provides for free is they have a mobile speed indicator they will set up so people can see how fast they are going through the neighborhoods. Our Neighborhood Watch leadership is all over doing things like that and once we get the speed limit signs ironed out one of the biggest deterrents to speeding is presence of deputies. Clay County is very cooperative when we ask for their help and presence does wonders to control that kind of stuff.

A resident stated as soon as the speed limit signs are resolved we have already set up and have their commitment for the extra patrols and also the actual machine they bring out to do the radar to show everyone how fast they are going so we can target the right areas for extra patrols.

ELEVENTH ORDER OF BUSINESS Financial Reports

A. Balance Sheet & Income Statement

Mr. Oliver stated you have the financial reports in the agenda packets. These are unaudited and will be audited at the end of the fiscal year as we do every fiscal year. These are

through June 30, 2016 and there are no unusual variances other than the ones I spoke of earlier and largely tied to some of the legacy issues with the infrastructure. You will see that although we budgeted \$6,000 for security this year, so far we exceeded \$10,000 so we have been putting extra resources into that.

B. Assessment Receipt Schedule

Mr. Oliver stated next is the assessment receipt schedule and you will note that we are fully collected with the on-roll collection and we are on program with the direct collections.

C. Approval of Invoices

Mr. Oliver stated you have the invoices and those require board approval.

On MOTION by Ms. Bock seconded by Mr. Grossman with all in favor the invoices were approved.

TWELFTH ORDER OF BUSINESS

**Next Meeting Scheduled for October 5, 2016
@ 6:00 p.m. at Rolling Hills Amenity Center,
3212 Bradley Creek Parkway, Green Cove
Springs, Florida 32043**

Mr. Oliver stated the next meeting is October 5, 2016 at 6:00 p.m. at this location.

On MOTION by Mr. Smith seconded by Mr. Grossman with all in favor the meeting adjourned at 7:00 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman