

MINUTES OF MEETING
ROLLING HILLS COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Rolling Hills Community Development District was held Wednesday, August 7, 2013 at 6:00 p.m. at the Rolling Hills Amenity Center, 3212 Bradley Creek Parkway, Green Cove Springs, Florida 32043.

Present and constituting a quorum were:

Bill Tew	Chairman
Jody Smith	Vice Chairman
Rose Bock	Supervisor
Rocky Morris	Supervisor

Also present were:

James Oliver	District Manager
Katie Buchanan	District Counsel
Keith Hadden	District Engineer
Freddie Oca	Amenity Center Manager
Brian Stephens	Riverside Management Services
Danielle Simpson	Riverside Management Services

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Affidavit of Publication

Mr. Oliver stated included in your agenda package is a copy of the affidavit of publication of the notice for today's meeting and public hearings. A mailed notice for the public hearings were sent to all of the landowners in the District.

THIRD ORDER OF BUSINESS

Approval of Minutes of the June 5, 2013 Meeting

Mr. Oliver stated included in your agenda package is a copy of the minutes of the June 5, 2013 meeting. Are there any corrections?

On MOTION by Mr. Morris seconded by Mr. Smith with all in favor the Minutes of the June 5, 2013 Meeting were approved.
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FOURTH ORDER OF BUSINESS**Acceptance of Annual Audit for Fiscal Year 2012**

Mr. Oliver stated all forms of government in Florida are required to have an independent audit conducted on an annual basis. This District selected an audit firm to do that through the RFP process. It is required by Chapter 218 of the Florida Statutes. The audit was completed before the June 30th deadline and the audit was provided to the Auditor General of the State of Florida. On the opinion page it states, "In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities in each major fund of the District as of September 30, 2012 and these are in accordance with the accounting principals generally accepted in the United States of America. In the subsequent pages, are management discussion notes regarding the major funds of the District. The financials that you will see in this audit are an annual roll up of unaudited financials you see each meeting. Beginning on page 17, are the notes to financial statements. This is an interesting section because it puts into words a lot of the operational highlights that occurred during fiscal year 2012. If you recall this District was in financial turmoil until recently. On page 30 it states, "The Original Developer and Common Bond Capital Partners, LLC entered into a Real Estate Purchase Agreement dated November 19, 2012 to purchase all of the properties that failed to pay their maintenance and debt service assessments." That is what triggered the turn around that we are experiencing right now in this District. On the next page is the independent auditor's report on internal controls. The last sentence on that page says, "We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses." The management letter states, "Rolling Hills Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes." That is an emergency condition. Typically, you do not want to see that in the audit but there is no surprise in this audit because we already knew of the previous financial difficulties. That was cured in large part through the forbearance agreement. We are on the way up and we expect a good audit in 2013.

On MOTION by Mr. Smith seconded by Mr. Tew with all in favor the Annual Audit for Fiscal Year 2012 was accepted.
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FIFTH ORDER OF BUSINESS**Public Hearing to Consider Fiscal Year
2014 Budget Resolutions**

- A. Resolution 2013-08 Adopting the Budget for Fiscal Year 2014**
- B. Resolution 2013-09 Levying Operation & Maintenance and Debt Service Assessments**

Mr. Oliver stated there have been no changes to the budget, since we last met. Historically, this District has had Developer contributions and they have had assessments rise to the rate of \$60 gross per year or \$5 a month. The reason the original Developer did that is so people wouldn't get sticker shock as the amenities came on board. For many CDDs you will start with a low operations and maintenance budget. When the amenity center opens, the operations and maintenance assessment can double or triple. The original Developer wanted to have a gradual ramp up to the full assessments and we are going through that right now. If you look at page one of the budget, you will see a rise in assessments from \$177,000 to \$196,000. You will also see that the Developer is paying assessments. Even more importantly if you look at the third line item you will see there is a major jump in Developer contributions. The reason we have an increase in budget is really tied to four specific line items. If you look at the bottom of page one under field, you will see we are increasing the landscape line item from \$39,000 to \$48,000. That is so we can work on community appearance and put focus on landscape maintenance. It is one of the first things you notice when you come into the community. If you turn to page two, there are three items that I want to highlight. Facility management goes from \$19,000 to \$45,000. The reason we are doing that is right now you have Freddie here staffed on a part-time basis. This will actually bring him on full-time and give him some assistance. You will have someone on the ground more. Pool attendants hours are being increased. We originally budgeted at \$0 when the budget was adopted because East West funded that internally with their own staff. When the new Developers took over, they contributed \$15,000 to lifeguards for the remainder of this season and we actually increased that to \$20,000 during the year, so there would be more coverage to let the kids enjoy the slide more. We have worked with a budget of \$20,000 annualized for fiscal year 2013. We are increasing that to \$28,160 for fiscal year 2014. That will allow for a pool monitor on the deck. While the lifeguards can focus on the children on the slide, the pool monitor can walk around the pool deck and make sure people are complying with rules. We will have another set of eyes on the deck to make sure everything is running smoothly. This is one of the few Districts

that hasn't had an access card system and that is contributed to some of the people being here that shouldn't be. We budgeted that to come in at \$15,000 and we put it in the fiscal year 2014 budget. The Developer has been very helpful in providing those funds already and as you saw in the letter that Freddie and his staff circulated last week, the system is now installed and we are in the process of issuing access cards right now. We are very thankful for the Developer helping out with that. The next section is platted lots. You will see gross assessment per unit goes from \$588 to \$648, which is a \$60 gross increase. If you pay your tax bill by November 30th, you will get a 4% discount on that. A question that often comes up is when Developer contributions go away, what will the assessment be. I would say O&M can typically run for a District of this size anywhere from \$800 to \$1,200 a year. I would think given the number of units you have that it is probably going to be closer to \$800.

Mr. Morris asked is it anticipated that the Developer contributions will mirror that of the increased residents?

Mr. Oliver responded no. Typically what we see is that as the residents assessments go up, the Developer contributions go down, so that eventually there are no Developer contributions. Right now, we are in the early stages of this development because of delays due to the recession that we just went through. If you look at the bottom of the same page, you will see there is some undeveloped properties. These lands are just assessed for administration assessments because they don't have the benefit that platted lots have. As lots sell and more lands are platted, they will be on full assessment, which is going to increase the assessment base. As that assessment base is increased the Developer contributions will go down. We are not used to Districts at this stage in their life having Developer contributions, so it is a good and helpful thing. The next several pages are line item descriptions. Beginning on page eight is the debt service fund for the Series 2006A bonds. This District issued bonds to build all of the infrastructure that we have out here for the roads and stormwater system to the lights and to the amenity center. Much like a fixed mortgage on a home mortgage, this is fixed for the 30 year life of the bonds. Each year we make two semiannual interest payments. Those are made November 1st and May 1st. Also, a principal payment is made on May 1st. Certainly these can be refinanced at some point but right now, there are not enough rooftops for that to happen. The interest rates on these bonds are 5.45%. On the next page, you will see an amortization schedule. These are builder bonds. When builders buy these lots, the bonds are paid off.

Mr. Morris asked in regards to the utility line item, while it is pleasant to see it going from a 2013 figure of \$60,000 to \$37,397, I am assuming that is based on the real bills from last year?

Mr. Oliver responded yes. Once you adopt a budget, it is put on an assessment roll. The assessment roll is provided to the Clay County Tax Collector and that assessment line item is included on the tax bill that goes out November 1st.

On MOTION by Mr. Tew seconded by Mr. Smith with all in favor the Public Hearing to Adopt the Fiscal Year 2014 Budget was opened.
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A resident asked do we ever plan to see more community events in the future?

Mr. Oliver responded absolutely and it will start with this budget year. In the June agenda package was a list of proposed events. I anticipate Freddie will help organize anywhere from eight to 12 events a year. You can start giving Freddie ideas immediately.

A resident stated I represent a prospective buyer. Someone has asked me if a Developer is going to come in here and build inferior things and drive our prices down.

Mr. Oliver stated I think the Developers that have taken over this project are committed to a quality project.

A resident asked so they have control over it?

Mr. Oliver responded yes. It will be up to them to decide, who builds in this development. The makeup of this board is pretty strong because we have a resident on the board. We also have a Developers representative on the board. We also have a Chairman for another board from Oakleaf Plantation and a former Chairperson from St. Johns Golf & Country Club. We have an All Star board making sure we get things right.

A resident asked when East West had this they subscribed to Muzak and had music on at the pool area. They had really nice Bose speakers scattered all around. All of the wires and connectors and amplifiers are in the office there and all of the speakers are in place.

Mr. Oliver responded let us look at it.

Mr. Oca stated the audio system is operational and I have been using it.

On MOTION by Mr. Morris seconded by Mr. Smith with all in favor the Public Hearing to Adopt the Fiscal Year 2014 budget was closed.

On MOTION by Ms. Bock seconded Mr. Smith with all in favor the Public Hearing Levying Operation & Maintenance and Debt Service Assessments was opened.

Mr. Oliver stated once this budget is adopted, we will put on an assessment roll, certify it and give that to the County Tax Collector and assessments will be collected on the tax bill. We send the Developers bill directly to them. The third part of the funding is the Developer is picking up shortfalls for fiscal year 2014 to make sure we can operate at the level we need to.

On MOTION by Mr. Tew seconded by Mr. Smith with all in favor the Public Hearing Levying Operation & Maintenance and Debt Service Assessments was closed.

Ms. Buchanan stated Resolution 2013-08 is the annual appropriation resolution. Essentially it does things; the first is adopts the budget and it appropriates funds from that budget to the specific funds that Jim identified. Finally, it authorizes certain transfers between funds if necessary and gives the District Manager the power to transfer funds in an amount not to exceed \$10,000 between different items. Jim will fill in the blanks on the resolution with the appropriate budget numbers.

On MOTION by Ms. Bock seconded by Mr. Smith with all in favor Resolution 2013-08 Adopting the Budget for Fiscal Year 2014 was approved.

Ms. Buchanan stated Resolution 2013-09 is what we call the assessment resolution. Essentially this adopts by resolution, the process by which the board collects assessments and then levies the annual operation and maintenance assessments. Section one makes a finding that the assessments are either equal to or less than the amount of benefit the property receives. Section two imposes the operation and maintenance assessments on all benefited lands. Section three identifies how they are going to be collected. As Jim discussed assessments on

platted lands will be through the tax collector. Assessments through undeveloped land will be directly collected by the District Manager. We are doing a separate list of the forbearance parcels because we are not collecting the debt on those consistent with the terms of the forbearance agreement.

On MOTION by Mr. Tew seconded by Mr. Smith with all in favor Resolution 2013-09 Levying Operation & Maintenance and Debt Service Assessments was approved.

SIXTH ORDER OF BUSINESS

**Consideration of Fiscal Year 2013-2014
Developer Funding Agreement**

Ms. Buchanan stated included in your agenda package is the Developer Funding Agreement. This incorporates the concept that the residents assessments are capped at a certain amount and the Developer is committed to funding the shortfall between the assessment collections and the actual expenses of the District. I would ask for this to be approved in substantial form, so that we leave a little room for the Developer to make any modifications. I also want to make sure that we get the property description attached to it because it would only cover lands owned by the Developer.

On MOTION by Mr. Tew seconded by Mr. Smith with all in favor the Fiscal Year 2013-2014 Developer Funding Agreement was approved in substantial form.

SEVENTH ORDER OF BUSINESS

**Consideration of Agreement with Swim
Team**

Mr. Oliver stated if you recall at our last meeting two of the coaches that are here with us today spoke about renewing the agreement with Clay County High School to have their swim practices here and some swim meets here. The board was in agreement that it would be a good thing to do. Katie has worked with counsel for the Clay County School District on preparing the agreement.

On MOTION by Mr. Tew seconded by Mr. Smith with all in favor the Agreement with Swim Team was approved.

EIGHTH ORDER OF BUSINESS

Update on Operations & Maintenance

Mr. Stephens stated I will just touch on a few of the landscaping things we have done since the last board meeting. All of the mulch has been installed. All of the vacant lots have been taken care of. The annuals at the front sign off of Sandbridge have been replaced. All of the turf was recently fertilized and was spot treated for insects and weeds. The babbling brook is up and running. All of the repairs have been made to it.

Mr. Oliver stated it looks very good. Freddie has hit the ground running. His first task was to get the access control card system going. As of yesterday he had already issued 48 cards. There is a comprehensive operations report in your agenda package.

Ms. Buchanan stated it looks like there is one item on the report relating to the basketball goal that he needs direction on.

Mr. Oliver stated the basketball goal was broken. It is beyond repair. I would just get with the Vice Chairman offline and we can determine what the next step needs to be.

Mr. Smith stated it looks tremendous out here. You have done a tremendous amount of work. You guys really have this place looking a lot better. Thank you on behalf of all of the residents for all of the work that you are doing. It looks really nice out here right now. If we have noncompliance issues on the pool deck, what are the lifeguards procedure? Are they just going to note that on a log book?

Ms. Simpson responded yes. We have them write up incident reports. I have forms down there for them. At this point and time we have just directed them that if someone doesn't want to follow the rules that are in place that we get their information and we write an incident report. We don't really know what to do from there. That is something you guys would have to let us know what to do from there.

Mr. Oliver stated there will be cases where amenity privileges are suspended, but we are phasing this for right now. I had a conversation with Freddie earlier today and he told me about a case that there was a father and several children in the pool and thunder and lightning was in the distance. He was asked to depart the pool.

Mr. Smith asked is the pool closed for maintenance on Monday?

Ms. Simpson responded I wasn't here at the last meeting. The lifeguards do get several questions from residents asking if the pool is closed on Mondays or if it is strictly swim at your own risk. I am unsure, so we need to get some clarification.

Mr. Smith asked is that when the maintenance is done?

Ms. Simpson responded I believe they are here three days a week, but they do major shocking and deep cleaning on Mondays.

Mr. Oliver stated I will get some clarification on that.

Mr. Smith stated if someone doesn't want to clear the pool deck and follow the policies after the lifeguards have told them to get out, there is not really much more the lifeguards can do other than make a note.

Mr. Oliver stated the chain will go from the lifeguards to Danielle to Freddie and then Freddie will consult with me if he can't impact the issue at his level.

Mr. Smith stated I guess there was a concern where the lifeguards tried to hand a resident something and get it signed.

Ms. Simpson stated yes. Generally we try to document the incident because if something does happen we want to make sure we are covered or they know that we have reeducated them on the policies.

Mr. Oliver stated we will work on the staff level on this.

A resident asked is there some kind of agreement we could sign with the key cards for liability about residents not complying with the rules?

Mr. Oliver responded there is a section on the bottom of that form that you sign when you get your key cards that says you will follow the policies and if you don't then you could lose your access privileges.

A resident asked do we still have the season passes available for nonresidents to buy?

Mr. Oliver responded at all CDDs you can buy an annual pass but usually it is cost prohibitive. It would be about \$2,000 to use these facilities for nonresidents.

Mr. Smith stated at the last meeting we shut down the seasonal pass. You either buy the annual pass or you don't buy anything.

NINTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

TENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

Mr. Hadden stated having been in the development business for 30 plus years, what you don't realize is the amount of money the new Developer had to pay for this land and the fact that he had me resubmit the original plans that we did in 2005/2006 and have those reapproved by the State and reapproved by the County exactly as they had designed. I take that as an indication that he has no plan of building a less expensive product. He had us re-permit exactly as it was, which showed the County that he plans on continuing with the same size product.

C. Manager – Annual Meeting Schedule for Fiscal Year 2014

Mr. Oliver stated included in your agenda package is the proposed meeting schedule for fiscal year 2014. I am proposing a bimonthly meeting schedule, which would be October, December, February, April, June and August. We notice that way but if we need to cancel a meeting then we can always do that. If we need to add a meeting then we have that flexibility, as well. We will do the budget meeting at 6:00 p.m.

Mr. Smith asked is there anything that would prevent us from doing all of the meetings at 6:00 p.m.?

Mr. Oliver responded it is purely up to the board.

Mr. Tew stated we can do that. Let's go with 6:00 p.m. and see what kind of turnout we get.

On MOTION by Ms. Bock seconded by Mr. Morris with all in favor the Revised Annual Meeting Schedule for Fiscal Year 2014 was approved.

ELEVENTH ORDER OF BUSINESS**Supervisor's Requests and Audience Comments**

A resident stated I am planning to have a meet and greet on August 24th for the residents. I think a Facebook page would be something to get to get the information out to the residents.

Mr. Smith stated we still have the Rollinghillsfl.com website and we have our CDD website.

A resident stated I haven't seen anything written or verbally said about who the builder is.

Mr. Oliver stated the developer is Common Bond Capital. They bought the project back in November, which was mentioned in the audit. They have been very good to work with and they have kept all of their promises.

TWELFTH ORDER OF BUSINESS

Financial Reports

A. Approval of Invoices

Mr. Oliver stated included in your agenda package are the invoices.

On MOTION by Mr. Tew seconded by Ms. Bock with all in favor the Invoices were approved.

B. Balance Sheet & Income Statement

Mr. Oliver stated included in your agenda package is the balance sheet and income statement.

C. Assessment Receipt Schedule

Mr. Oliver stated included in your agenda package is an assessment receipt schedule. You have a 101.48% collection rate for the on roll properties. Direct bill rate is 77.35%. That was tied to the previous Developer; however, the new Developer has put substantial funding into the District to bring it to its current state.

THIRTEENTH ORDER OF BUSINESS

Next Meeting Scheduled for September 4, 2013 @ 5:00 p.m. at Rolling Hills Amenity Center, 3212 Bradley Creek Parkway, Green Cove Springs, Florida 32043

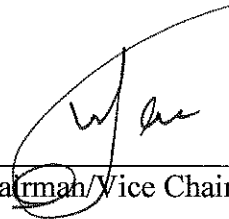
Mr. Oliver stated we won't have to have a meeting in September, so we will go with our new meeting schedule, so our next meeting will be October 2nd at 6:00 p.m. at this location.

FOURTEENTH ORDER OF BUSINESS Adjournment

On MOTION by Mr. Tew seconded by Mr. Smith with all in favor
the Meeting was adjourned.



Secretary/Assistant Secretary



Chairman/Vice Chairman