

ROLLING HILLS
COMMUNITY DEVELOPMENT DISTRICT

The continued meeting of November 19, 2015 of the Board of Supervisors of the Rolling Hills Community Development District was reconvened Wednesday, December 9, 2015 at 3:30 p.m. in 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
Kurt von der Osten	Supervisor
Stephen Grossman	Supervisor

Also present were:

Jim Oliver	District Manager
Katie Buchanan	District Counsel
Katie Ibarra	Hopping, Green
Keith Hadden	District Engineer
Jim Perry	GMS (by telephone)
David Guy	GS Carolina
Freddie Oca	Amenity Center Manager
Danny Tyler	Nabors Giblin & Nickerson
Cynthia Wilhelm	Nabors Giblin & Nickerson

FIRST ORDER OF BUSINESS

Roll Call

Mr. Oliver called the meeting to order at 1:10 p.m.

SECOND ORDER OF BUSINESS

Audience Comments

There not being any, the next item followed.

THIRD ORDER OF BUSINESS

Matters Related to Series 2015 Bonds

Ms. Buchanan stated I will give you a few facts just to lay out where we are coming from then we can talk about where we are going. We had issued two series of bonds that were A's and B's the A's were in the amount of approximately \$14,805,000 and the Bs were \$11,330,000

and those lay over the entire district boundaries. At this point the B's are only on certain lots owned by the developer, they have been prepaid as to end users. The A's exist on all the platted lots as well as the unplatted land. What we proposed to do is exchange the Series 2006 Bonds for 2015 Bonds. The restructuring agreement details this exchange and also highlights there will be a certain amount of debt and delinquent interest that will be forgiven. Specifically we are going to have \$190,000 in principal of the A Bonds and \$780,000 of principal of the B Bonds that will be cancelled and \$68,343 in A interest and \$5,242 in B interest. That interest will be forgiven, it will no longer be a liability and that allows the district to have a dollar for dollar exchange of the 2006 Bonds for the 2015 Bonds. When we are done today the 2006 Bonds will be completely eliminated.

Consideration of Resolution 2016-01 Delegated Award Resolution Authorizing Series 2015 Bonds and Related Documents

There are two resolutions for you to consider, the first is the bond resolution, which authorizes the structure of the bonds and the second will be the assessment resolution. The assessment resolution is how the district allocates the debt from the bonds it issues onto the lands within the boundaries. Jim Perry is on the phone and will present to you the report that is in front of you and explain that (1) the assessments on any of the lots have not changed and (2) the only increase in principal relates to the B's, which are specific to the developer owned property.

Mr. Smith joined the meeting at this time.

Ms. Buchanan stated we will have a public hearing at that point and the board will determine whether you approve these assessments and want to levy them.

Section 1 of the delegated award resolution approves and authorizes the restructuring agreement, it authorizes the restructuring including the issuance of 2015 Bonds in exchange of the 2006 Bonds and the forgiveness of principal and interest that we just talked about. It approves the form of the supplemental indentures and this approval is subject to consent of 100% of the bondholders, it authorizes the execution and delivery of the 2015 Bonds subject to the parameters in Exhibit C and it approves the financing documents. The resolution authorizes any further additional action, and delivery of any and all documents that are necessary.

Form of Restructuring Agreement

Ms. Buchanan stated we have added additional language to section 4 of the restructuring agreement, CBCP, the landowner acknowledges and agrees that a specific condition to this agreement CBCP Landco shall not convey lots subject to the Series 2015 B special assessments unless prior to or concurrent to such conveyance the Series 2015 B assessments levied against the lots is prepaid such is the process set forth, so we are adding to the B's but we are having them agree to it through a declaration of consent and there are no objections and more importantly we are requiring the payoff before it is transferred to an end user. There shouldn't be an instance in this community where someone has a different assessment than a lot that is currently owned by the developer and subject to the B's. Because of the restructuring we had to do some maneuvering with the finances but we structured it in a way that the end users will all have similar assessments.

Section 5 of the restructuring agreement authorizes the discharge of the principal and interest. This agreement is going to be executed by the trustee on behalf of the bondholders so everybody is clear that we no longer have that one payment.

Section 6 lays the penalties that have accrued as well as de-accelerates the assessments. In Florida when assessments are delinquent they accrue 1% interest, it also means if you miss an annual installment the district is entitled to accelerate the full 20 year term that is remaining. This is the trustee's consent to winding that back.

Section 7 authorizes distribution of funds that are in the trust estate right now.

Go to the end of the agreement on page 11, it gives the account balances of the 12/2 and then it tells you how the money is going to be distributed. You will see the bondholder did receive a payment of delinquent interest, the \$1,000,369 and then there is going to be deposits into the district's debt service reserve funds consistent with the indentures and there will be some money deposited into the revenue accounts as well that will eventually go back to the bondholders. Finally, there are some funds allocated to the cost of issuance, which would include fees relating to the exchange agent, the consultants that were necessary, those sorts of things. You will note at the bottom there was a funding deficit of \$216,000 give or take and that amount is being covered by the developer, he has already wired the funds and they have already been received by the trustee.

The next set of forms approved by the bond resolution and supplemental indentures, there are three, because there are three series of bonds. One governs the bonds on the end user lots,

which is referred to as the 2015 A-1's, the second refers to the lots owned by the developer, those are the A-2's and the A-3's related to the undeveloped property. They are the contract between the district and the trustee because the trustee is the entity that manages the funds for the bondholder. It establishes the terms of the bond, how long they exist until they mature, the interest rates the parties have agreed to, it establishes the accounts through which the funds flow because Jim pays the trustee, then the trustee has to manage the payment back to the bondholders so it is a complex system. It provides for amortization schedules so that we all have an idea of how much the district owes every year. It defines the trustee's liability. The trustee is a bank in this instance, U.S. Bank, they are very particular in making sure they have a very defining role because if they don't have the authority for something on paper they are not really able to do it. These indentures provide that in the event of a default meaning the district doesn't pay its debt service when due the trustee has the ability to direct enforcement actions and that is something that is consistent with every deal we have.

Financing Documents

Ms. Buchanan stated the terms of the bonds are in the information memorandum. The idea is if the board approves everything today then all of the bonds and documents will be compiled and available to bondholders saying that this exchange is happening and we are required to do public notice about it since we are a public entity and then they will work with the exchange agent in the exchange to make sure that the old bonds are completely cancelled and the new bonds are issued. That is what MBS is doing for the district in that sense.

Exhibit C basically gives you a list of the bonds and the maturity dates and the values.

While the interest rate on the existing bonds aren't changing for the end users the interest on the undeveloped lands and the B bonds are going as high as 6.7%, which is much higher than market and that is because the burden is being borne by the developer in the restructuring.

Information Memorandum

Ms. Buchanan stated this is the information memorandum that was prepared to memorialize the terms of the restructuring and exchange. It lists the original bonds and what we are exchanging them for and it gives an entire table of all of the individual bonds that compile the district's issuance. The total amount we are issuing in new bonds is approximately

\$10,500,000. This information memorandum includes a description of the bonds, the district and its powers, the board of supervisors and goes into discussion of Jim's company. Then it gives the details about the exchange and describes the restructuring agreement as it exists. Finally, it goes into detail about the assessment methodology because all the bondholders want to make sure that the bonds are secured by good dirt. In this instance with the CDD owned the only security the bondholder has would be foreclosure of the property entity. These aren't general revenue bonds, these are not an obligation of the district to repay in a sense like our O&M levy special assessments. We levy the debt service assessment on the land and if the land doesn't pay for it then the only remedy is to foreclose the land. There is a big section that describes the bonds and there is also a section that describes the developer and the development. Right now the bonds are just going to be exchanged meaning the current bondholder will stay the bondholder but it is entirely possible that one day she tries to sell these bonds so a potential purchaser down the road will look for this memo when trying to decide whether or not they wanted to buy it. Finally, there is bondholder risks, which is a sub-section where the district has gone through and said these are things that can go wrong, they are not unusual, they are not abnormal but be aware that the development may not take off as planned or there could be no secondary market for selling these bonds. There are standard disclaimers. On page 40 where usually districts have industry standard reserve funds, usually it is one year's worth of annual debt service payment, this particular bondholder has accepted less so know that each series has a different reserve, the 1's is the normal one, no. 2 are normal but as soon as the B Bonds are paid off it is going to be reduced and no. 3 is unfunded. There won't be a lot of buffer if someone doesn't pay particularly a large entity, the district won't have a fair amount of reserves to tap into.

Continuing Disclosure Agreement

Ms. Buchanan stated the district has continuing disclosure obligations so the district has the obligation to update on EMMA any sort of information that relates to the security of the lands or the district's financial information. Every year we post our audit on EMMA, every quarter the developer provides reports about their sales and construction data. The other interesting thing is they are really starting to crack down on compliance so we have included a continuing compliance section. I went through the compliance matters that we had and there

were things that were pretty minor like we filed an audit three days late. There was nothing in there that was troublesome we are just cleaning it up because the regulating entity is now cracking down on it.

Collateral Assignment

Ms. Buchanan stated the next document is the collateral assignment and assumption of development rights. This document is designed to protect the district and the bondholders in that it is an assignment of all the development rights and entitlements that run with the property subject to the bonds that are currently owned by Common Bond it doesn't affect the end user lots. Basically it assures the district that if Common Bond defaults and the district has to foreclose on its property the district is already entitled to all the development rights that are associated with the land. They execute it now and it doesn't become active unless there is a default.

True-Up Agreement

Ms. Buchanan stated the number of unplatted lots are 439 units that is how many should be developed on the unplatted land but it is not platted yet it is a site plan meaning they have their construction documents in place that has already been permitted with the county and they are pretty confident that it is going to be 439. If for some reason something happens and it changes from 439 to 420 we have lost 19 lots and those lots are secured by assessments that are necessary to repay the bonds. The true-up requires that the developer would take the 19 lots and multiply that by whatever the per lot assessment is and fund the difference should they not develop it in accordance with the plans. They have five pods and we are going to do a true-up analysis each time they plat a pod once we get to 200 units.

There is a true-up in place for the A-2's which is secured by the developer owned lots but that is only if they replat.

That was an overview of the bond resolution as well as an overview of all of the exhibits.

On MOTION by Mr. Tew seconded by Ms. Bock with all in favor
Resolution 2016-01 was approved.

FOURTH ORDER OF BUSINESS**Public Hearing for Actions Related to Bond Restructuring****A. Discussion of Assessment Methodology Report**

Mr. Oliver stated you have in front of you the assessment methodology report. We have gone through this at previous meetings and it has changed some during that time but there are two main sections, one is the narrative and the other are the tables that support the narrative. On page 3 is the executive summary that talks about the purpose of this restructuring and more detail about the district and the original Series 2006 bonds. The bonds that we are restructuring will become Series 2015 Bonds A-1's, 2's and 3's as well as the B Bonds and those are described in section 2.3 under sections A, B, and C. The interest rate for the 2015 A-1 is 5.45%, the same with the 2015 A-2's. The series A-3 Bonds have a higher rate and these are the ones the developer is on the hook for and they also have the B bonds rolled in.

We use the uniform method and that is talked about in section 2.4 for the collection of those funds. There are requirements for a valid assessment methodology and Katie is going to ask Jim Perry some questions at the end of this presentation to make sure that we meet those requirements and two requirements are that the properties that are assessed have to receive a special benefit and all of this land does receive a special benefit from all the improvements and the other would be and that is different than the general benefit that the outside community would benefit from. Table 4 will quantify the benefit that is received from these improvements is greater than the assessments levied on each of these lots.

Katie talked about the true-up mechanism of the fact that once we have 200 units completed for that phase then we will take a look at the true-up agreement to see if that needs to be triggered. On 5.1 it refers to the Series 2016 A-3 and that should be 2015 A-3. Also we will have language in here referring to the true-up agreement that Katie went through a few minutes ago.

We talked about this as we went through the budget process that there are 761 units planned. The next section within Table 1 shows how those lots are composed in terms of the A-1's, A-2's and A-3's.

Table 2 shows those four different bonds and it shows the coupon rates and again the first two are at 5.45% and there is a higher rate for the A-3's and the 2015B's. Those are the ones that are funded by the developer. This shows the interest that has been forgiven as we have gone through this restructuring and the sources of funds and how those funds are used.

Table 4 is for the A-1 Bonds 163 units, under the 4th column Series 2006 annual assessments \$1,277 and then look across the fourth item from the right you will see the Series 2015 A remains at \$1,277. On the next table you will see the -2's same story there \$1,277 remains unchanged. We have consistently told the residents that as you have gone through this process.

Table 6 is the 2015 A-3 and the assessment goes from \$687 to \$833 so there is an increase and that is the one that is at a higher interest rate.

Table 7 is for the B Bonds and the par debt goes from \$14,888 to \$17,817 and that is increasing by almost \$3,000 per unit.

Table 8 is the assessment roll and this shows every platted lot whether it is owned by a resident, a builder or still owned by the developer and you will see that all of them that are platted you will see the amount of \$1,277, which is consistent with what we talked about.

At the very end on page 6 of the assessment roll these are the ones owned by the developer that are unplatted, undeveloped those are sections 2B and 3 and you will see those are directed billed and that is a different assessment than the \$1,277. It is not broken out by units because it is raw acreage now. That can change in the number of units if the development plan changes but at the end the true-up would be triggered once 200 units are constructed.

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

B. Public Comment

There being no public comments, the following action was taken.

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

C. Consideration of Resolution 2016-02 Setting Forth the Terms of the Series 2015 Bonds and Levying and Allocating Assessments Securing the 2015 Bonds

Ms. Buchanan asked can you confirm that the proper written notices and public notice was provided to the landowners that were affected by this transaction?

Mr. Oliver responded yes.

Ms. Buchanan stated the purpose today is to make sure that we find the special assessments to be valid that means that the lands must receive a special benefit from the improvements funded by the moneys and that it is equitably apportioned among the lands. As we discussed all the end users of the property are going to be subject to the same assessment with the exception of the undeveloped property, which is a little lower for reasons that happened historically nothing to do with today. The restructuring necessitated that the B's be increased in principal but the landowner has consented to that increase, is not here to raise an objection to that increase and will be obligated by contract to remove that B debt before passing on a lot to an end user.

With those facts on the table we would like to ask the financial consultant to confirm the following. In your professional opinion the lands subject to the assessments receive special benefits from the capital improvement program and the refunding?

Mr. Perry responded they do.

Ms. Buchanan asked are the special assessments reasonably apportioned among the lands subject to the special assessments?

Mr. Perry responded they are.

Ms. Buchanan asked is it reasonable, proper and just to assess the cost of the improvement plan and the refunding against the lands in accordance with the methodology?

Mr. Perry responded yes.

Ms. Buchanan asked is it your opinion that the special benefit the land will receive will be equal to or in excess of the maximum special assessment allocated on the property?

Mr. Perry responded they are and it is all spelled out in the report in regards to that.

Ms. Buchanan asked is it your opinion that it is in the best interest of the district that the assessments be paid and collected in accordance with the methodology and the resolutions?

Mr. Perry responded yes.

Ms. Buchanan stated at this point as Jim pointed out there are no members of the public here so it would be appropriate for us to turn to Resolution 2016-02. With this assessment resolution we will levy the assessments that Jim just detailed in his report on the lands in the district.

Section 1 identifies the board's authority to adopt the resolution. The 2006 Resolutions are previous resolutions the board adopted when they did the initial assessment process. There

was a 2009 resolution declaring the project complete, which is why the assessments on the unplatted lands are different, there was a shrinkage of the project and shrinkage of their assessments. The 2015-08 and 2015-09 are the resolutions that we did several months ago to kick off our current assessment process.

Section 2 contains many findings, that the district is a local special purpose government and their statutory authority to undertake this process. It details your original assessment process, which is what you did in 2006 and it makes a finding that you are levying including the refunding of the 2006 bonds, the levy of any special assessments to refund those bonds, serves a proper, essential and valid public purpose. It is in the best interest of the district's residents. It details how we started the assessment process on September 17th, there is a conclusion that we published a notice and mailed it as required and adopted this date and you will see where we met and continued and that is noted in the resolution to make sure that we noticed, we met, we continued, we always had a public meeting at which we took these public actions.

Sub-section O makes the determination that it is reasonable, proper and just to assess the property within the district specific to the methodology. It incorporates the methodology as an exhibit to the resolution and then identifies the legal description to tie it to the assessments.

It incorporates the finding that you have adopted the bond resolution, which is what you just did and then confirms the benefit that the project that benefits the property has a value that is greater than or equal to the assessments on the land. They are getting more benefit than what they are paying in assessments. That is in Joe's report and we have discussed it several times.

Section 3, sub-section S we are going to add and I will read this into the record. It is reasonable, proper and just for the district to utilize the true-up mechanism and calculations contained in the 2015 assessment methodology in order to ensure that all parcels of real property benefiting from the project are assessed accordingly and that sufficient assessment receipts are being generated in order to pay for its corresponding bond debt service when due.

All that does is make sure that we adopt our resolutions and true-up mechanism in Jim's report.

Section 3 approves the cost of the refunding those costs to be paid by the special assessments.

Section 4 equalizes, approves, confirms and levies the special assessments.

Section 5 sets forth the terms of the bonds and confirms the maximum assessment lien for the assessments.

Section 6 provides for the allocation and collection process of the special assessments. It also authorizes the true-up process. I will add a similar sentence that I just did so in section 6 I will add, the district shall apply the mechanism and calculations contained in the 2015 assessment methodology to ensure that all parcels of real property benefiting from the project are assessed accordingly and that sufficient assessment receipts are generated in order to pay the corresponding bond debt service when due.

Section 7 provides for how assessments can be paid, they can be prepaid in full at almost any time. They can be one partial payment so sometimes builders will make a partial payment to the district debt service obligation when they are trying to make a sale. There are certain nuances to that meaning they have to pay them by a certain date in order to calculate the interest charge.

Section 8 has the standard provision that property owned by governments are exempt from assessments.

Section 9 provides for the inclusion of the assessments in the district's improvement lien book.

Section 10 clarifies that this assessment resolution is supplement to the existing resolution and until the bonds are issued the 2006 remains in place. However, from the issuance of the 2015 Bonds the 2015 assessment will supersede and replace the 2006 assessments.

Section 11 provides for recording of a notice so from now on anyone who purchases property within the district will have this in their notice of title and Sections 12, 13, and 14 are self explanatory.

The exhibits note that the methodology is included as well as the legal description and then there is going to be a maturities and coupons as well as the annual amortization schedule.

On MOTION by Mr. Grossman seconded by Ms. Bock with all in favor Resolution 2016-02 was approved.

D. Consideration of Dissemination Agent Agreement

Ms. Buchanan stated this is an update to the agreement with GMS for the same amount the district has previously paid.

On MOTION by Ms. Bock seconded by Mr. Smith with all in favor the dissemination agent agreement was approved.

E. Consideration of Notice of Series 2015 Special Assessments

Ms. Buchanan stated next is the amended notice of special assessments. This is what we referenced will be recorded in the official records.

On MOTION by Mr. Tew seconded by Mr. Smith with all in favor the notice of the Series 2015 special assessments was approved.

F. Consideration of Resolution 2016-03 Amending Resolution 2015-07 to Revise the Schedule for the Direct Collection of Debt Service Assessments

Ms. Buchanan stated the developer has a large number of his lots under contract with LGI, they have already acquired some lots and continue on basically a quarterly schedule until they are absorbed. What he has requested is that the district adopt a revised assessment schedule for his property so every time they do a take down they are going to make a payment. They don't want to have the money just sitting around in their bank account but they don't want to have the payment be out of sync with the development schedule. We have confirmed with GMS that the 25% quarterly schedule will be sufficient to cover the district's debt service reserve and it is the same amount we are just changing the collection schedule. It will go from what used to be 50% due December 1st, 25% due February 1st and 25% due May 1st to quarterly payments in January, April, July and October. We have run the numbers and this will work.

On MOTION by Mr. Smith seconded by Mr. von der Osten with all in favor Resolution 2016-03 was approved.

FIFTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

SIXTH ORDER OF BUSINESS

Supervisors Requests

There being none, the next item followed.

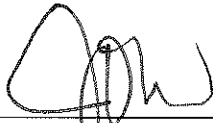
SEVENTH ORDER OF BUSINESS

**Next Meeting Scheduled for February 3, 2016
@ 6:00 p.m. at Rolling Hills Amenity Center**

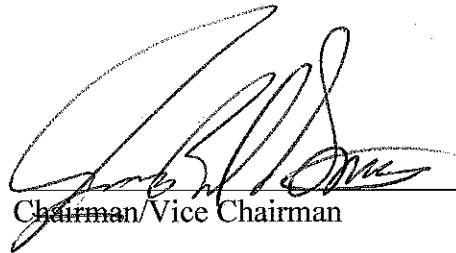
Mr. Oliver stated I believe we are going to have a regular meeting the first Wednesday in January. If there is nothing pressing, we can hold it in February.

It was the consensus of the board to meet in February and not January.

On MOTION by Mr. Smith seconded by Mr. Tew with all in favor
the meeting adjourned at 4:23 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman