

ROLLING HILLS
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Rolling Hills Community Development District was held Wednesday, February 1, 2017 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 (by telephone)
Freddie Oca	Amenity Center Manager
Brian Stephens	Field Operations Manager

FIRST ORDER OF BUSINESS

Roll Call

Vice Chairman Smith 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

Approval of the Minutes of the November 7, 2017 Meeting

Mr. Oliver stated the next item is approval of the minutes of the November 7, 2016 meeting. Are there any changes to the minutes?

There being none,

On MOTION by Mr. Smith seconded by Ms. Bock with all in favor the minutes of the November 7, 2016 meeting were approved.
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FOURTH ORDER OF BUSINESS

Acceptance of the Minutes of the November 7, 2016 Landowners' Meeting

Mr. Oliver stated the next item is acceptance of the minutes of the November 7, 2016 landowners' meeting.

On MOTION by Mr. Smith seconded by Ms. Bock with all in favor the minutes of the November 7, 2016 landowners' meeting were accepted.

FIFTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

Mr. Oliver stated I had email communication with the engineer, Jody Smith and Gary Cross who is the chairman of the South Village CDD, which is Eagle Landing and he also came on board with the Clay County Sheriff's Office as part of the leadership team with Sheriff Daniels. We talked to him about the problem the Board has pointed out at previous meetings after discussions with some law enforcement officials who live here in the district. There are conflicting speed limit signs in the district. Some are 25 mph and others 20 mph. Although those signs and speed limits were approved when the original developer established this community in 2007, the problem is you can't enforce the speed limit in Florida under 25 mph. They had the same problem in Eagle Landing and they made a request to Clay County to make these speed limits uniform throughout the community at 25 mph. They were able to do that, the signage is now uniform and now they enforce speed limits and use all the enforcement methods available to include use of radar, patrols by law enforcement and the radar sign which flashes speeds in excess of posted limits. That is the step this district is going to assist with so that we can make the speed limit uniform so law enforcement can step in and take appropriate measures. We can't just arbitrarily change the signs. We need written approval by District Engineer Keith Hadden will begin the process with Clay County, as he previously successfully did at Eagle Landing a few years ago..

C. Manager

Mr. Oliver stated there is nothing unusual to report. We are early in the new fiscal year that started October 1st we are still collecting assessments. Right now the assessment collection on roll is 55% the direct bill is only 33% so we still have quite a bit to collect for operations for the year. People are still paying their property tax bills.

D. Operations/Amenity Manger - Report

Mr. Oca gave an overview of the items in his report, copy of which was included in the agenda package.

SEVENTH ORDER OF BUSINESS

Supervisors Requests

Mr. Smith stated I want to thank Freddie for the work he put in on the Christmas party. It was a great event it was a packed house and I thought the party went great.

The landscaping looks as great as it can in the winter versus the summer but I wanted to ask if we have a target date when the mulch is going to get done?

Mr. Stephens stated we do not have a target yet but it will be a quick turnaround once we get approval I can get it done in two or three weeks.

Mr. Smith stated it has been my experience that the spring fever bug tends to start hitting everybody around the first of March so can we target March for the mulch?

Mr. Stephens stated I can get it done at the tail end of March because all these oak trees are going to drop their leaves usually the last of February the first of March and I will try to target it after that.

Mr. Smith stated Sullivan is doing a great job like they were before and it is good to see them back in here doing the same quality of work they have always done.

I know we have talked about the park and we exchanged some communication about this but where are we with populating that pocket park that we talked about a couple times with some landscaping and furniture. That little small parcel of land has turned into a not so attractive piece of property that we need to do the right thing and populate it correctly.

Mr. Stephens stated I have some preliminary numbers for a concrete slab with a shade structure approximately 20 feet by 30 feet by 8 feet tall, 2 picnic tables, 1 trashcan holder and with irrigation and minimal landscape it is going to be about \$18,000.

Mr. Smith asked are you getting multiple bids on that or is that just the standard average?

Mr. Stephens stated I actually worked off some bids that we received on other properties.

Mr. Smith stated my thought process is that we need to do the right thing and that also will serve a dual role not only as a park but a covered option for the Jr. high kids that use that exact spot for a bus stop. Now they will have some covered furniture down there to get out of the weather if need be.

Mr. Oliver stated that is the first part of it, planning a park and coming up with the concept. The second part is the funding and we will certainly send that request to the developer. To give you a picture of where we are financially right now we received \$156,000 in assessments to fund an annual operations & maintenance budget of \$545,000. We are still underfunded at his point and there is no surplus money to build a park right now.

Mr. Smith stated at least we are in a place so when the funding is there we can pull the trigger and there is no delay.

EIGHTH ORDER OF BUSINESS

Audience Comments

A resident stated we have six tennis courts that don't get utilized very often. We have a lot of kids in the neighborhood would the CDD implement some basketball in there? Is it a voting process or how would we do that?

Mr. Smith stated over the last five years or so we designated one of the tennis courts for basketball and put some temporary basketball goals in there and they just got destroyed and it was just lost money. The problem is because those tennis courts are not secured they are open so when we tried to do something like that word gets out and all of a sudden this parking lot and the tennis court that has that basketball goal on it basically becomes an extension of Ronnie Van Zant Park and Freddie spends about 80% of his time running non-residents off that tennis court instead of doing the other stuff that we pay him to do. We tried that before and it just didn't work and that is why we didn't go back to it.

A resident asked what is the point of six tennis courts then?

Mr. Smith stated when this place was built East West, the original developer, envisioned this place to be another Eagle Landing, Eagle Harbor type community and they originally had it slated to have a tennis club, a tennis clinic and have onsite instructors and this whole thing and that is why this big sprawling tennis complex was built. Of course when the housing bubble of 2008 and the community went almost completely into bankruptcy in the 2010 timeframe we almost went under, we almost lost the amenity center, the pool, we almost lost everything. Luckily we had a new developer come in and buy this place from East West because East West basically turned their back on us and we weren't getting a lot of support. We have taken baby steps to come back to the point that we are at now but that is why all those tennis courts were built originally.

A resident stated we could put security gates on it to alleviate destruction and hold people accountable.

Mr. Smith stated we have cameras now that are trained on the pool area and we have access cards on the pool gates we just don't have the money in the budget right now to put that kind of security on the tennis courts.

Mr. Oliver stated instead of trying to resolve it in this meeting I wouldn't mind if you get with Brian and Freddie to review options for additional facilities in the future. As mentioned during the discussion of park planning, the District does not currently have surplus funds for new projects.

A resident stated the question was what is the process, not making a decision but what was the process in which we can vote on getting a basketball court. We have been talking about this for some time and just one person making a decision I don't think is fair to the homeowners.

Mr. Oliver stated we are talking about process right now and finding some solutions. It is not a vote, by the way, it is a board decision. I support developing some options to bring to the board. Right now we are just having a conversation,

A resident stated thank you for that. When you say we don't have the funding for that how much funding do we have a year? What do we have to give towards basketball courts or give towards landscaping?

Mr. Oliver stated right now we don't have any excess funds targeted for new projects. We have a larger operations and maintenance budget for items such as landscaping than we have in levied assessments. About 40% of District O&M costs are funded by developer contributions.

They fund the District's deficit. Certainly, we would bring plans back to the Board with a funding request and then ask the developer for money to support it.

Mr. Smith stated we are dependent on the developer right now to offset the money that we don't get in assessments. We are not making enough in assessments right now to manage the budget that we have and when I say the budget we have I'm talking about the absolute necessary things that need to be done, the landscaping, keeping the amenity center open and staffed, keeping the pool staffed the way it needs to be during the pool season. Things that residents absolutely need to happen is the only way we can even afford to do that right now is the developer kicks in his own money to make sure we can round that portion of the budget out. We are not freestanding on assessments only right now and it is probably going to be a while before that happens. We have to really prioritize where we spend our money. I gave an example a couple meetings back a gentleman asked could we pay somebody to come out and pick trash up four or five days a week and right now during the peak of the landscaping season our landscaper picks up trash when he cuts grass so about once a week we get a loop through here but the way I explained it to him was if I ask the management company to hire somebody to come out and pick trash up five days a week something else is going to suffer because I did that. Whether that hurts my lifeguard budget or the pool attendant budget or something that Freddie is trying to do there is a give and take with everything that we do so we try to prioritize and get the biggest bang collectively for our buck for the residents. The most important thing as a whole for the residents right now is this building and that pool and the associated benefits that come for the residents for keeping this open and running. That is where the majority of our budget focuses right now and landscaping and things like that.

Mr. Oliver stated this is an operations budget of \$545,000 the resident assessments is \$250,000 and the developer makes up the difference through assessments and contributions. If we have a special project like this that may have very high merit, we can bring it to the board. If board approval is granted, we request developer funding. I would like to bring it back to the board and explain the options, look at some of the challenges that we have talked about in terms of access of non-residents, which can be a problem at any CDD or any community. Please Let's get together offline with Freddie and Brian can be you main contacts to develop options, with full understanding the developer is not obligated to provided funding beyond their assessments and developer funding agreement.

A resident asked these trees out here in the corner around the lake are they dead?

Mr. Stephens stated they are deciduous and drop all they leaves.

A resident asked what about these palm trees, will they be trimmed?

Mr. Stephens stated they will be trimmed not this Sunday but the following week.

A resident asked is there any way to have a special assessment for homeowners?

Mr. Oliver stated the next fiscal year begins October 1st and we will start the budget cycle for fiscal year 2018 with our June meeting to approve a proposed budget. We'll have a budget hearing in August. The district has the option of having additional special assessments to fund a truly critical project for the community.

A resident stated the difference you talked about when the developer pays up that is for the vacant lots. That is in the budget and can't be held against us because those empty lots are still sitting there. Is there talk of another builder coming in after LGI to get those lots sold?

Mr. Oliver stated we are talking about raw lands and platted lands are assessed differently. Because of that difference in assessments, the developer is making up the difference. The alternative could be to have a lower budget or higher assessments. If you have a reduced budget, you would have to scale back some of these services that Jody was talking about. The developer is paying assessments on all the platted lots that they own, as does LGI and Richmond America. I believe is the other builder out here. Richmond America and LGI are buying additional lots and hopefully some other homebuilders come in, too.

A resident asked why 25 mph and not 15 mph?

Mr. Oliver responded because the Florida Statutes won't allow enforcement of speed limits under 25 mph. Right now even if you had a 15 mph and had an officer out there with radar he couldn't write a ticket because it is under that 25 mph mandate. We had the same conversation with another deputy today just before this meeting.

A resident asked have we thought about security gates?

Mr. Oliver responded yes and by the way that is discussed for every CDD in the State of Florida. These roads were not only built with tax-exempt bonds, which means they are open to everyone. These public roads are owned by Clay County, not by the HOA or CDD, so they can't be gated roads.

A resident asked is the budget based on the expected assessments for the whole community after all the lots are developed or how does that work?

Mr. Oliver responded this is what I would consider a pretty bare bones budget. I would think that as this community is filled and these unplatted lands become platted and purchased I think you will probably increase the level of services. You will probably have more staffing with the lifeguards, more programs, a tennis program, a basketball program. As occurs with other developments, I'm sure things will grow up as this builds out. There was a time when this development was stagnant with no lots sales because of the great recession.

A resident asked is that \$545,000 budget developed by the CDD board and developers at that budget meeting?

Mr. Oliver stated it is developed by this board with the idea of how can we get the level of services we want with the least payment from the residents. I will tell you that the original developer made a commitment to the original homebuyers that O&M assessments I would ramp up at \$60 a year until deficit funding was no longer needed. When most CDDs build their amenities and come online, the cost of operating those amenities jumps sharply and the assessments increase immediately at that time. In most cases, when you double the budget, assessments increase at the same rate. After that, routine increases largely track with the cost of living. In this case, the cost of operations jumped up with the completion of the amenity center, but it has been a slow ramp of assessment increases of \$60 annually to work toward full funding of operations. If you look at your O&M net assessment levels of \$778 per platted lot, it is still at the low end compared to the market in which most assessments for CDDs run between \$800 and \$1,100 a year for the operations side. The other part of the assessment is the debt service that you pay on your tax bill. Those construction funds were already been spent to build all the infrastructure, the roads, the amenity center, a lot of the common areas, and the stormwater system.

Mr. Smith stated one of the things that was unique about this development in its infancy and theoretically it still is kind of in its infancy, but the original developer came in before the recession when the idea was I can spend \$4 million and build this ginormous amenity center, pool and tennis complex. That will draw hundreds of families in here to buy houses and I won't have to worry about my budget because everybody will come in here and buy houses. Then they cut the ribbon on this development and a year later the housing market falls apart. He suddenly had this \$9,000 a month O&M budgeted amenity center there is nobody living in here. Another model may be to build a big sprawling complex like this until you are built out to a certain point

because you don't have the assessments to support it monetarily. Luckily the new developer came in and is assisting with funding. That \$545,000 is a bare bones budget to keep everything going. If the developer was not kicking in \$250,000 a year there is a lot that wouldn't get done. Staffing would be minimal if any, the amenity center wouldn't be staffed we may not be able to keep it open as much as we are. That is why when you talk about things such as basketball courts, I may sound like a tightwad, but we want to get the biggest bang for our buck. I'm not saying a few years down the line we couldn't do that or come up with something different right now but we try to get the biggest bang for our buck for the most amount of people. We start writing the budget in June and we have to figure out the most important things to the most amount of residents and that is what we try to put in our budget.

A resident stated you mentioned the short staff. Do we really have to have lifeguards?

Mr. Oliver stated anytime the slide tower is open you have to have lifeguards.

A resident stated the slide tower is hardly ever open.

Mr. Oliver stated more funds you have for lifeguards the more hours the slide tower can be open.

A resident asked is it a state law?

Mr. Oliver stated yes.

A resident stated the only difference in Woodbridge and the rest of Rolling Hills is that we are right there on Sandridge and there is nothing separating us from land just that tree line. How come there is not a fence there because now it has become a shortcut for every kid in the world coming back from school and people coming in and out with dogs.

Mr. Oliver stated whatever privacy fencing was put in this district was either done by the developer or the homebuilders. The CDD doesn't have that in the original plans and if it is something that has merit, it can come to the board for consideration, in light of the same funding issues that we talked about earlier. There would have to be the cost/benefit analysis. How does it benefit the entire district? Basketball courts I understand how they benefit the entire district I don't know how many people are impacted by the fence you are talking about but typically districts don't put in privacy fences. It is something we could look at but we should probably talk offline about that.

A resident asked watching people park on common areas I called in and was told that belongs to the HOA.

Mr. Smith stated where the sidewalk ends is where the CDD property ends and the developer's lots begin. Those are actually lots.

Mr. von der Osten stated the HOA has the property.

Mr. Oliver stated this CDD only has jurisdiction over lands owned by the CDD. Any privately owned lands whether they are developed or undeveloped is outside the jurisdiction of the CDD.

Mr. Smith stated when we go to the developer for money it is in support of a CDD asset. What the developer chooses to do or not do with the lots he owns is out of our control.

Mr. Oliver stated I will talk to the HOA to the degree that there are parking violations on private lots.

A resident stated there is a pond behind us and when we first moved in there was a lot of brush and stuff like that, we do have a marker where our property ends and it goes up into the water. I'm not clear on how much we own I guess that would be where the marker is and you take care of the rest or does the CDD have the maintenance around the pond as well?

Mr. Oliver stated you have to the water's edge in this district.

Mr. Smith stated if you live on a lake lot the homeowner is responsible for the easement to the water's edge.

A resident stated we had a fire and someone told us it was a CDD issue.

Mr. Smith stated I think the issue was the fire was actually a floating bonfire in the lake and the lake is CDD owned and maintained.

A resident stated there are a lot of snakes out there and kids and there are moccasins and that is the main reason I want to clean up that whole lake or half that lake.

Mr. Oliver stated Brian will get with the landscaper to review the scope of lake bank maintenance areas not associated with private lots. It is not going to be maintained to the degree that someone maintains their yard, but needs to be maintained for the reasons you mentioned. Let's keep in mind this is a stormwater management facility and is permitted by the St. Johns River Water Management District. We don't want to do anything that can jeopardize that permit and we don't want to create any safety issues for our residents or liability issues for this district.

A resident stated her husband sent two emails and did not get a response. The gist of it was that if we are going to enforce one CDD rule then we are going to enforce all the CDD rules.

Mr. Smith stated let's not confuse the CDD with HOA.

A resident stated when I bought my house I was told that our son could ride his dirt bike in the area over there.

Mr. Oliver stated you can't do that on district owned property and as far as someone else's private property and that might be the undeveloped lands I don't know.

A resident stated that is not the first person who was told that and those woods are private property owned by a developer and there are no trespass signs. You can't ride dirt bikes in here unless it is your privately owned property. You can't ride them on the streets, can't have golf carts on the streets.

A resident asked how can we get people to clean up after their pets?

Mr. Oliver stated that is a personal responsibility. As with all neighborhoods, you have great pet owners and some not so responsible.

NINTH ORDER OF BUSINESS

Financial Reports

A. Balance Sheet & Income Statement

Mr. Oliver stated these are the unaudited financials through December 31st and will be audited at the end of the fiscal year. The FY 2016 audit is in process and we will bring that to your April meeting. We talked a little bit about assessment collections and there are no unusual variances in there. If you look in the revenue section you will see that while we have an adopted budget of \$545,000 the actual received is \$154,000. Then you can see the debt service funds for the series 2006 and 2015 bonds.

B. Assessment Receipt Schedule

Mr. Oliver stated behind Tab B is the assessment receipt schedule. I brought an updated schedule with me that shows the January distributions.

C. Approval of Invoices

Mr. Oliver stated behind Tab C is the check register and that would require board approval.

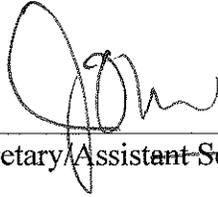
On MOTION by Mr. Smith seconded by Mr. Grossman with all in favor the invoices were approved.

TENTH ORDER OF BUSINESS

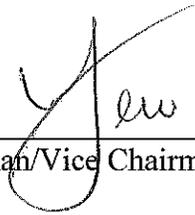
**Next Meeting Scheduled for April 5, 2017 @
6:00 p.m. at Rolling Hills Amenity Center,
3212 Bradley Creek Parkway, Green Cove
Springs, Florida 32043**

Mr. Oliver stated the next meeting is April 5, 2017 at 6:00 p.m. at this location.

On MOTION by Ms. Bock seconded by Mr. Smith with all in favor
the meeting adjourned at 6:53 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman