

ROLLING HILLS
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Rolling Hills Community Development District was held Wednesday, April 1, 2015 at 6:00 p.m. in the Rolling Hills Amenity Center, 3212 Bradley Creek Parkway, Green Cove Springs, Florida.

Present and constituting a quorum were:

| | |
|--------------------|------------------|
| Bill Tew | Chairman |
| Jody Smith | Vice Chairperson |
| Rose Bock | Supervisor |
| Kurt von der Osten | Supervisor |
| Stephen Grossman | Supervisor |

Also present were:

| | |
|----------------|----------------------------------|
| Jim Oliver | District Manager |
| Katie Buchanan | District Counsel by telephone |
| Keith Hadden | District Engineer |
| Freddie Oca | Amenity Center Manager |
| Brian Stephens | Riverside Management Services |
| Brett Sealy | MBS Capital Markets by telephone |

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

**Approval of the Minutes of the January 7,
2015 Meeting**

Mr. Oliver stated the next item is approval of the minutes of the January 7, 2015 meeting.

On MOTION by Mr. Smith seconded by Mr. Grossman with all in favor the minutes of the January 7, 2015 meeting were approved as presented.

FOURTH ORDER OF BUSINESS

**Acceptance of Minutes of the January 7, 2015
Audit Committee Meeting**

Mr. Oliver stated the next item is acceptance of the audit committee meeting minutes of January 7, 2015.

On MOTION by Mr. Tew seconded by Mr. von der Osten with all in favor the January 7, 2015 audit committee meeting minutes were accepted.

SIXTH ORDER OF BUSINESS

**Consideration of Bond Team Financing
Agreement**

Mr. Oliver stated the next item is consideration of the bond team financing agreement between Rolling Hills CDD and Common Bond Capital Partners Rolling Hills Landco, LLC. There is a copy of the agreement I inserted into the agenda packets.

Ms. Buchanan stated the developer is looking into scenarios in which they refund or restructure the bonds that are tied to their property. It is not currently considering something that would affect the developer's property, not residents' property.

Mr. Sealy joined the meeting at this time.

Ms. Buchanan stated the funding agreement is the commitment from the developer to the district to cover costs relating to the refunding or restructuring of the bond. It is probable that most of these costs will come out of the cost of issuance account - meaning it will be wrapped up into the restructuring - but should for some reason there be any excess costs or bond counsel determines the costs aren't reimbursable the developer is obligated to pay, not the district. It is a very short and simple agreement to make sure that everyone understands that this is a charge led by the developer. Although it will benefit the community as a whole to help move forward, for the responsibility for the refunding or restructuring will be borne by the developer.

On MOTION by Mr. Tew seconded by Ms. Bock with all in favor the bond team funding agreement for the restructuring and/or refunding of the Series 2006 bonds was approved.

FIFTH ORDER OF BUSINESS

**Consideration of Investment Banking
Agreement with MBS Capital Markets, LLC**

Mr. Sealy stated as a brief background on my firm in the prior three years we have underwritten more than a billion dollars of community development district bonds in about 100

different transactions. It is the only line of work my firm is in. Prior to that myself and the other partners were key professionals who ran the land secured finance group of a firm known as Prager Sealy & Co. and during that 15+ year period we underwrote over \$10 billion of tax exempt bonds for community development districts and other special purpose tax districts in the State of Florida. What you have in front of you is a proposed underwriter's agreement for my firm to serve in the capacity as underwriter for the proposed refunding and/or restructuring of the Series 2006 Bonds. The scope of services is outlined within the agreement and the fee proposal is outlined in the agreement. What is important to note is that we work solely on a contingency basis so to the extent we don't successfully deliver a refunding and/or restructuring of the bonds we do not get paid. Our fee would be paid from the cost of issuance of the bonds and to the extent that any portion of that fee wouldn't be covered through the proceeds of the bonds then the developer through their funding agreement would pay that portion of it. I'm happy to answer any questions regarding the agreement. At this point in time I don't have any more specific information regarding the proposed structure of the refunding and/or restructuring of the bond but following the district's approval of our agreement and the assumption that it does we will begin our typical due diligence efforts and begin to formulate what a restructuring and/or refunding of the bond might look like. At the end of the day this refunding and/or restructuring of the bonds is not going to affect the existing residents within the district. We would be looking to refund it or restructure those portions of the bond that are owned by other than the residents of this district.

Mr. Oliver stated the important thing to understand is it doesn't impact the residents.

Mr. Grossman asked what is driving this? This is being done why?

Mr. Oliver responded largely because the previous developer had financial and debt issues and for a long time the debt wasn't paid on those lots. This is restructuring to catch up and make the debt service more manageable.

| |
|---|
| <p>On MOTION by Mr. Grossman seconded by Ms. Bock with all in favor the investment banking agreement with MBS Capital Markets, LLC to restructure and/or refund the Series 2006 Bonds was approved in substantial form.</p> |
|---|

Mr. Sealy left the conference call at this time.

SEVENTH ORDER OF BUSINESS

Ratification of Audit Engagement Letter with Berger Toombs Elam Gaines & Frank to Prepare the Audit for Fiscal Year 2014

Mr. Oliver stated the next item is ratification of audit engagement letter with Berger Toombs Elam Gaines & Frank to prepare the audit for FY14. This is already underway. A copy of the engagement letter that I executed on behalf of the board so we could start the audit process is included in the agenda package. I'm asking the board to ratify it. The cost is \$3,750 and the FY15 budget has \$6,250 so this is within budget.

On MOTION by Mr. Smith seconded by Mr. Tew with all in favor the engagement letter with Berger Toombs to conduct the fiscal year 2014 audit was ratified.

EIGHTH ORDER OF BUSINESS

Update on Operations & Maintenance

Mr. Oca updated the board on the maintenance items taken care of since the last meeting and upcoming items.

Mr. Smith stated at one time we talked about expanding the security system to include the tennis courts. I'm seeing with increased regularity kids on the tennis courts with skateboards, inline skates, bikes and that kind of stuff. If we don't do something to curb that those tennis courts are not going to stay in pristine condition for much longer.

Mr. Oliver stated we will look at options and it might be just old fashioned key and locks because an access card system is almost cost prohibitive. We had the same issue with the tennis courts at St. Johns Golf & Country Club. We will look at options.

Mr. Smith stated the amenity center complex as a whole is a huge selling point for this development and when we start letting pieces of this complex get destroyed then we lose the ability to use that as a selling piece and they are pretty expensive to maintain and the more we can curb that expense the better.

Mr. Oliver stated we typically would have brought the summer swim team agreement to this meeting. They had some reshuffling of the management team and just hired coaches today. I spoke with the vice chair before the meeting and we would like the board to authorize the vice chair to work with staff to negotiate then execute an agreement that would be within the same

parameters as last year's agreement. Jody and I will work to tighten up those parameters a little bit so there will be as little impact on residents as possible.

Mr. Smith stated this is the summer swim team and since it is a new team all together we will be able to sit down and readdress some of the parameters of what we allow them to do and not do simply because we have more residents now and more residents are going to be using the pool and I don't want residents impacted by a swim team in a way that prevents them from using what they are paying for.

On MOTION by Mr. Tew seconded by Mr. Grossman with all in favor the vice chair was authorized to negotiate a swim team agreement with the summer swim team and to execute the final document upon completion.

Mr. Oliver stated Mr. Oca shared with me a repair bill for the elliptical machine from Southeast Fitness of \$1,500, which is pretty high especially because you can buy a new one for twice that price. Whether or not it is time to replace that is an unknown at this time but at some point we will have to replace that machine whether it is two weeks, two months or two years down the road. I would like to grant authority to the vice chairman in working with staff to review proposals and buy a new piece of fitness equipment when needed at a not to exceed amount of \$4,000.

On MOTION by Ms. Bock seconded by Mr. Grossman with all in favor the vice chairman was authorized to work with staff to review proposals and buy a new piece of fitness equipment when needed in an amount not to exceed \$4,000.

NINTH ORDER OF BUSINESS

Other Business

A resident stated the residents are not allowed to have those basketball goals on their property and in some cases they have it across the street, not even their property.

Mr. Oliver stated that is an HOA issue, the CDD board wouldn't have any authority over that.

Mr. von der Osten stated we can talk about that right after the meeting.

TENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

Mr. Hadden stated we are in the process of getting those empty containers back to back on property taken away. We are also in the process of doing final acceptance on the roads and the storm sewer system by Clay County for the lots in the back. You will see a couple holes repaired in the near future, they are going to inspect the underground storm pipes. The final plat was filed several years ago and the only thing the county hasn't done is accept the roads for permanent maintenance.

Ms. Buchanan stated there will be a deed and bill of sale executed for the district and then from the district to the county.

C. Manager

Mr. Oliver stated we will start the budget process at the next meeting. At the June meeting we will bring to the board a proposed budget, once you approve that budget you will also set a public hearing to be held in August. We will provide the approved budget to Clay County by June 15th in accordance with the statute then refine that budget over the next 60 days. You will have a public hearing at which the audience can give public comment on the budget then you will adopt a budget. Once adopted we will put it in the form of an assessment roll and give that to the Clay County tax collector and those will be on the tax bills that go out November 1st.

ELEVENTH ORDER OF BUSINESS

Supervisors Requests

There being none, the next item followed.

TWELFTH ORDER OF BUSINESS

Audience Comments

A resident stated on Paddle Creek Drive there is a concrete washout and when they keep it clean it is fine but there is a huge problem with rocks all over the road and keeping kids off of it. Is there a way we can have them move it? I don't know if it is an HOA issue or not.

Mr. Smith asked is there a need for that washout to be there? I'm assuming it is there out of convenience for the building that is going on in particular area. Is there a need for that washout to be there versus in the back somewhere?

Mr. Hadden responded it could be anywhere. It doesn't need to be at one location. It is for convenience, the closer it is to the lots they are building the better for them but it can be anywhere.

Mr. Smith stated when they originally put that washout there, there were maybe three houses on that entire street and now there are a dozen. Is there anything that says we can't ask Richmond to move their washout to the back?

Mr. Hadden responded no. If anything if they want to do something like that it would be on the unplatted lands, which would be owned by the developer. Therefore, there is no negative impact on neighbors or on lots that may be sold in the future.

Mr. Smith asked didn't DR Horton or one of the developers have a washout in the back somewhere at one time that they were using.

Mr. Hadden stated let me talk to David Guy and see and I will talk to Richmond American and see if we can find a place to put it where it will serve their needs and not be such an eyesore.

A resident stated we talked a couple months ago about Richmond leaving debris in the streets and someone was supposed to talk to them about that. It is still occurring and we have three houses being built right now and we have picked up a handful of nails out of the street a couple days ago. Has anyone made contact with them?

Mr. Oliver responded I spoke with Brian and Freddie today. They made contact several times but in a construction area it is going to be an ongoing effort to continue to communicate with them and ask them to do that. You are going to catch some nails in your tires unfortunately.

A resident stated personally, we are the ones paying for it.

Mr. Oliver stated I understand. We have all paid for it with flat tires I'm just saying that is part of a construction zone it is going to happen and they will continue to remind the supervisor of those construction crews to keep it cleaned up.

A resident stated all it would take is someone to run one of those magnets over the street at the end of the shift everyday. It is a matter of laziness on their part. It is like the garbage in

the ponds they are not trying. They say they do but there is no reason for them to do it because you ask them not to politely rather than saying if you want to work here clean up after yourself.

THIRTEENTH ORDER OF BUSINESS Financial Reports

A. Approval of Invoices

Mr. Oliver stated the next item is approval of the invoices.

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

B. Balance Sheet & Income Statement

Mr. Oliver stated you have the financials through February 28, 2015. These are unaudited and will be audited at the end of the fiscal year.

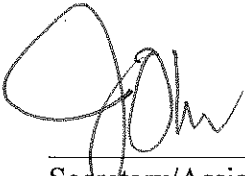
C. Assessment Receipt Schedule

Mr. Oliver stated you will see that the direct collections from the developer is up to date, there is one more payment due on May 1st and that will be the last 25% payment. The on-roll collections are about 51%, which is not good, however, this is information from a few days ago. The regular payment was due March 31st and any of those that weren't collected interest and penalties will start being accrued. Finally, if a landowner doesn't pay their assessment the tax collector will sell tax certificates so the district will be made whole. We expected to be fully collected.

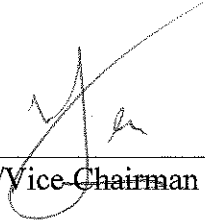
**FOURTEENTH ORDER OF BUSINESS Next Meeting Scheduled for June 3, 2015 @
6:00 p.m. at Rolling Hills Amenity Center,
3212 Bradley Creek Parkway, Green Cove
Springs, Florida 32043**

Mr. Oliver stated the next meeting is June 3, 2015 at 6:00 p.m. at this location and we will have the proposed budget at that meeting.

On MOTION by Mr. Smith seconded by Mr. Tew with all in favor the meeting adjourned at 6:30 p.m.



Secretary/Assistant Secretary



Chairman/Vice-Chairman