

**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, January 14, 2013 at 5:15 p.m. at the Rolling Hills Amenity Center, 3212 Bradley Creek Parkway, Green Cove Springs, Florida 32043.

Present and constituting a quorum were:

Bev Dubis	Chairperson
Bill Tew	Vice Chairman
Rose Bock	Supervisor

Also present were:

James Oliver	District Manager
Katie Buchanan	District Counsel
Matt Biagetti	East West Partners
Steve Andersen	East West Partners

FIRST ORDER OF BUSINESS **Roll Call**
Mr. Oliver called the meeting to order at 5:15 p.m.

SECOND ORDER OF BUSINESS **Organizational Matters**
A. Appointment of New Supervisor to Fill the Unexpired Term (11/14)
B. Oath of Office for Newly Appointed Supervisor
C. Election of Officers
This item was tabled.

THIRD ORDER OF BUSINESS **Approval of Minutes of the December 5, 2012 Meeting**
Mr. Oliver stated included in your agenda package is a copy of the minutes of the December 5, 2012 meeting. Are there any additions, corrections or deletions?

On MOTION by Mr. Tew seconded by Ms. Dubis with all in favor the Minutes of the December 5, 2012 Meeting were approved.

FOURTH ORDER OF BUSINESS **Construction Administration Issues**
There being none, the next item followed.

FIFTH ORDER OF BUSINESS**Consideration of Resolution 2013-03
Approving the Forbearance Agreement**

Ms. Buchanan stated make sure you have the copy of the resolution that says 2013- and then there is a blank at the top. It has been modified slightly from the version that was included in your agenda package.

The resolution adopts the forbearance agreement as an exhibit and approves it in substantial form. Note that the whereas clauses describe how the District issued bonds to fund capital improvements in the engineers report. It then levied special assessments on the lands within its boundaries to repay these bonds. East West owns the majority of the lands within the District and therefore has a large special assessment payment relating to the bonds. Starting in 2011, East West failed to make certain payments for both debt and O&M. The District is obligated to foreclose on these assessments under the Indenture. Note that the affected East West lands are 93 lots in phase one, 129 lots in phase 2A and certain undeveloped lands in phase 2B and 3. East West was approached by another corporate entity, Common Bonds, Capital Partners or a related entity. They have worked out a purchase agreement to convey the property from East West to Common Bonds; however, Common Bonds is seeking a financial workout with the bondholders of the District in relationship with these delinquent assessments to make this purchase feasible. The assessments are at a level that makes it difficult to market and maintain the property, so Common Bonds is looking for some temporary relief from the bondholders to try and give them more revenue time and resources to get the project back off the ground. If such a workout can be reached, then the District would be able to avoid the cost of the foreclosure litigation and the project can get back on track. The terms of the resolution itself approve the forbearance agreement in substantial form. It authorizes the Chairman or Vice Chairman to work with staff, modify the forbearance agreement and execute a final form of the forbearance agreement without bringing it back to the board. It also authorizes the board and staff to work with bond counsel should there be a reissuance of bonds brought about by the terms of the forbearance agreement. Finally, the resolution authorizes any action taken by a board member or staff member that is proper in connection with the forbearance agreement and authorizes the same individuals to take all actions necessary to complete the terms described in the resolution and the forbearance agreement.

The forbearance agreement itself is lengthy and was provided to you previously. I am going to hit some highlights. Please let me know if you have any questions. Essentially the recitals of the agreement incorporate the same findings that the resolution did. A forbearance agreement is a tool that is utilized when a landowner can work with the bondholders to defer or forbear assessments for a short period of time to allow the landowner to redirect the payments that are being deferred to put towards the marketing means of the project. That is what the Common Bond wants to do. The District's obligation under this forbearance agreement is to agree not to foreclose on the delinquent assessments. So essentially the District is saying that even though you owe us these special assessments, we are going to give you a temporary to your break; however, this break would immediately be terminated if they default under the forbearance agreement, which means that Common Bond didn't live up to the terms of the agreement or if the property was sold to a builder or some other party. Rather than hold the property frozen for two years, there is an out, which means if there is an interested buyer wanted to come in and start building lots, the forbearance agreement would be lifted, assessments would be paid on that particular area and the project could move forward. There are three phases to the property. Phase one will continue to be collected on the roll for the 2006A bonds. The 2006B bonds will be forborne until the sale of the property or the end of the forbearance agreement. If the property is sold in the forbearance term then the principal and interest from the date of the agreement would be due but interest and penalties would be waived. If there is an event of default, the interest and penalties accrue prior to this agreement would be due and payable in full. The O&M on the phase one property would continue to be collected on the tax roll. Phase 2A is the recently platted land and phases 2B and 3 are the unplanted lands. For the A bonds, it would be forborne until authorized sale or end of the forbearance period. If sold, the principal and interest from the date of the agreement to the sale would be due; however, principal and interest and penalties accrued up to the date of the forbearance agreement would be waived. If there is an event of default, interest and penalties accruing prior to this year would be due and payable in full. The 2006B bonds are also forborne until the end of the forbearance agreement and if sold as authorized by the forbearance agreement, the principal and interest from the date of the agreement to the sale would be due but interest and penalties would be waived. If there is an event of default, interest and penalties accruing prior to this year would be due and payable in full. Lastly, O&M would

be certified for collection via direct collection. This is where the District sends an invoice to the landowner and then they pay at the due date decided by the board during its annual budget meeting. Common Bond or its affiliate has certain obligations under the agreement. One, they are going to agree to repay the taxes and special assessments that are delinquent. They are going to agree to continue to pay operation and maintenance assessments that will go towards funding of the District's amenities. The outstanding accounts payable balances will be paid from monies in the acquisition and construction account on-hand. They are going to continue to maintain market and develop the project. They are going to avoid liens and encumbrances on the property and they are going to maintain the current entitlements, permits and development approvals all so this project can be picked up off the ground and pushed forward again. The District is obliged to forbear collection and foreclosure of assessments unless the trustee directs us to. We also require to monitor sales and release the land that is sold to builders or third party buyers from this agreement and the lien. How can Common Bond default from the agreement? They can fail to pay the amounts that are due. They can fail to perform the obligations under them or the company itself would be considered in default should they go into bankruptcy. If such a default occurs and the trustee, at the direction of the bondholders could then foreclose on the property. They could terminate this agreement or they could sue Common Bond for enforcement of the agreement. They also reserve the right to request members appointed by Common Bond to resign and they could appoint substitute members.

We don't have everything pinned down yet and because of that, we are asking the District to approve the resolution, which adopts this in substantial form only. We may have some tweaks along the way. The resolution delegates authority to either Chairman or Vice Chairman to approve any changes that may be made and authorize the Vice Chairman or Chairman to sign the agreement without bringing it back to the board.

On MOTION by Mr. Tew seconded by Ms. Bock with all in favor
Resolution 2013-03 Approving the Forbearance Agreement was
approved in substantial form.

SIXTH ORDER OF BUSINESS

Update on Operations & Maintenance

Mr. Oliver stated given the circumstances right now, I doubt there is an update right now other than Matt Biagetti and I have discussed the fact that a pump went out. Matt has one bid provided and we are awaiting a second.

Mr. Biagetti stated yes that is all I have right now.

SEVENTH ORDER OF BUSINESS **Other Business**

There being none, the next item followed.

EIGHTH ORDER OF BUSINESS **Staff Reports**

A. Attorney
There being none, the next item followed.

B. Engineer
There being none, the next item followed.

C. Manager
There being none, the next item followed.

D. Director of Aquatics & Recreation
There being none, the next item followed.

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

Mr. Jody Smith asked do you envision any push back from East West on this request from Common Bond and if not, how does our time scale adjust from where we thought we were to where you envision us being, as far as putting the new people in place and moving forward?

Ms. Buchanan responded I can say completely that none of the delay is attributable to East West. This relates more to the complex financing structure that the buyers are working through with the bondholders. I believe East West is ready to move forward. These are details we are working out that are really unrelated to East West. When I talk about financing I mean that the District has bonds and a new landowner is working with the bondholders to try and work out some things on that end and not the actual purchase of land from East West.

Mr. Oliver stated before Common Bond purchases the property they want to have this agreement in place with the bondholders.

Mr. Jody Smith asked do we envision that being a stalling point or a hurdle we have to get through and move on?

Ms. Buchanan responded no. In my experience, it is just a hurdle.

Mr. Jody Smith asked what about time?

Ms. Buchanan responded I would say 30 days give or take.

TENTH ORDER OF BUSINESS

Financial Reports

A. Approval of Invoices

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

On MOTION by Ms. Dubis 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. Currently, the assessment receipts are at 28.27% but we expect to see a jump in those over the next two months.

Ms. Bock asked when this takes place, what is the best percentage that will get to?

Mr. Oliver responded I see the on roll collections hitting 100% this fiscal year. This assumes the sale of tax certificates if some lot owners don't pay their property tax bills. Assuming the sale of the property, the new landowner will bring their fiscal year 2013 assessments current.

Ms. Buchanan stated they are paying the accounts payable balance, so all of our past bills will be paid off and then they will finish paying the assessments for the current year.

Mr. Oliver stated the payables right now are at about \$122,000.

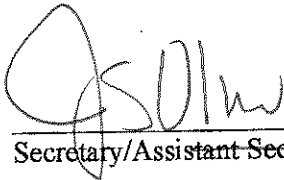
ELEVENTH ORDER OF BUSINESS

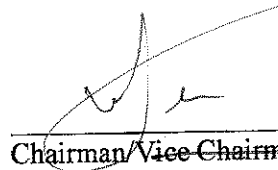
Next Meeting Scheduled for February 6, 2013 @ 5:00 p.m. at Rolling Hills Amenity Center, 3212 Bradley Creek Parkway, Green Cove Springs, Florida 32043

Mr. Oliver stated the next scheduled meeting is February 6, 2013 at 5:00 p.m. at this location.

TWELFTH ORDER OF BUSINESS Adjournment

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


Secretary/Assistant Secretary


Chairman/Vice Chairman