

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, April 4, 2012 at 4:30 p.m. at the Rolling Hills Amenity Center, 3212 Bradley Creek Parkway, Green Cove Springs, Florida 32043.

Present and constituting a quorum were:

Roger Arrowsmith	Chairman
Marilyn Ayers	Vice Chairperson
Bev Dubis	Supervisor

Also present were:

James Oliver	District Manager
Jere Earlywine	District Counsel
Matt Biagetti	East West Partners
Steve Andersen	East West Partners
30 Residents	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Oliver called the meeting to order at 4:30 p.m.

SECOND ORDER OF BUSINESS

Affidavit of Publication

Mr. Oliver stated included in your agenda package is an affidavit of publication for today's meeting.

THIRD ORDER OF BUSINESS

Approval of Minutes of the January 4, 2012 Meeting

Mr. Oliver stated included in your agenda package is a copy of the minutes from the January 4, 2012 meeting. Are there any additions, corrections or deletions?

On MOTION by Ms. Dubis seconded by Ms. Ayers with all in favor the Minutes of the January 4, 2012 Meeting were approved.
--

FIFTH ORDER OF BUSINESS

**Consideration of Resolution 2012-02
Declaring an Event of Default**

Mr. Earlywine stated this resolution addresses a concept that is provided for under our trust indenture agreement with the bond trustee. There is a provision in there, where if there is

a late debt payment or possibly a late assessment, the District could declare an event of default. It gives the trustee certain remedial rights under the indenture. It allows the trustee to control the trust estate. From the District's perspective there is an obligation to prosecute the uncollected assessment amounts, and declaring an event of default may allow for some funding for those efforts. The other thing worth pointing out about this is that this declaration can be undone at any point, with bondholder consent, and in the event of a restructuring or refinancing of the bonds.

On MOTION by Ms. Dubis seconded by Ms. Ayers with all in favor Resolution 2012-02 Declaring an Event of Default was approved.

SEVENTH ORDER OF BUSINESS **Consideration of Requisition No. 319**

Mr. Oliver stated included in your agenda package is requisition number 319. This is to fund filing of court costs, as well as a title commitment.

On MOTION by Ms. Dubis seconded by Ms. Ayers with all in favor Requisition No. 319 was approved.

EIGHTH ORDER OF BUSINESS **Construction Administration Issues**

There being none, the next item followed.

NINTH ORDER OF BUSINESS **Presentation of ADA Evaluation Report**

Mr. Oliver stated the ADA evaluation report was prepared by Steve Andersen on behalf of East West. This is in accordance with the recent 2010 changes to the ADA laws, which affect recreational facilities to include pools, fitness centers and parks. There are certain requirements that have to be met for them to become compliant. The deadline for compliance was March 15th and that was extended for pools by the Justice Department to May 15th. Currently, there is legislation that has been proposed to extend that another four months. Steve has been in contact with the Justice Department. He has determined what actions need to take place, but right now, we need to have a funding source to pay for those improvements.

ELEVENTH ORDER OF BUSINESS **Staff Reports**

A. Attorney – Governor Executive Order #12-10

Mr. Earlywine stated there has been an executive order issued with respect to special Districts of all kind. The Governor's office is going to conduct an analysis or a study of special Districts over the next two years. I think they are starting with fire control Districts and mosquito control Districts. We saw this happen about 10 years or so ago. In connection with the foreclosure issue, we did get a statement from the trustee's counsel that we need to go ahead and commence collection efforts. I would ask for further authorization to move forward with foreclosure.

On MOTION by Ms. Ayers seconded by Ms. Dubis with all in favor Authorization for District Counsel to Move Forward with Foreclosure on the delinquent, direct-billed properties was approved.

B. Engineer

There being none, the next item followed.

C. Manager

Mr. Oliver stated at the June meeting we will present the proposed budget for fiscal year 2013. At that meeting you will set a public hearing date for no sooner than 60 days after that date. At the public hearing, you will hear audience comments and then you will adopt the budget for fiscal year 2013.

D. Director of Aquatics & Recreation

There being none, the next item followed.

THIRTEENTH ORDER OF BUSINESS Financial Reports

A. Approval of Invoices

Mr. Oliver stated included in your agenda package are the invoices totaling \$10,026.70.

On MOTION by Ms. Dubis seconded by Ms. Ayers with all in favor the Invoices were approved.

B. Balance Sheet & Income Statement

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

C. Special Assessment Receipt Schedule

Mr. Oliver stated included in your agenda package is an assessment receipt schedule. Total assessments for O&M are \$213,000. As of the date of this report, we have received \$40,000, so less than 20% of the assessments have been received; however, the tax collector did confirm that they received a check from the Developer for \$195,000, of which \$49,000 represents O&M. This was received by the tax collector on March 29th. He told us by the end of April, those funds will be released to the CDD. The Developer contributions for the District are \$55,000 for the general fund and the recreation fund has received \$30,000.

FOURTH ORDER OF BUSINESS

Discussion of Maintenance Issues

Mr. Arrowsmith stated the main item of business is that the Developer has been in negotiations with the bank and have been involved with the bondholders, as well. That process has taken two and a half years. It was one of those be thankful for deadlines because their fiscal year ended March 30th. They were in a mad dash to go ahead and get the restructuring of the development loans for both Eagle Landing and here done. Thankfully, it was all accomplished. The good news is at several points along the way there were discussions and points thrown out as to whether or not they would keep things going at Rolling Hills. We were able to work with them and achieve that positive result, so when the restructuring was finally completed on the 28th that it was for all of our loans in Florida, of which Rolling Hills was a part of it. As it stands right now, it has been successfully done. The bank, along with East West Partners, is working with the bondholders and their trustee to try to reach some kind of ongoing understanding as to what will be happening down the road. My understanding is the bank is saying to the bondholder's look we have gotten together with the Developer. We have structured everything to keep everything going and we now need your help in working together. Those discussions are happening now. What I see happening is that a relationship and a deal has been worked out between the bank and the developer, and now we need to work with the bondholder for a long term solution to this. It has caused some major bumps in the road for us but I am happy to say we are still sitting here. There are certain items on the list like the ADA pool lifts can be handled through the bond money that we still have. I think what

is going to happen is the rest of the stuff is going to be on a list that we are going to have to address. The restructuring allows us to continue and go forward. We have an operating budget that has been approved in this time period.

Mr. Oliver stated I work on a number of Districts and a lot of Districts have gone through financial issues. Some Districts have been foreclosed on, where the bondholders took possession of those Districts. What we have here is a Developer that has worked for two and a half years to get a loan to make sure they didn't lose the development, which is a very good thing. You would much rather have the original Developer, rather than bring new Developers in that are buying land at \$.30, \$.40 or \$.50 on the dollar and building things as cheaply as possible. I met with Jody Smith last month. She gave us a pretty long list of maintenance items. We have shared that with the board of supervisors. They understand the importance in getting these things fixed. A lot of it was a funding issue. When a bank in this economy gives a loan, such as this, that is very unusual to a lot of Developers I work with.

Mr. Jody Smith stated that is good news, in regards to the money and the ability now to shift some money to the operation and maintenance side. I think the disconnect between the residents and the CDD board is how the funding works in regards to taking care of the property. There are things that have been in disrepair from dead grass to the busted up sidewalk. As a resident you think that stuff should be fixed right away because that is what you are paying for. One of the reasons people pay more money to live in an East West property is because they want to live in a property that looks like Eagle Landing and Eagle Harbor. When I see things that stay in disrepair for an extended amount of time, there is confusion there, especially when \$1,600 of my money is coming out every year to go to the CDD fees. I think people just don't have a good understanding of how that money flows. That sidewalk is a safety issue. The front part of the neighborhood here has doubled in size in the last 12 months and there are going to be a lot of people that are going to want to use that bridge and sidewalk to come to the pool. The first thing people see when they drive in the neighborhood is the parkway and it looks horrendous with all the dead grass. It has been that way for a very long time now. Shawn and his company have done an outstanding job of doing what they could with the resources they have been afforded. There is a level that he hasn't been able to get to probably because of funding. The mulch in here is probably three or four years

old. There are weeds in these flower beds. I would like to see the meetings out here on a consistent basis. It is a Rolling Hills meeting and I think that is where the meetings should be.

Mr. Oliver stated of your assessment of \$1,728, \$1,200 is to pay for debt service and that is for the 30 year bond that was issued to pay for all of the infrastructure in the District. Your O&M assessment is \$528. All of the property owners out here, whether it is the Developer, the builders or individuals, everyone pays the assessments. I think we are assessed at the right level. We just have had collection issues. Everything you have brought up is tied to funding issues and we are working through that.

A resident stated I like the caveat on what Jody just mentioned with the transparency. I would like to know what is going on with my money.

Mr. Andersen stated there is nothing on this list that surprises me. The money in the budget goes to operate this amenity center.

Ms. Dubis stated the utilities alone on this building are \$9,000 a month.

Mr. Andersen stated the water bills are unbelievable out here. We pay for watering the common area.

Ms. Dubis stated the \$9,000 includes water and electric.

Mr. Oliver stated at the next meeting we are going to start the budget process for fiscal year 2013. It is a great meeting to attend. We will get into what we have expended this year and what we think the budget will be for fiscal year 2013. Transparency is very important. We are a governmental entity and it is all public record.

A resident stated just from my understanding, most of the little things can be covered over the bonds. Are we going to be looking at fixing the bridge and the sidewalks with that money then? I got an email saying that the bridge was going to be fixed pretty soon. It was started and then it was stopped. If it was going to be stopped then we should be made aware of it. Why start something and not finish it? The office trailer that no one uses anymore is like a home for cats. I also agree that the meetings should be held out here.

Mr. Arrowsmith stated that is fine.

Mr. Oliver stated we will definitely improve the communications means, whether it is with an email blast or using the website.

A resident stated when you took Susie away we kind of felt abandoned. She was great and communicated with all of us. There is not anything against Matt. I think that is when the

ball was really rolling is when she was taken. We were left here with nothing. Another issue is those storm drains that are covered over. Why doesn't whoever owns those lots maintain their lots?

Mr. Oliver responded I will have to address that with the HOA. The CDD doesn't have any jurisdiction with private lots.

A resident stated my understanding when I brought that point up to Susie and Kelly is those lots were the responsibility to the builder that owns them. If the builder is not maintaining the lots then that defaults back to East West to maintain.

Mr. Oliver stated I know the builders can be reminded to do that. We will communicate that to them.

Ms. Jean McConnell stated I live on the corner next to the Welcome Center. Cats are a big issue for me. I have two dogs that bark obsessively at these cats. My granddaughter and I have tried to catch them and take them to a shelter but they are feral cats. I moved here 10 months ago. Two weeks after that the Welcome Center closed down, which I was very surprised at. I think it looks like a sore sight for people to come in and see an abandoned Welcome Center.

Ms. Sonya Dixson asked what happens when the builders advertise no CDD fees?

Mr. Oliver responded as I mentioned earlier there are two components to your CDD assessments. Some builders pay off the debt service but the O&M is still the responsibility of the property owner.

A resident asked what does O&M mean?

Mr. Oliver responded operation and maintenance.

SIXTH ORDER OF BUSINESS

Consideration of Matters Related to Foreclosure

There being none, the next item followed.

TENTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

TWELFTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

There being none, the next item followed.

FOURTEENTH ORDER OF BUSINESS

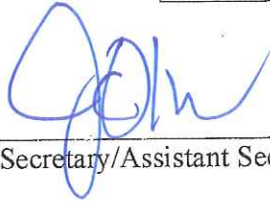
**Next Meeting Scheduled for June 6, 2012 at
4:30 p.m. at Eagle Landing Golf Club, 3989
Eagle Landing Parkway, Orange Park, FL
32065**

Mr. Oliver stated the next scheduled meeting is on June 6th at the Rolling Hills Amenity Center.

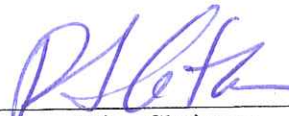
FIFTEENTH ORDER OF BUSINESS

Adjournment

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



Secretary/Assistant Secretary



Chairman/Vice Chairman