

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, September 5, 2012 at 5:00 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
Keith Jones	Supervisor

Also present were:

James Oliver	District Manager
Jere Earlywine	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 5:00 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 and the public hearings. We also sent mailed notice to all landowners announcing the public hearings.

THIRD ORDER OF BUSINESS

Approval of Minutes of the June 14, 2012 Meeting

Mr. Oliver stated included in your agenda package is a copy of the minutes from the June 14, 2012 meeting. Are there any additions, corrections or deletions?

On MOTION by Mr. Jones seconded by Ms. Ayers with all in favor the Minutes of the June 14, 2012 Meeting were approved.
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FIFTH ORDER OF BUSINESS

Public Hearing to Consider Fiscal Year 2013 Budget Resolutions

A. Resolution 2012-04 Adopting the Budget for Fiscal Year 2013

Mr. Oliver stated a copy of the budget has been handed out and is also in your agenda package. There were many of you that were at the June meeting. Several of you have been to several budget meetings over the years. This District has a plan to ramp up assessments by a gross of \$60 per year, which is \$5 a month until the Developer no longer funds the District. As you have assessments ramping up by \$60 a year, the Developer's contributions are ramping down. Eventually all of the landowners here will fully fund the operations of this District. If you look at the assessment section, you will see revenues. Last year, we planned to collect \$95,000 from operation and maintenance assessments on the platted lots. This year we plan to collect \$177,000. If you look at the bottom of the page under platted lots, you will see last year there were 193 platted lots. If you look to the right, there are now 322 platted lots. It is a matter of having more platted lots and also increasing the assessment from \$528 a unit to \$588 a unit. The assessments for the administrative portion of the budget, go down from \$60,000 to \$55,000. There are fewer un-platted parcels to assess because you have more platted lots. Those were converted to platted lots. The third line you will see Developer contributions for this year, which was \$68,000 and next year, there won't be Developer contributions towards the General Fund. You will see the total revenues are an increase from \$224,000 to \$233,000. As you look at the bottom of the budget under total expenses, you will see the reason assessments are essentially the same overall is because the budget is very much the same as it has been. The total expenses for this year is \$224,000 and budgeted for next year is \$233,000. I know we talked at several meetings about maintenance issues that need to be done out here. Had we collected \$224,000, I think we would have had enough. I think we budgeted correctly to get everything done out here but there is still about \$60,000 in assessments that we haven't collected for fiscal year 2012. There is a \$60 per year increase for each of the platted lots and the budget itself remains essentially the same. On page five is the recreational fund budget. You will see that is not funded with assessments. It is funded with the revenues from the swim and tennis club, as well Developer contributions. The largest decrease in expenditures would be the management fees going from \$55,000 to \$19,000. Two pages back, you have the debt service fund. This is the money that is paid to repay the tax free bonds that were issued to build the entire infrastructure in the District. There are three payments that are made each year and two of them are semi-annual interest payments paid on November 1st and May 1st and also

there is a principal payment that is due on May 1st of each year. On the next page you will see an amortization schedule.

On MOTION by Mr. Jones seconded by Ms. Ayers with all in favor the Public Hearing to Consider the Adoption of the Fiscal Year 2013 Budget was opened.

A resident asked is this \$588 in addition to the CDD fees?

Mr. Oliver responded no. Sometimes these letters are so legalistic that they are confusing. That is just the total O&M assessment. There are two components to your assessments, which are your operation and maintenance and your debt service assessment.

A resident stated we were told it would be approximately \$170 a month for our CDD fees plus an association fee.

Mr. Oliver stated the math may work out for that if you factor in both the debt service and O&M.

A resident asked when you say \$60,000 in uncollected assessments, what does that mean?

Mr. Oliver responded if you look at the budget you will see for fiscal year 2012 in the revenue section \$224,000 is what was assessed. You will see the assessment roll collection, which was \$95,000. Then there were direct bills of \$60,000 and that has not been collected yet.

A resident asked where does that come from?

Mr. Oliver responded eventually if the landowner doesn't pay that money, there is a foreclosure process to pursue them. Right now, we are working with the bondholders because at the same token, they haven't received certain debt service payments. We will act parallel with them if that action is needed.

A resident stated every year since we have been here it has went up \$5 a month. Is that going to continue to happen?

Mr. Oliver responded no. What has happened is that has been ramping up \$60 a year while the Developer subsidy has been ramping down. For fiscal year 2013, the Developer subsidy for the general fund is budgeted at \$0, so at this point forward the increase will be totally pegged to whatever the budget is. It will be divided by the number of lots and parcels

and that will determine what the assessment is. At the onset of this District, there was a promise made to incoming residents, as well as realtors that the plan is only to increase assessments \$60 a year rather than some Districts that would have very low assessments at the beginning and then have assessments double or triple.

A resident asked with the management fee dropping drastically, does that mean there will be even less going on here and less involvement?

Mr. Oliver responded the management fee is for the overall operation of this District. Operations and maintenance will actually be on the uptake because I believe this District will be in a better position financially as we go through fiscal year 2013. A lot of these issues are issues that are solved with money. Some of the issues that you had pointed out in your email have been addressed or are being addressed right now.

Mr. Arrowsmith stated the board and the whole community may be in a better position next year because the Developer is having discussions right now with the financial partner about coming in and taking an ownership position in the community. We are having discussions with them, with the bondholder and with the banks, as well. They have already been having negotiations with the bondholder. There will be a more financial beneficial position for builders going forward. I am not even sure if there is any kind of trickle down on the bonds. I do not know what will happen in the negotiations with the bondholder.

A resident asked with the feeling that we will be in a better financial position, are there going to be more things going on for the kids?

Mr. Arrowsmith responded I don't know. We have tried everything we could to try and keep everything going. I would think that there would be more things going on and more available should all of this happen.

On MOTION by Ms. Ayers seconded by Mr. Jones with all in favor the Public Hearing to Consider the Adoption of the Fiscal Year 2013 Budget was closed.

Mr. Earlywine stated Resolution 2012-04 is the annual appropriation resolution. It essentially adopts the budget for the fiscal year beginning October 1, 2012 through September 30, 2013. The first page just lays out the background. We have provided a copy of the budget to Clay County and put on the District's website. Section one adopts the budget. Section two

sets forth the appropriations to the general fund, recreational fund and debt service funds that are consistent with the budget that Jim has presented. Section three addresses supplemental appropriations and authorizes small adjustments to the budget under the District Manager's direction of larger transfers among budgetary items.

On MOTION by Ms. Ayers seconded by Mr. Jones with all in favor Resolution 2012-04 Adopting the Budget for Fiscal Year 2013 was approved.

B. Resolution 2012-05 Levying Operation & Maintenance and Debt Service Assessments

On MOTION by Ms. Ayers seconded by Mr. Jones with all in favor the Public Hearing Levying Operation & Maintenance and Debt Service Assessments was opened.

Mr. Oliver stated this budget will be put in the form of an assessment roll. That assessment roll will be certified and provided to the Clay County Tax Collector. Hearing no public comment.

On MOTION by Mr. Jones seconded by Ms. Ayers with all in favor the Public Hearing Levying Operation & Maintenance and Debt Service Assessments was closed.

Mr. Earlywine stated Resolution 2012-05 is our standard assessment collection resolution. It essentially levies and imposes the special assessment for operation and maintenance. It also certifies the collection methods for the debt service assessments. Section one identifies the benefit associated with the budget. In order for an assessment to be valid, there are essentially two requirements; one is that the properties that are receiving the assessment receive some benefit from the budgetary items. The second requirement is that the assessments are fairly and reasonably allocated across all of the properties that are benefited. Section two levies and imposes the special assessment. Section three addresses the collection and enforcement of the assessments. We had some late changes working with Jim's office on the assessment roll, so I want to walk you through how the collection will work for this year. With respect to the un-platted property, all of the debt on that property is delinquent and accelerated and subject to the work out that we were speaking of earlier. That will also receive

an O&M assessment and that will be direct billed with payments due April 1st and September 1st. For the platted property that is phase one, all of that for both the A debt and the O&M, will be on the roll. The B debt will be direct billed with payments due April 1st and October 1st, so we can make our bond payments in time. The A debt on the phase 2A property is actually accelerated as is the B debt. The operation and maintenance assessments on phase 2A would be collected on the tax roll. Section four certifies the roll for collection. Section five talks about assessment roll amendments to conform to the property roll. Sections six and seven are severability and effective date provisions.

On MOTION by Ms. Ayers seconded by Mr. Jones with all in favor Resolution 2012-05 Levying Operation & Maintenance and Debt Service Assessments was approved as amended.

C. Consideration of Funding Agreement for Fiscal Year 2013
This item was not needed.

NINTH ORDER OF BUSINESS

Acceptance of Arbitrage Rebate Report

Mr. Oliver stated included in your agenda package is a copy of the arbitrage rebate report. Each year we do an analysis of the use of the construction funds to make sure that we are not over earning. An arbitrage report was done by Grau & Associates, who is an independent CPA firm. They determined that there is negative arbitrage and for that reason, the District does not have to deposit any money into the arbitrage account.

On MOTION by Mr. Jones seconded by Ms. Ayers with all in favor the Arbitrage Rebate Report was ratified.

TENTH ORDER OF BUSINESS

Ratification of Annual Audit Report for Fiscal Year 2011

Mr. Oliver stated included in your agenda package is a copy of the annual audit report fiscal year 2011. It has been provided to the auditor general by June 30th as required by State statute. It states, "In our opinion the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities in each major fund of the District as of September 30, 2011, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with the accounting principles generally accepted in the United States of America." In the internal control report it states, "We did not identify any deficiencies in internal control

over financial reporting that we consider to be material weaknesses as defined above.” It states, “Rolling Hills Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes. The District failed to make the scheduled principal bond payments during the fiscal year ended September 30, 2011.”

On MOTION by Mr. Jones seconded by Ms. Ayers with all in favor the Annual Audit Report for Fiscal Year 2011 was accepted.

TWELFTH ORDER OF BUSINESS **Staff Reports**

C. Manager – Annual Meeting Schedule for Fiscal Year 2013

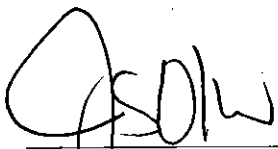
Mr. Oliver stated I am proposing a quarterly meeting schedule at this location at 5:00 p.m. on the first Wednesday of December, March, June and September.

Mr. Earlywine stated I think we should advertise more meetings to be held and we can always cancel them.

On MOTION by Mr. Jones seconded by Ms. Ayers with all in favor the Annual Meeting Schedule for Fiscal Year 2013 was approved as amended to be held every month on the first Wednesday at 5:00 p.m. at the Rolling Hills Amenity Center, 3212 Bradley Creek Parkway, Green Cove Springs, Florida 32043 was approved.

Mr. Arrowsmith left the meeting.

The meeting was adjourned at 5:30 p.m. because lack of a quorum.


Secretary/Assistant Secretary


Chairman/Vice Chairman