

Board of Supervisors¹

Rolling Hills Community Development District

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Governmental Management Services, Inc.
District Manager
14785-4 St. Augustine Road
Jacksonville, Florida 32258
(904) 288-9130

District records are on file at the offices of Governmental Management Services, Inc. and are available for public inspection upon request during normal business hours.

¹ This list reflects the composition of the Board of Supervisors as of December 1, 2006.

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**ROLLING HILLS
COMMUNITY DEVELOPMENT DISTRICT**

INTRODUCTION

The following information is provided to give you a description of the Rolling Hills Community Development District's ("District") services and facilities and the assessments that have been levied within the District to pay for certain community infrastructure, and the manner in which the District is operated. The District is a unit of special-purpose local government created pursuant to and existing under the provisions of Chapter 190, Florida Statutes. Unlike city and county governments, the District has only certain limited powers and responsibilities. These powers and responsibilities include, for example, construction and/or acquisition of the transportation improvements, water, sewer and re-use facilities, stormwater management facilities, entry features, landscaping and signage and recreational improvements and their maintenance.

**DISCLOSURE OF PUBLIC FINANCING AND MAINTENANCE
OF IMPROVEMENTS TO REAL PROPERTY UNDERTAKEN BY
THE ROLLING HILLS COMMUNITY DEVELOPMENT DISTRICT**

Under Florida law, community development districts are required to take affirmative steps to provide for the full disclosure of information relating to the public financing and maintenance of improvements to real property undertaken by such districts. The law specifically provides that this information shall be made available to all persons currently residing within the District and to all prospective District residents. The following information describing the Rolling Hills Community Development District and the assessments, fees and charges that have been levied within the District to pay for certain community infrastructure is provided to fulfill this statutory requirement.

What is the District and how is it governed?

The District is an independent special taxing district, created pursuant to and existing under the provisions of Chapter 190, Florida Statutes. The District encompasses approximately 562 acres of land located entirely within the jurisdictional boundaries of the Clay County, Florida. As a local unit of special-purpose government, the District provides an alternative means for planning, financing, constructing, operating and maintaining various public improvements and community facilities within its jurisdiction.

The District is governed by a five-member Board of Supervisors, the members of which must be residents of the State and citizens of the United States. Within ninety (90) days of appointment of the initial board, members were elected on an at-large basis by the owners of property within the District, each landowner being entitled to one vote for each acre of land with fractions thereof rounded upward to the nearest whole number. Elections are then held every two years in November. Commencing six years after the initial appointment of Supervisors and when the District attains a minimum of two hundred and fifty (250) qualified electors, Supervisors whose terms are expiring will begin to be elected by qualified electors of the District. A "qualified elector" in this instance is any person at least eighteen (18) years of age who is a citizen of the United States, a legal resident of Florida and of the District, and who is also registered with the Supervisor of Elections to vote in Clay County. Notwithstanding the foregoing, if at any time the Board proposes to exercise its ad valorem taxing power, it shall, prior to the exercise of such power, call an election at which all members of the Board shall be elected by qualified electors of the District.

Board meetings are noticed in the local newspaper and conducted in a public forum in which public participation is permitted. Consistent with Florida's public records laws, the records of the District are available for public inspection during normal business hours. Elected members of the Board are similarly bound by the State's open meetings law and are subject to the same disclosure requirements as other elected officials under the State's ethics laws.

**What infrastructure improvements does the District provide and maintain
and how are the improvements paid for?**

The District is comprised of approximately 562 acres located entirely within Clay County, Florida. The public infrastructure necessary to support the District's development program includes, but is not limited to: transportation improvements, water, sewer and re-use facilities, stormwater management facilities, entry features, landscaping and signage, recreational improvements and other public infrastructure. Each of these infrastructure improvements is more fully detailed below.

To plan the infrastructure improvements necessary for the District, the District adopted an Engineer's Report dated August 15, 2006 (the "Engineer's Report"), which details all of the improvements contemplated for the completion of the infrastructure of the District. Copies of the Engineer's Report are available for review in the District's public records.

These public infrastructure improvements will be funded in part by the District's sale of bonds. On September 11, 2006, the Circuit Court of the Fourth Judicial Circuit of the State of Florida, in and for Clay County, Florida, entered a Final Judgment validating the District's ability to issue an aggregate principal amount not to exceed \$42,000,000 in Capital Improvement Revenue Bonds for infrastructure needs of the District. On December 6, 2006, the District issued its first series of bonds for purposes of financing construction and acquisition costs of infrastructure improvements. On that date, the District issued its Rolling Hills Community Development District, Capital Improvement Revenue Bonds, Series 2006A, in the amount of \$14,805,000 and Series 2006B, in the amount of \$11,330,000 (together the "Series 2006 Bonds"). Proceeds of the Series 2006 Bonds will be used to finance a portion of the cost of the acquisition, construction, installation and equipping of the infrastructure and improvements.

Transportation Improvements

Transportation improvements consist of the main entrance roadway and internal roadways providing access throughout the residential areas. The main entrance roadway is a two-lane road from CR 739b along the eastern district boundary for a distance of 1.35 miles. The internal roadways will consist of a network of approximately 7.81 miles of neighborhood roads providing access to each residential lot. The improvements include clearing, grubbing and earthwork necessary for all work within the right-of-way and the utility easement, street lighting and restoration and sodding or seeding of a disturbed areas outside the paving.

The roads will be designed and constructed to Clay County standards. Upon completion of the improvements, the District expects to convey the roads to Clay County.

Water, Sewer and Re-Use Facilities

Three separate utility systems will be installed. The proposed potable water improvements consist of the main distribution system required to service the District, as required by Clay County Utility Authority (CCUA). The proposed sanitary sewer improvement consists of the Lift Stations and force mains required to serve the District. A re-use system will serve the entire district. The costs for these systems include piping, manholes, valves and all appurtenances required to construct the systems. Upon completion, these facilities will be dedicated to CCUA and will be owned and operated by CCUA.

Stormwater Management Facilities

The stormwater management facilities provide stormwater treatment and flood control measures for property within the District. The proposed stormwater management improvements consist of the treatment ponds, control structures and wetland mitigation required to serve the District in accordance with St. Johns River Water Management District permits. The County will own and maintain the stormwater system from the roads to the lakes. The District will own and maintain the lakes.

Entry Features, Landscaping and Signage

The proposed entry features, landscaping and signage improvements consist of entry monumentation and signage at the primary entrances, each neighborhood entrance, and includes landscaping at each entrance and at common areas throughout the District. The District will own and maintain the entry features, landscaping and signage.

Recreational Improvements

The Rolling Hills Community Development District presently intends to finance, design and construct recreational facilities within the District boundaries. The first improvement consists of an amenity center, which includes a multi-use recreational facilities and is anticipated to be completed in late 2007. The second improvement consists of neighborhood parks located at various locations throughout the District. These neighborhood parks will be installed as development progresses. The District will own, operate and maintain the recreational facilities.

Assessments, Fees and Charges

The bonds, and the interest due thereon, are to be payable solely from and secured by the levy of non-ad valorem or special assessments against lands within the District that benefit from the construction, acquisition, establishment and operation of the District's improvements. The District's Series 2006A Bond debt will be initially allocated to all assessable acres in the District on an equal acreage basis and reallocated when lands are platted. The Series 2006A assessments on platted lots

are expected to be billed in the same manner as are county ad valorem taxes. The current annual 2006A Debt assessment for platted lots are as follows:

The District's Series 2006B Bond debt will also be initially allocated to all assessable acres in the District on an equal acreage basis and reallocated when lands are platted. The Series 2006B assessments on platted lots are expected to be collected directly by the District. The District's 2006B Bond debt is scheduled to be paid by the Developer or Homebuilder prior to the sale to a homeowner. The current annual 2006B Debt assessment for a platted lot is \$14,888.

The District may undertake the construction, acquisition or installation of other future improvements and facilities, which may be financed by bonds, notes or other methods, that are authorized by Chapter 190, Florida Statutes.

Additional operations and maintenance assessments may be determined and calculated annually by the District's Board of Supervisors against all benefitted lands in the District. These assessments on platted lots will also be collected in the same manner as county ad valorem taxes and are expected to be collected beginning in 2007.

A detailed description of all costs and allocations which result in the formulation of assessments, fees and charges is available for public inspection upon request.

Method of Collection

The District's debt and maintenance assessments may appear on that portion of the annual real estate tax bill entitled "non-ad valorem assessments," and will be collected by the county tax collector in the same manner as county ad valorem taxes. Each property owner must pay both ad valorem and non-ad valorem assessments at the same time. Property owners will, however, be entitled to the same discounts as provided for ad valorem taxes. As with any tax bill, if all taxes and assessments due are not paid within the prescribed time limit, the tax collector is required to sell tax certificates that, if not timely redeemed, may result in the loss of title to the property. The District may also elect to collect assessments directly.

This description of the Rolling Hills Community Development District's operation, services and financing structure is intended to provide assistance to landowners and purchasers concerning the important role that the District plays in providing infrastructure improvements essential to the development of this new community. If you have any questions or would simply like additional information about the District, please write to: District Manager, Rolling Hills Community Development District, 14785-4 St. Augustine Road, Jacksonville, Florida 32258 or call (904) 288-9130.

RECEIPT OF DISCLOSURE

I, Marilyn D. Ayers, of Rolling Hills Venture, L.L.C. ("Developer"), hereby acknowledge receipt of the Disclosure of Public Financing and Maintenance of Improvements to Real Property Undertaken by the Rolling Hills Community Development District ("District"). I certify, as representative of the Developer, that in accordance with Section 190.009, Florida Statutes, the District has furnished sufficient copies of this disclosure to the Developer.

Marilyn D. Ayers
(Name)

Member
(Title)

1/8/07
(Date)