

ROLLING HILLS
COMMUNITY DEVELOPMENT DISTRICT

The continued meeting of the Board of Supervisors of the Rolling Hills Community Development District of June 8, 2021 was reconvened Wednesday, June 23, 2021 at 4:00 p.m. in the Rolling Hills Amenity Center, 3212 Bradley Creek Parkway, Green Cove Springs, Florida.

Present and constituting a quorum were:

Shannon Jordan	Chairperson
Frank Mattera	Vice Chairman
Rose Bock	Supervisor
David Church	Supervisor
John Miller	Supervisor

Also present were:

Jim Oliver	District Manager
Katie Buchanan	District Counsel
Keith Hadden	District Engineer
Freddie Oca	Amenity Manager - RMS
Tom Chewning	Operations Manager - RMS
Marilee Giles	GMS, LLC
Sete Zare	MBS Capital Markets LLC (by telephone)
Michelle Rigoni	Hopping Green & Sams (by telephone)

The following is a summary of the actions taken at the June 23, 2021 continued meeting. An audio copy of the proceedings can be obtained by contacting the District Manager.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Oliver called the continued meeting to order at 4:00 p.m. and called the roll.

SECOND ORDER OF BUSINESS

Audience Comments

There not being any, the next item followed.

THIRD ORDER OF BUSINESS

**Discussion of Matters Related to Series 2021
Project and Bond Issue**

Ms. Buchanan stated for members of the board who went through the one we did recently it is going to be very similar. For those of you who haven't undergone a bond issuance I will give you a general overview.

We are talking about a piece of property that is under contract that we refer to as Phases 3B and 3C. This bond issuance only relates to that area, it is not going to impact any other person's lot in the community it is only going to impact the 247 lots that are going to be built per the development plan. When a CDD decides to levy special assessments, the law requires that we do a couple of things and the first is that we have to identify a project and that is what is going to be described in the engineer's report. Essentially, the type of work we anticipate being installed in that area is your basic improvements for community development including water, sewer, transportation improvements, sanitary sewer and drainage associated with the roads, landscaping, irrigation and all the soft costs that relate to those types of improvements. Once we have a project identified then you have an estimate of how much money the project is going to cost and we will use that construction estimate gross it up for additional costs relating to issuing the bonds such as fees for professionals, reserve funds that have to go along with your bonds and we have a number we use to adopt an assessment cap. The cap we use is high and what typically happens is that once we levy this high assessment we will work with MBS and Sete to come up with an actual number of bonds that is more feasible for what the market can bear. I can levy an assessment for \$10 million and if that is \$3,000 a year, nobody is going to pay that. We will size it down to what the developer wants that is also proportionate and fair in connection with the other assessments on lots that already exist within the CDD. Right now we are putting in place the ceiling that gives us the flexibility to work with the financing team, get the numbers locked in, get your assessments finalized and then we will come back and adopt another resolution that is your permanent number and that is what we will do after the hearing.

Today, we are going to walk through the engineer's report that identifies the cost and then we will go through the methodology that takes the cost, grossing it up for financing costs and breaking it out on a per unit basis. Then we can discuss the supplemental, which will give you an idea of what we think the actual par debt assessments will be.

Once we are comfortable with the two reports there are two resolutions, one is the declaring resolution and it declares our intent to levy the special assessments, it puts the public on notice that

we intend to fund the project that is in the engineer's report and we intend to collect assessments to pay the bonds that we are using to fund the project.

The second resolution we will consider will set the public hearing. At the public hearing anyone who is impacted is going to have the opportunity to present concerns to the board. In this particular instance we don't foresee this to be an issue because the impacted party, the landowner, is asking us to do this. We are expecting that would be a non-issue. That being said, if we were doing something that impacted everybody in the community, everybody would get notice and then they might show up and be concerned. Because we are only impacting the one piece of land that is undeveloped and owned by a single entity, they will get a notice, but they already know about it because they are reviewing all the bond documents that you are reviewing concurrently because they are part of the financing team.

Fourth Supplemental Engineering Report

Mr. Oliver stated the fourth supplemental engineer's report was prepared by Joe Scofield, from Alliant Engineering, who was at our last meeting. This is the fourth supplement to the original engineer's report that was dated August 15, 2006 by Hadden Engineering. This is regarding Phases 3B and 3C for the planned 247 residential units. This is all part of the entire district, which is planned for 761 residential units. Page 3 has the introduction, with a brief overview of the CDD. The last paragraph on that page shows the total estimated cost of \$7,695,000 for the infrastructure improvements for Phases 3B and 3C. The next page is a map of the location of the CDD and the proposed platting map is on the next page. Beginning on page 10 are the land uses within this phase. Table 1 shows the 247 residential lots and other acreage used for upland buffers, ponds and roads, rights of way, and recreational, parks and open space 3.96 acres. I want to point out on the next page, the report clarifies recreation improvements are for pocket parks and open space, not amenity centers, pools, tennis courts, or similar projects. The report details various permits that need to be obtained prior to construction. It outlines the engineer's basis was for his estimated cost improvements. Table 3 talks in more detail of the improvements; the three most costly ones that each exceed \$1 million are roads, drainage, and sanitary sewer. Also of significant cost at about \$500,000 each are ponds, potable water and reuse water. The engineer's certification is on the next page and Mr. Scofield has signed that. Next is the survey and legal descriptions and a letter from the St. Johns River Water Management District that was sent to one

of the developers referencing the preliminary plans. We are seeking to approve this report in substantial form.

Assessment Methodology

Mr. Oliver stated there are two assessment methodologies to review. The first is preliminary master special assessment methodology. We just go through how those costs are going to be allocated over the assessment area. We are talking about a bond issue of \$10.510 million and these are capital improvement revenue bonds and those will generate proceeds so this construction project can be done in Phases 3B and 3C. There is an executive summary, then the assessment area that are Phases 3B and 3C for 347 lots and the bond amount of \$10.510 million. Next is improvements to be undertaken by the district, which will create special and peculiar benefits then general benefits for the property owners in Rolling Hills CDD. The District's bond issues have and will fund a series of improvements that benefit all lands within the District. For instance, the roads within Phases 3B and 3C benefit all residents within the district, not just those living there, the same way this amenity center benefits everyone that will be living in the district. Those are special benefits for all the residents within the district. The two requirements of a valid assessment methodology are properties assessed must receive a special benefit from the improvements paid for by assessments, which they do and the second requirement is the assessments must be fairly and reasonable allocated, which this report does.

Under the bond description on page 5 you will see it is a 30-year bond with an amount of \$10,510,000 and the average coupon rate is 6.25%. The lands that will be assessed to secure these bonds are those 79.84 acres in Phases 3B and 3C. It talks about a true-up mechanism and essentially that \$10 million that is spread over the 79.84 acres amount to roughly a debt of \$131,638 per acre. As these lots are platted, the true-up process will ensure remaining unplatted acreage doesn't have debt greater than \$131,638 per acre. If that is ever the case, a true-up payment is required to bring it back into balance. Table 1 lists the same improvements detailed in the engineer's report totalling \$7,695,000. The next page is sources and uses of funds. The source is the bond proceeds of \$10.510 million and uses are the construction fund of \$7,695,000 to make those infrastructure improvements in Phases 3B and 3C, and the remainder of the bond issue is to fund the debt service reserve fund, the interest reserve, the cost of issuance and the underwriter's discount. The next page shows the maximum assessment for the 247 units is \$42,551 and the total

assessment on an annual basis is \$3,150. The last table is the assessment roll and we will use the same legal description that you saw previously. Again, these are the maximum and when we issue the bonds it will probably be a lower amount.

Resolution 2021-07

Ms. Buchanan stated the whereas clauses of Resolution 2021-07 go through the history of the CDD, most recently the district did issue \$3.85 million of the 2015A-3s and we anticipate refunding the existing bonds to raise additional proceeds in an amount not to exceed \$10,510,000 and that is consistent with the information in the assessment methodology report, because that is our maximum amount. It goes through and references the engineer's report that describes the project we intend to fund and the sixth whereas clause identifies the methodology report, which indicates how the assessments are going to be allocated in proportion of the benefits that are set forth therein. It is our intent to levy special assessments to defray the cost of improvements in the original improvement plan as well as the new improvement plan. Because we are refunding bonds it ties to what is already in existence and what will be in existence. The nature of the improvements is described in the Exhibit A. Section 3 the total amount of the refunding of the 2015A-3 Bonds I believe that is \$1,953,315 because that is the number I pulled out of the supplemental, but we will confirm that number. What I'm saying in section 3 is that we expect out of the new bond issuance that roughly \$1.9 million is going to refund the existing bond and then potentially up to \$7.695 million will go to new improvements identified in the engineer's report. The total amount of the refunding for the 2015A-3 bonds for the \$1,953,315 and the improvements in the 2021 improvement plan are estimated to cost \$7,695,600 and when you combine those two amounts that is where you get the total amount of what will be used to refund the bonds and fund the project. When you add in the extra financing cost you are really looking at a total issuance of \$10,510,000 and that is the number that goes into section 4. The assessments will actually defray \$10,510,000. Section 5 official adopts the assessment methodology, section 6 incorporates the assessment plat, which we have on record, section 7 identifies when the assessment collection will start and it is going to start as soon as we issue the bonds and the old bonds are defeased. We will utilize the uniform method once it is platted but we reserve the right to collect off-roll while we can. We adopt the official preliminary assessment methodology and then the resolution also requires the board to fix a time and place for a hearing for any interested party can come to the board and raise

concerns about the special assessments that are going to be imposed. It also directs staff to publish in the newspaper twice, these are statutory requirements that we have to comply with, with the intent being that we want to blast the world that this is happening. If someone has an interest they are on notice and able to come up here and raise their opinions with you. The goal for any CDD is to make sure that we provide notice to the residents in the community that are impacted so that you don't get a surprise on your property tax bill. The same thing we do with our methodology for O&M in case there is an increase you would send a similar letter. Here, with the developer doing it, this is not going to be an issue.

This is what we call our declaring resolution where we declare our intent to construct the project, issue bonds to finance the project and levy special assessments to repay those bonds.

On MOTION by Ms. Jordan seconded by Mr. Church with all in favor Resolution 2021-07 was approved in substantial form.

Resolution 2021-08

Ms. Buchanan stated 2021-08 is real simple, it just references the resolution we just adopted and we would pick a hearing date. That way we adopt by a motion a date we are coming back and conclude this. I assume we are going to do it at the August meeting.

On MOTION by Mr. Mattera seconded by Ms. Jordan with all in favor Resolution 2021-08 setting the public hearing for August 10, 2021 was approved.

Ms. Buchanan stated the preliminary supplemental special assessment methodology have numbers that are more realistic.

Mr. Oliver stated table 1 has the costs associated with the refinancing.

Ms. Buchanan stated looking at table 1 instead of the \$10.5 million it is more like \$2.6 million, a significant bring down to what we think is realistic.

Mr. Oliver stated one assessment methodology report is for the new money bonds for infrastructure construction and the other report is related to the refunding and defeasance of the Series 2015A-3 bonds.

Ms. Buchanan stated I'm going to ask you to go back to 2021-07, it only references one of these methodologies and I think it would be more appropriate to reference both of them. I want to make sure that the Resolution 2021-07 actually does incorporate both of these reports and the modification would be wherever there is a reference to the preliminary supplemental we would also reference the preliminary master.

On MOTION by Mr. Mattera seconded by Ms. Jordan with all in favor the motion approving Resolution 2021-07 was amended to include every place the preliminary supplemental methodology report is referenced it will also reference the preliminary master assessment methodology.

Ms. Buchanan stated the supplemental just tells you what is going to happen with the refunding to the existing, how it is going to change and the master talks about the new work and we should look at them combined.

FOURTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

FIFTH ORDER OF BUSINESS

Supervisor's Requests

Mr. Mattera asked where the highway comes out of the community, does the CDD own the land across the street?

Ms. Buchanan responded I don't think so.

Mr. Mattera stated the reason I'm asking is they keep having mud slides and they keep putting dirt on it and that doesn't fix it.

Mr. Hadden stated that will be Bahia and they are trying to keep from losing all the dirt.

Mr. Mattera stated I know we have been working with the tow company but where they are building the new area, they are parking by the sign. Is there a way to put a sticker on a side window for a first offense and if they do it again you put it on the back window and the third time put it on their windshield? It is the same people who do it over and over again. One house has five vehicles in the road, three in the driveway. How do we handle that?

Mr. Oliver stated let me talk with you and Freddie offline and we will send them a letter.

SIXTH ORDER OF BUSINESS

Audience Comments

Ms. Cormier asked is that going to be a 30-year bond? I think ours was an 18-year bond.

Ms. Jordan stated all the homes are 30-year bonds. Your house may only have 18 years remaining on the bond.

Ms. Cormier asked how did they get the lighting by the pool certified at the county?

Mr. Hadden stated the architect or developer may have had someone certify that lighting was appropriate for night swimming if that was even required or offered in 2006. I'm trying to find out what you go through now to get certified. Do they do a photometric analysis at night to say you are okay or you need upgrades? My biggest concern is you want to make sure that you are covered with the county or state and make sure you are covered with your insurance carrier. If the insurance carrier is not happy with night swimming and something happens they are going to come after the CDD and everybody else.

Mr. Oliver stated we need something from the county documenting they have certified the pool for night swimming. Black and white. Distcit records show not discussion or payments related to night swim certification at time of construction. I have a feeling that someone checked the wrong box on the pool permit. If Clay County is sure we are certified and will put that in writing that would be good. Thanks for following up with the architect.

FIFTH ORDER OF BUSINESS

**Next Meeting Scheduled for August 10, 2021
@ 6:00 p.m. at Rolling Hills Amenity Center**

Mr. Oliver stated the next meeting is August 10, 2021 at 6:00 p.m. at this location.

On MOTION by Ms. Jordan seconded by Mr. Mattera with all in favor the meeting adjourned at 4:50 p.m.

Secretary/Assistant Secretary

Chairman/Vice Chairman