

MINUTES OF MEETING
ROLLING HILLS
COMMUNITY DEVELOPMENT DISTRICT

A special meeting of the Board of Supervisors of the Rolling Hills Community Development District was held Tuesday, May 5, 2022 at 3:00 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
John Miller	Vice Chairman
Rose Bock	Supervisor by telephone
David Church	Supervisor
Nate Riggs	Supervisor

Also present were:

Marilee Giles	District Manager
Katie Buchanan	District Counsel by telephone
Keith Hadden	District Engineer
Jim Oliver	GMS
Freddie Oca	Amenity Center Manager
Jay Soriano	Operations Manager
Scott Blunck	Garden Street Communities Southeast, LLC

The following is a summary of the actions taken at the May 5, 2022 special meeting. An audio copy of the proceedings can be obtained by contacting the District Manager.

FIRST ORDER OF BUSINESS

Roll Call

Ms. Giles called the meeting to order at 3:00 p.m. and called the roll.

SECOND ORDER OF BUSINESS

Audience Comments

Mr. Rhein asked can someone clarify the rules for speaking at the meeting?

Ms. Giles stated the district did adopt some policies when it was first established, a 3-minutes rule for audience comments. They are just comments, sometimes the board chooses to engage in conversation and sometimes the board will just say thank you. The board has asked me to start setting a timer for that 3-minutes. I take guidance from the supervisors if they are engaging in a conversation and it is okay with them, I wouldn't say anything.

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Mr. Rhein stated I would like to request that meetings scheduled in the future be created with more care, thought and reasonableness so that days of celebration such as today, Cinco de Mayo. I reviewed the proposals from today's agenda and offer the following notes to the board to help in the selection for this requirement and future evaluations. Item 1 none of the bidders of a minority owned, women owned or better known businesses nor do our solicitation addresses opportunity. I would hope that future requests for proposals would incorporate the Florida Statutes that require or encourage these types of businesses in its solicitations including the possibility of requiring a non-minority owned company to submit a minority owned subcontractor. For future requirements I recommend the removal of 5 points from the evaluation factor schedule and creating a new evaluation factor, minority owned enterprise for a total of 5 points to encourage minority owned businesses participation as recommended by the 2021 Florida Statutes title 19 Chapter 287. Item 2, schedule: As you are well aware scheduling weighs heavily in the selection process for the evaluation criteria. I want to note to the board that bids seem to complete the requirement half the time, this is not based on 50 working days while the competition listed 90, it doesn't state working or calendar days. No assumptions can be made when negotiating contracts. This is an issue that requires clarification depending on the knowledge you may possess. Ironically, both state their schedule to be from the month of August to December 2022, which per the calendar consists of a total of 104 working days or 152 calendar days not to mention the 6 that are holidays during this period of performance. Because this weighs so heavily I respectfully request the board to take the time to clarify with the bidders and amongst themselves during today's agenda on this issue before making a decision to prevent delays in scheduling, additional costs, liquidated damages and the possibility of declining use by residents throughout the holidays if this project is extended into the new year. I also recommend a template form be revised to state working days or calendar days in figures in parentheses total. Lastly I request time under public comments at the end of the meeting to hear what options regarding the pool maintenance first then reply and an appropriate time afterwards at the end of discussion.

THIRD ORDER OF BUSINESS**Consideration of Proposals for Electrical Conduit for Phases 3B & 3C Infrastructure Construction Project**

Mr. Blunck stated through the assistance of Katie and her office we went out to bid five weeks ago and the bid was based on the documents and specifications from Clay Electric. We had

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four or five contractors that voiced they would submit a bid and we received two bids, from Adkins Electric and T&M Electric of Clay County. Adkins Electric was the low bidder and they also have done a number of CDD projects and focused on underground electric and are also doing Phase 3A right now. Based on the difference in pricing of \$60,000 I recommend the project be awarded to Adkins Electric. On a point scale, they were about 13 points higher than T&M Electric of Clay County, which is also a good contractor. This scoring is based on experience and pricing. I would like to ask the board to let us proceed with negotiations with Adkins Electric on the final contract to be reviewed by Katie then the board chair for signature.

On MOTION by Ms. Jordan seconded by Mr. Miller with all in favor the contract for Shadow Crest at Rolling Hills Phase 3B and 3C was awarded to Adkins Electric in the amount of their low bid of \$434,300 minus sales tax of \$17,930.

Mr. Blunck stated there were concerns about truck noise in the community and we have made it very clear to Pipeline, our contractor, not to start any work until 7 a.m. and we are confident that is the case. All the workers have to check in by their phone and no one logs in until right before 7. We also tried to limit any deliveries until after 7 a.m. and we will do our best to maintain that throughout the course of construction.

FOURTH ORDER OF BUSINESS

Discussion of Options to Fund Pool Repairs

Ms. Giles stated next is a discussion of options to fund the pool repairs. Jim Oliver is here to help address that because we will approve the budget at the next meeting.

Mr. Oliver stated if you will recall you had the general election in November 2020, which added two new resident members to the board. At that point, the board became resident controlled. Shortly thereafter, you directed staff to commission a capital reserve study, which was completed in April 2021. When you went through the budget process last year, you made a contribution to the capital reserve fund in the amount the consultant suggested of \$75,000. For CDD boards, typically induction of a resident controlled board is the time you start building your capital reserves. Many CDDs in northeast Florida were impacted by the recession in 2009 when development came to a standstill. A few years after the original developer left the project, Common Bond Capital took over the project and you have been on an upward path since then. That is the

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situation we are in. You did not save much in capital reserves during that period because developers typically don't put their money toward building capital reserves. They are focused on construction and ongoing operations, and that is where the bulk of their money went. Now, as you build capital reserves, it is important that each year as you go through the budget process to make sure you have a good understanding of this capital reserve study and that is something we will talk about a little bit today.

Regarding the budget process, you will consider a proposed budget at your June meeting and you will approve it in accordance with Florida Statutes requiring that the board approve a budget by June 15th of each year, then you will have a public hearing in August, no sooner than 60 days after approval. We will adopt the budget in August and then certify the assessment roll, which goes to the tax collector and these will be on the tax bills that go out November 1st.

The fact that you are talking about a pool resurfacing project was a good reminder to make sure you understand this capital reserve study. I did want to call your attention to page 1.2 of the capital reserve study as well as 2.1. When we started this capital reserve contribution program last year we started with the contribution of \$75,000. If you follow the slow increase of contributions at about 3% per year, you will see this district would be in the red by 2030 in terms of not having enough funding to handle current capital projects that need to be repaired or replaced. If you look at page 2.1 you will see the recommendation that may be the perfect plan suggested by the consultant was there would be last year a contribution of \$387,000 – that is not achievable. However, if you look at column no. 3 under annual contribution for this year, they are suggesting roughly \$150,000 contribution. We are suggesting that you budget \$150,000 into the capital reserve contribution line item for the next fiscal year. You will have plenty of time to revise that number during the budget process, but at least you are starting with the consultant's recommendation. The impact of \$150,000 for 761 lots is \$197, twice the impact when you funded \$75,000 this year. We do need to remain on track for significant capital reserve contributions every year because this facility was built in 2008. It is going to need repairs and replacements to keep the facilities in good appearance and working order. With other developments coming into this area, Rolling Hills remains a great location with a high end amenity center. Your property values will benefit from as a result, but we have to be able to take care of these assets, including the pool resurfacing discussed at the last meeting.

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At the last meeting you had that discussion and called this special meeting not wanted to deal with the last item but to make sure we have a plan for pool resurfacing. The capital reserve plan had projected a resurfacing date of 2026. Clearly that is too far out; it is going to have to happen sooner. I think right now consensus is that it could happen during the off season after next fiscal year, sometime in the fall of 2023 or the first quarter of 2024. You may delay it beyond that, but that might really be pushing it in terms of inflation, appearance and safety.

There are three funding options worth considering, One is use the capital reserve fund. Two, is to issue revenue bonds to pay for improvements, but typically for bonds to be cost worthy you would want to issue at least \$1 million in bonds. To do that you would need other projects in addition to \$250,000 pool resurfacing project. It could be at that time you look at other improvements that you want, whether it be parks, additional expansion of the amenities here on site, and it could also be infrastructure improvements that are not recreation related. There are costs with that, including transactional costs, costs of issuance, and also you are paying interest as you pay back that debt. Other than 30-year bonds you could look at more traditional financing with a bank and it could be anywhere from 5, 10, or 15 years with the details to be worked out. However, you are dealing with transactional costs associated with that as well as the rise in interest rates we are seeing right now. Those would be the three things you could look at to fund the pool resurfacing project. Whether you use the capital reserve or not, I strongly encourage you to build your capital reserves. It could be that you use part of the capital reserves for part of the funding of this project, and at that time of project commencement, you can have an additional special assessment to close out the balance of whatever costs you have.

What you are going through, every CDD faces and you have to take care of your funding. It is nothing specific to Rolling Hills, every district has to maintain capital reserves.

Ms. Jordan asked is it possible to increase the percentage that the unplatted lots pay to 100%?

Mr. Oliver stated I think it could be done and it is something we will need to look into.

Ms. Jordan stated we have to have an increase regardless and it is less painful to increase CDD fees than trying to get the developer paying 100% of the O&M.

Mr. Oliver stated at the end of the day it is a board decision.

Mr. Church asked a special assessment one-time fee who is responsible if they don't pay? Is that something the board will have to deal with?

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Mr. Oliver stated the CDD would put it on the tax roll and collect it for all the platted lots and we would get 100% collections. If the property owner doesn't pay, their lender does. If the lender doesn't pay their tax bills, the tax collector sells tax certificates to make all of the agencies whole, including the district. For the two developers they get direct bills and we would put that on the direct bills. Collection would not be an issue.

Ms. Jordan asked do we still want to do a special assessment because if we do a special assessment we have to make that decision now.

Mr. Oliver stated you can make that decision during the budget cycle because we would put it on the assessment roll, whether it is on the assessment roll that gets certified in August 2022, or defer it until next year.

Mr. Church stated I would rather keep CDD fees lower and do a one-time special assessment.

Mr. Miller stated I would like to do the same thing. Are you talking about a special assessment one lump sum for your taxes?

Mr. Oliver stated yes.

Mr. Miller stated when you start looking at that, that it is still going to raise for anybody that has a mortgage that is going to raise their mortgage payments on a monthly basis.

Ms. Jordan stated that would happen but we would notify them in enough time. We can do it, but you still have to take responsibility for your finances. Everybody can call their mortgage company and add to their escrow then when it hits you have the money but can Freddie email everybody to suggest ways to prepare for this?

Mr. Oliver stated you could probably craft a message if you decide to go down this road, which you can do in conjunction with this year's budget process or next year's budget process. I wouldn't have two separate tracks going on, one for pool resurfacing funding and one for your budget whether this year or next year.

Mr. Soriano stated in the capital reserve study one of the expenditure numbers for fiscal year 2023 we are already planned for, hopefully, all these things won't happen in 2023 but there is a plan for that. When you add all those things up you are talking under \$100,000 so we have to be able to afford that along with bringing in money to do the pool. You have to build up that capital reserve.

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Ms. Jordan stated if we do a one-time special assessment and did the pool and the kiddy park I think I figured the high was \$400 per lot then you still have money in reserves to do all the extra stuff he is talking about.

Ms. Giles stated if we can pause for a minute so you can see where Jay is coming from, back to table 2.1 it shows the annual contributions and the annual expenditures of \$119,000 and that is what Jay is referring to and as you travel through the capital reserve study and use the headings at the top you can see it goes from 2021 when this was done until 2023 then just follow that down it will show you everything in 2023 that possibly could need to be repaired replaced or whatever it is. In 2023 you probably have \$42,000 worth of HVAC repairs. If all those things break in 2023 you are looking at \$119,000, none of which includes any pool business.

Ms. Jordan stated if we grow the reserves at \$75,000 a year we should be at least \$150,000 by the time 2023 year ends so we could get away with one more year without raising the CDD fees if we do a special assessment.

Ms. Giles stated this does not take into consideration the increases we have gotten from vendors.

Mr. Soriano stated you are just talking about the capital reserve, then you have the day-to-day operation of which almost everything is going up, landscape, staffing, pool chemicals.

Mr. Oliver stated that is really a proposed budget discussion.

Ms. Jordan stated I think we need to do the one-time assessment and review the budget at the next meeting.

Mr. Oliver at your June meeting when you consider the proposed budget, you also can have the pool resurfacing included as a line item.

Ms. Jordan stated if we take that action now we could have something sent out that says, this is the path we are going on it is not guaranteed, plan now to the residents.

Mr. Oliver stated you would have to have a public hearing. A decision cannot be made until after the public hearing. All you can do is put it on the proposed budget so you can have that discussion at the June meeting.

<p>On MOTION by Ms. Jordan seconded by Mr. Miller with all in favor this item will be placed on the June agenda to consider the level of assessments for the pool resurfacing project.</p>
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FIFTH ORDER OF BUSINESS**Other Business**

Mr. Hadden stated the CDD has been approached by a cell tower company, they would like to build a 150 foot tall cell tower on Sandridge Road. The proposal is 330 feet back from Sandridge in the woods and down the hill from where the driveway to the lift station is. It will be 440 feet to the closest Rolling Hills residents and 410 feet to the closest Silver Creek resident. Most of the houses along there have trees on waters edge on their side of the pond and there are trees on the other side of the pond on the waters edge and there is a slope off area back into the woods. They will lease the land for 50-years for \$2,000 a month and that will be \$1.2 million over 50 years and at the end of 50-years they take down the tower, all the electronics and fencing. It will always be owned by the CDD. The second option is a one-time upfront payment of approximately \$200,000, they have it for 50-years and you get \$200,000 today. They are looking at your site and two others in the area and I'm hoping by our next meeting they have a written offer that I can bring to the board. You don't need to take any action because they have not made a formal offer.

SIXTH ORDER OF BUSINESS**Audience Comments**

Ms. Cormier stated as a realtor I was negotiating the 9 acres on the other side of this road and that 9 acres the homeowners selling it was a contingency that if you bought that land that cell tower was going to go on that property being sold with it because they were getting a residual of \$3,000 a month and they were looking at an inheritance situation and the developer is not under contract yet, there is a letter of intent for that 9 acres. It is platted on his stuff for them to possibly do that. For whatever reason now they are looking at other spots? Is it because that developer doesn't want it on his 9 acres he is going to try to develop? As you are evaluating this take into consideration there is probably more going on than meets the eye and that is important information that should be said on what other locations are they looking at and why are they doing it here and why aren't they offering you \$3,000 a month.

Mr. Hadden stated they did say they were looking at several other sites.

Ms. Midget stated at one time you were talking about doing more with the parks.

Ms. Jordan stated at this time we are not in a position to build parks.

Ms. Midget asked is there a way for the residents to vote on this?

Ms. Jordan stated you elect us to make the decisions.

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Mr. Miller stated I lived in a community where they got together to raise money to install playground equipment.

Ms. Midget asked is it possible that we could do that here?

Ms. Jordan stated yes just run it through us.

A resident stated I am a first-time homeowner, and this special assessment is this year and whatever the increase. What happens the following year? Once it goes up it doesn't come back down, correct?

Ms. Jordan stated if we do a special assessment you just have this one year with the extra bill.

Mr. Boll stated there are grants for things such as playgrounds. Why don't you request a grant for that?

Mr. Soriano stated I have done them in other districts, not only grants to make the whole purchase but a portion or matching funds. Right now a playground would be easier than the pool resurfacing. We don't have a staff person who specifically does grants, part of management does that.

Mr. Boll stated you can outsource that to someone who writes grant proposals.

A resident asked is the CDD going to foot any of the bill for pool resurfacing rather than the residents?

Ms. Jordan stated if we do a special assessment for the entirety of the pool the reserves would remain to pay for everything else in the reserve study.

The resident stated I feel that the CDD should pay a portion of it.

Ms. Jordan stated the O&M you pay goes to maintain the facilities, we started to fund a reserve.

Ms. Cormier asked can you vote to increase the amount the developers pay on unplatted property?

Mr. Oliver stated that will happen during the budget process. When you get the proposed budget in June the assessment table will show all planned or platted lots with the same assessment.

A resident asked why don't we have reserves?

Mr. Oliver responded because property owners have been assessed for capital reserves until very recently. This board last year for the first time increased the capital reserve contribution of

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\$75,000, which is still short of what is recommended by the report. The assessments have only recently started to be levied for capital reserves.

A resident asked are you saying the whole time this was here no houses paid into the reserves?

Ms. Jordan stated the homeowners put in a certain amount of money and the developer at that point put in the difference. When we met the budget the developer stopped contributing and at that time we increased it to get to where you are now building a reserve fund.

Mr. Miller stated keep in mind the area around the second lake didn't exist until five years ago.

Ms. Giles stated Freddie is here and is very knowledgeable about the community. Feel free to come up and talk to him or email him when you have questions.

Mr. Brown asked is the reserve study available online?

Mr. Oliver stated it is on the CDD website.

SEVENTH ORDER OF BUSINESS

Supervisors Requests

There being none, the next item followed.

TENTH ORDER OF BUSINESS

Next Meeting Scheduled for June 14, 2022 @ 6:00 p.m. at Rolling Hills Amenity Center

Ms. Giles stated the next meeting is June 14, 2022 at 6:00 p.m. at this location.

On MOTION by Ms. Jordan seconded by Mr. Miller with all in favor the meeting adjourned at 4:08 p.m.

DocuSigned by:

Marilee Giles

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Secretary/Assistant Secretary

DocuSigned by:

Shannon Jordan

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Chairman/Vice Chairman