

MINUTES OF MEETING

Each person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based.

**MAGNOLIA CREEK
COMMUNITY DEVELOPMENT DISTRICT**

The special meeting of the Board of Supervisors of the Magnolia Creek Community Development District was held on **Friday, January 3, 2014 at 9:45 a.m. (CST)** at the Walton County Coastal Branch Library, located at 437 Greenway Trail, Santa Rosa Beach, Florida 32459.

Present and constituting a quorum:

Tom Hidell	Board Supervisor, Chairman <i>(via speakerphone)</i>
Maunsel White	Board Supervisor, Vice Chairman
Billy McConnell	Board Supervisor, Assistant Secretary
Jesse Wallace	Board Supervisor, Assistant Secretary
Dan Mueller	Board Supervisor, Assistant Secretary

Also present were:

Debra Anderson	District Manager, Rizzetta & Company, Inc.
Darby Scott	District Counsel, Hopping Green & Sams, P.A.
Jason Merritt	District Counsel, Hopping Green & Sams, P.A. <i>(via speakerphone)</i>
Rick Moore	District Engineer, Moore Bass Consulting <i>(via speakerphone)</i>

FIRST ORDER OF BUSINESS

Call to Order

Ms. Anderson called the meeting to order and read roll call.

SECOND ORDER OF BUSINESS

Audience Comments

There was no audience present at the meeting.

THIRD ORDER OF BUSINESS

**Consideration of Minutes of the Board
of Supervisors' Meeting Held on
September 12, 2013**

<p>On a Motion by Mr. White, seconded by Mr. Mueller, with all in favor, the Board approved the Minutes of the Board of Supervisors' meeting held on September 12, 2013, for the Magnolia Creek Community Development District.</p>

FOURTH ORDER OF BUSINESS

**Ratification of Operation and
Maintenance Expenditures for August,
September, October and November 2013**

On a Motion by Mr. McConnell, seconded by Mr. White, with all in favor, the Board ratified the Operation and Maintenance Expenditures for August 2013 (\$1,167.52), September 2013 (\$3,231.65), October 2013 (\$401.00) and November 2013 (\$752.72), for the Magnolia Creek Community Development District.

FIFTH ORDER OF BUSINESS

Selection of an Audit Committee

On a Motion by Mr. Hidell, seconded by Mr. White, with all in favor, the Board appointed Mr. Tom Hidell, Mr. Maunsel White, Mr. Daniel Mueller, Mr. Billy McConnell, and Mr. Jesse Wallace as the Audit Committee, and set the first committee meeting for February 13, 2014 at 2:30 p.m. at the Walton County Coastal Branch Library, located at 437 Greenway Trail, Santa Rosa Beach, Florida 32459, for the Magnolia Creek Community Development District.

SIXTH ORDER OF BUSINESS

**Status Update Regarding Foreclosure
Matters**

Ms. Scott stated that the 2010 foreclosure case proceeded to trial on November 12, 2013. She said the District prevailed in that trial and obtained a final judgment of foreclosure. She stated the sale date has been set by the court on January 10, 2014 and that an order of the court will be required to cancel the sale. She stated that a trial date has been set in the 2012 foreclosure case for February 11, 2014.

SEVENTH ORDER OF BUSINESS

Consideration of Funding Agreement

Ms. Scott said that there is not enough time to finalize a written agreement between all the parties before the sale date set by the court for January 10, 2014, and the trustee and developer have requested more time to work out a settlement, encompassing both the 2010 and 2012 foreclosures. She stated that the Trustee has offered to provide \$245,700.96 which represents the District's accounts payable as of December 16, 2013, as well as \$63,994.55 which represents one-fourth of the budget for the current fiscal year on all the property in the District, other than the 64 lots. The Trustee has offered to provide those funds in return for the District attempting to obtain a court order to cancel the sale and not reset it until on or after April 1, 2014. She stated that the effect of this agreement would be to eliminate the liens for operation and maintenance assessments on the portions of the property the Trustee would retain in a settlement, except for the liens on the 419 acre parcel, which would not be affected by this agreement. She stated also that there would be no impact on any operation and maintenance liens for the current fiscal year 2013/2014 on any parcels. She said this agreement has no impact on the 2012 foreclosure case. Discussion ensued regarding the provisions of this agreement and future options available to the District if a settlement was not reached by April 1, 2014.

On a Motion by Mr. Hidell, seconded by Mr. Mueller, with all in favor, the Board approved the Funding Agreement, for the Magnolia Creek Community Development District.

EIGHTH ORDER OF BUSINESS

Consideration of Tri-Party Agreement

Ms. Scott said that, should the court refuse to cancel the foreclosure sale, a Special-Purpose Entity titled Magnolia Creek CDD Holdings, LLC would be created which would credit bid at the foreclosure sale. She said this Tri-Party Agreement is an agreement between the District, the Trustee and the Special-Purpose Entity, governing the relationship between those parties. She said that there are provisions for District funding for operation and maintenance and company funding. Discussion ensued regarding the formation of the Special-Purpose Entity and its function. Mr. Merritt stated that this agreement also stipulates the company will grant a mortgage to the Trustee.

On a Motion by Mr. McConnell, seconded by Mr. White, with all in favor, the Board approved the Tri-Party Agreement in substantial form, subject to the court not resetting the foreclosure sale under the funding agreement, and based upon final review and approval of the Chairman, for the Magnolia Creek Community Development District.

NINTH ORDER OF BUSINESS

Consideration of Operating Agreement

Ms. Scott said that the Operating Agreement is the agreement which governs the Special-Purpose Entity and provides that it will be a manager-managed company and establishes the powers of the manager. She stated that the initial manager of the company will be Rizzetta Magnolia Creek Properties, LLC.

On a Motion by Mr. Mueller, seconded by Mr. White, with all in favor, the Board approved the Operating Agreement in substantial form, subject to the court not resetting the foreclosure sale under the funding agreement, and based upon final review and approval of the Chairman, for the Magnolia Creek Community Development District.

TENTH ORDER OF BUSINESS

Consideration of Assignment of Judgment

Ms. Scott said that the Assignment of Judgment assigns the final judgment from the District to the Special-Purpose Entity to enable the Special-Purpose Entity to credit bid at the foreclosure sale.

On a Motion by Mr. Wallace, seconded by Mr. White, with all in favor, the Board approved the Assignment of Judgment in substantial form, subject to the court not resetting the foreclosure sale under the funding agreement, and based upon final review and approval of the Chairman, for the Magnolia Creek Community Development District.

ELEVENTH ORDER OF BUSINESS

Consideration of Authorization of Agent

Ms. Scott stated that Jason Merritt would be the authorized agent in such a foreclosure sale under this Authorization of Agent.

On a Motion by Mr. McConnell, seconded by Mr. White, with all in favor, the Board approved the Authorization of Agent (Jason Merritt) in substantial form, subject to the court not resetting the foreclosure sale under the funding agreement, and based upon final review and approval of the Chairman, for the Magnolia Creek Community Development District.

TWELFTH ORDER OF BUSINESS

Waiver of Conflict of Interest

Ms. Scott stated Hopping Green and Sams does not foresee any conflict of interest in serving as counsel to both the District and the Special-Purpose Entity but, if such a conflict arises, this provides for a waiver of that conflict and the ability to terminate representation in order to avoid a conflict.

On a Motion by Mr. Wallace, seconded by Mr. McConnell, with all in favor, the Board approved the Waiver of Conflict of Interest, for the Magnolia Creek Community Development District.

THIRTEENTH ORDER OF BUSINESS

SPE Fee Agreement

Ms. Scott stated that this is the fee agreement for Hopping Green and Sams for representation of the Special-Purpose Entity.

On a Motion by Mr. Mueller, seconded by Mr. Wallace, with all in favor, the Board approved the SPE Fee Agreement, for the Magnolia Creek Community Development District.

FOURTEENTH ORDER OF BUSINESS

Staff Reports

- A. District Counsel
No report.
- B. District Engineer
No report.
- C. District Manager
Ms. Anderson stated the next Board meeting is scheduled for January 9, 2014.

Ms. Anderson stated that there is a conflict with scheduling of the meeting room at 9:30 a.m. for the remainder of the year. She stated that the room is available at 2:30 p.m. on the days already set for the District Board meetings for fiscal year 2013/2014.

On a Motion by Mr. White, seconded by Mr. McConnell, with all in favor, the Board approved changing the meeting time to 2:30 p.m. on the second Thursday of each month beginning in February 2014, for the Magnolia Creek Community Development District.

FIFTEENTH ORDER OF BUSINESS

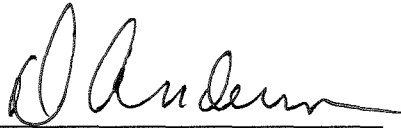
Supervisor Requests

There were no requests from the Board.

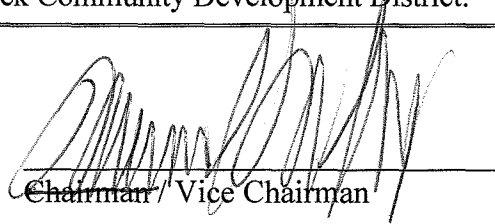
SIXTEENTH ORDER OF BUSINESS

Adjournment

On a Motion by Mr. White, seconded by Mr. Wallace, with all in favor, the Board adjourned the meeting at 10:37 a.m. (CST), for the Magnolia Creek Community Development District.



Secretary /Assistant Secretary



Chairman / Vice Chairman