

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 regular meeting of the Board of Supervisors of the Magnolia Creek Community Development District was held on **Thursday, March 13, 2014 at 2:30 p.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
Maunsel White	Board Supervisor, Vice Chairman
Billy McConnell	Board Supervisor, Assistant Secretary
Dan Mueller	Board Supervisor, Assistant Secretary
Jesse Wallace	Board Supervisor, Assistant Secretary <i>(joined the meeting in progress)</i>

Also present were:

Debra Anderson	District Manager, Rizzetta & Company, Inc.
Tucker Mackie	District Counsel, Hopping Green & Sams, P.A.
Carl Eldred	District Counsel, Hopping Green & Sams, P.A.
Rick Moore	District Engineer, Moore Bass Consulting <i>(joined the meeting in progress via speakerphone)</i>
Carol Watson	Representative, Rizzetta & Company, Inc.

FIRST ORDER OF BUSINESS

Call to Order

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

SECOND ORDER OF BUSINESS

Audience Comments

It was noted that there were no members of the general public in attendance.

THIRD ORDER OF BUSINESS

**Consideration of Minutes of the Board
of Supervisors' Meeting Held on
February 13, 2014**

(Mr. Moore joined the meeting in progress via speakerphone.)

On a Motion by Mr. White, seconded by Mr. McConnell, with all in favor, the Board approved the Minutes of the Board of Supervisors' meeting held on February 13, 2014, for the Magnolia Creek Community Development District.

FOURTH ORDER OF BUSINESS

**Ratification of Operation and
Maintenance Expenditures for January
and February 2014**

Ms. Anderson stated that the District received funds from the Developer and was able to pay a number of outstanding invoices in January. She responded to questions regarding remaining invoices that are past due and the average monthly expenses for the District.

On a Motion by Mr. Hidell, seconded by Mr. White, with all in favor, the Board ratified the Operation and Maintenance Expenditures for January 2014 (\$267,556.41) and February 2014 (26,726.74) for the Magnolia Creek Community Development District.

FIFTH ORDER OF BUSINESS

**Presentation of Arbitrage Rebate for
Capital Improvement Revenue Bonds,
Series 2007A and 2007B**

Ms. Anderson stated that the IRS and the Trust Indenture require that the District provide a report each year showing that the District did not earn interest on bond funds above the interest paid to the investors. She stated that the report for year ending June 30, 2012 shows that there was no arbitrage liability and confirmed that the report for 2013 would be available at the next meeting. Ms. Mackie explained that given current interest rates it is unlikely that the District will see an arbitrage finding in the near future. She asked for a motion to accept the report.

On a Motion by Mr. Hidell, seconded by Mr. Mueller, with all in favor, the Board accepted the Arbitrage Rebate Report for the Series 2007 A&B Bonds for the Magnolia Creek Community Development District.

SIXTH ORDER OF BUSINESS

Status Update on Foreclosure Matters

Ms. Mackie stated that there is little to report at this time, explaining that her firm is continuing to work on the Settlement Agreement with the various Owls Head parties, the Trustee, and the SPE, who will ultimately own a portion of the land within the District. She stated that a draft version has been provided to the attorneys for Owls Head and she anticipates that it will be ready for Board consideration soon. Mr. Hidell asked about the possibility of having a representative of the Trustee and their consultant, New Broad Street, attend a meeting to review their evaluation. Ms. Mackie indicated that it would probably be beneficial to have New Broad Street and Mr. Aponte at least call in to the meeting when the agreement is presented to the Board so they can respond to any questions the Board might have. She asked that Ms. Anderson ensure that they are invited to attend when appropriate.

SEVENTH ORDER OF BUSINESS

**Status Update on Road Washouts-
Consideration of Agreement for Road
Washout Repairs**

Mr. Moore stated that he did a thorough review of the paved roads and they are in relatively good shape with the exception of the two areas that need to be addressed for safety issues. He stated that they are in areas that have been essentially abandoned. Mr. Moore stated that he has reviewed the proposal from GAC and it is reasonable given the costs involved in preparing bid specs, should the Board decide to go to bid for this project. Ms. Mackie stated that the project is well below the required threshold to go through the formal bid process, but the District could go through the informal process should the Board desire to do so. However, this would involve additional engineering and legal costs. She stated that a question was raised as to whether the District has any recourse with GAC, and it was noted that the warranty has expired and there is no systemic evidence to indicate faulty workmanship according to the District's Engineer.

(Mr. Wallace joined the meeting in progress.)

A brief discussion ensued regarding the fact that there is some advantage to using a company that is familiar with the project, the need to complete the project sooner rather than later, and whether there is anyone who might be able to negotiate a better price with GAC. Ms. Anderson stated that she would be happy to contact them and Mr. Moore suggested that they be asked to waive or reduce the mobilization fee. The Board stated that Mr. Moore is better qualified to hold the discussions and asked that he contact them. A motion was made and seconded to approve a not-to-exceed amount of \$16,500. Ms. Mackie recommended that the Board authorize the Chairman to execute an amount greater than that, if necessary, to expedite the project and the motion was amended.

On a Motion by Mr. Hidell, seconded by Mr. White, with all in favor, the Board authorized the District Engineer to negotiate pricing for the road washout project with GAC and approved a not-to-exceed amount of \$18,488.92 for the Magnolia Creek Community Development District.

EIGHTH ORDER OF BUSINESS

**Consideration of Agreement for Pump
Storage**

Ms. Mackie stated that at the last meeting it was noted that GAC is currently housing District property (pumps) in trust on their site and the Board directed District Counsel to prepare an agreement to memorialize this for future reference. She stated that Mr. Moore has received emails from GAC confirming that they have the pumps and are holding them for the District. The agreement formalizes this arrangement. Ms. Anderson stated that she would be forwarding the agreement to Derwin White for GAC's approval and there is no fee for the storage at this time.

On a Motion by Mr. Hidell, seconded by Mr. McConnell, with all in favor, the Board approved the Agreement between GAC and the District for pump storage for the Magnolia Creek Community Development District.

NINTH 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 April 10, 2014.

TENTH ORDER OF BUSINESS

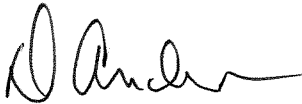
Supervisor Requests

There were no Supervisor requests put forward.


ELEVENTH ORDER OF BUSINESS

Adjournment

On a Motion by Mr. White, seconded by Mr. McConnell, with all in favor, the Board adjourned the meeting at 3:10 p.m. (CST), for the Magnolia Creek Community Development District.



Secretary /Assistant Secretary



Chairman /Vice Chairman

4/19/14