
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, August 14, 2014 at 2:35 p.m. (CDT)** 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

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. <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 were no members of the general audience in attendance

THIRD ORDER OF BUSINESS

**Consideration of Minutes of the Board
of Supervisors' Meeting Held on May 8,
2014**

<p>On a Motion by Mr. Mueller, seconded by Mr. McConnell, with all in favor, the Board of Supervisors approved the Minutes of the Board of Supervisors' meeting held on May 8, 2014, for the Magnolia Creek Community Development District.</p>

FOURTH ORDER OF BUSINESS

**Ratification of Operation and
Maintenance Expenditures for May,
June, and July 2014**

Ms. Anderson reviewed the expenses included in the reports, noting that they were all usual and customary.

On a Motion by Mr. Hidell, seconded by Mr. White, with all in favor, the Board of Supervisors ratified the Operation and Maintenance Expenditures for May 2014 (\$14,553.24), June 2014 (\$15,630.11), and July 2014 (\$8,324.05) for the Magnolia Creek Community Development District.

FIFTH ORDER OF BUSINESS

**Acceptance of Minutes of the Audit
Committee Meeting Held on May 8, 2014**

On a Motion by Mr. White, seconded by Mr. Hidell, with all in favor, the Board of Supervisors accepted the Audit Committee Minutes from the meeting held on May 8, 2014 for the Magnolia Creek Community Development District.

SIXTH ORDER OF BUSINESS

**Public Hearing on Fiscal Year 2014/2015
Final Budget**

On a Motion by Mr. Mueller, seconded by Mr. White, with all in favor, the Board of Supervisors opened the public hearing on the fiscal year 2014/2015 final budget for the Magnolia Creek Community Development District.

Ms. Anderson stated that a revised budget was circulated to the Board via email on August 12, 2014 with hard copies distributed at the meeting. She noted that there were no members of the general public in attendance.

Ms. Mackie reviewed the changes made to the budget, explaining that the budget was reduced to reflect the reduced legal and management fees given that the foreclosure matter will be ending this year with the foreclosure sale set for September 5, 2014. She noted that as of that date the land will be in the hands of the SPE and not the Developer until everything is finalized and therefore there will be no developer contributions, but there will be SPE contributions. Ms. Anderson announced the revised General Fund budget amount of \$157,575 and the Debt Service Budget amount of \$76,208.85, noting that Resolution 2014-02 adopts both budgets.

On a Motion by Mr. Hidell, seconded by Mr. White, with all in favor, the Board of Supervisors approved Resolution 2014-02, Approving the Annual Appropriations for Fiscal Year 2014/2015 totaling \$233,783.85 (\$157,575-General Fund and \$76,208.85-Debt Service) for the Magnolia Creek Community Development District.

On a Motion by Mr. White, seconded by Mr. McConnell, with all in favor, the Board of Supervisors closed the public hearing on the fiscal year 2014/2015 final budget for the Magnolia Creek Community Development District.

SEVENTH ORDER OF BUSINESS

**Consideration of Resolution 2014-03,
Approving Levy of Non-Ad Valorem
Assessments**

Ms. Mackie read the revised assessment levels into the record by product type and folio number where appropriate, explaining that the methodology to determine the assessments has not changed. A brief discussion ensued.

On a Motion by Mr. McConnell, seconded by Mr. White, with all in favor, the Board of Supervisors approved Resolution 2014-03, Levying Non-ad Valorem Assessments to fund the Fiscal Year 2014/2015 budgets for the Magnolia Creek Community Development District.

EIGHTH ORDER OF BUSINESS

**Status Update Regarding Foreclosure
Matters**

Ms. Mackie stated that based on the breakdown in the settlement discussions, the bondholders requested that a foreclosure sale be rescheduled and a September 5, 2014 date was set. She stated that a number of documents were approved in substantial form back in January or February, prior to the original foreclosure sale date, in case the presiding judge did not agree to the canceled sale.

Ms. Mackie reviewed the Tri-Party Agreement between the District's Trustee (US Bank), Magnolia Creek CDD Holdings, LLC, and Rizzetta - Magnolia Creek Properties, LLC ("SPE") managed by Rizzetta and Company, Inc. She explained that the agreement outlines the scope of services and funding; how the funds will be distributed once the sale is finalized; and, establishes procedure for the appointment of a proxy for the Landowner's Election, etc. A brief discussion ensued regarding the role the District has in the process. It was noted that the District will run the SPE and take its direction from the bondholders.

On a Motion by Mr. Hidell, seconded by Mr. White, with all in favor, the Board of Supervisors approved the Tri-Party Agreement in substantial form for Magnolia Creek Community Development District.

Ms. Mackie stated that the Operating Agreement of the Magnolia Creek CDD Holdings, LLC is an exhibit to the Tri-Party Agreement and relates to the management of the day to day operations by the SPE. A brief discussion ensued.

On a Motion by Mr. White, seconded by Mr. Mueller, with all in favor, the Board of Supervisors approved the Operating Agreement of the Magnolia Creek CDD Holdings, LLC for Magnolia Creek Community Development District.

Ms. Mackie reviewed the First Mortgage and Security Agreement that was requested by the bondholders to ensure that there is a public record of the lien on the property recorded with the County, given that the District's lien is wiped clean at the time of the foreclosure sale.

On a Motion by Mr. Mueller, seconded by Mr. White, with all in favor, the Board of Supervisors accepted the First Mortgage and Security Agreement for Magnolia Creek Community Development District.

Ms. Mackie explained that the District currently holds the judgment in the 2010 case and she is looking to have the judgment assigned to the SPE so they can be registered as the credit bidder in advance of the foreclosure sale.

On a Motion by Mr. Hidell, seconded by Mr. McConnell, with all in favor, the Board of Supervisors approved the Assignment of the Judgment to the SPE for Magnolia Creek Community Development District.

(Mr. McConnell briefly left the meeting at 3:14 p.m.)

Ms. Mackie asked that she be named as the registered agent on behalf of Magnolia Creek CDD Holdings, LLC with respect to the right to bid on the property. She noted that this will be executed by the SPE and not the District.

On a Motion by Mr. Hidell, seconded by Mr. Mueller, with all in favor, the Board of Supervisors accepted the Authorization of Agent for Magnolia Creek Community Development District.

NINTH ORDER OF BUSINESS

Ratification of Fiscal Year 2012/2013 Financial Audit

Ms. Anderson reminded the Board that at the last meeting authorization was granted for Staff to submit the audit to the mandatory governmental entities upon the review of the Chairman and District Counsel. She reviewed the findings of the auditor and the letter mailed in response to those findings. Ms. Mackie asked that the Board ratified the filing and acceptance of the audit.

(Mr. McConnell rejoined the meeting at 3:16 p.m. and voted on this item.)

On a Motion by Mr. White, seconded by Mr. Hidell, with all in favor, the Board of Supervisors ratified the Chairman's acceptance and filing of the Fiscal Year 2012/2013 Financial Audit for Magnolia Creek Community Development District.

(Mr. McConnell officially left the meeting at 3:18 p.m.)

TENTH ORDER OF BUSINESS

Update on Road Washouts

Mr. Moore reported that GAC made the repairs to the original washout and recently completed a re-repair of a manhole on Arrowwood Boulevard near the park. They discovered that there was a faulty boot which was replaced and the road was brought back up to standards.

ELEVENTH ORDER OF BUSINESS

**Consideration of Audit Services
Engagement Letter (McDimit Davis)**

Ms. Anderson reviewed the pricing for the audits over the next three years (\$3,600 for 2013/2014, \$3,700 for 2014/2015, and \$3,800 for 2015/2016) noting that it is consistent with the proposal approved by the Board. It was stated that language was included to ensure that the audits are received in sufficient time for the Board to review before the June deadline for submission to the Auditor General.

On a Motion by Mr. Hidell, seconded by Mr. White, with all in favor, the Board of Supervisors approved the Engagement Letter from McDimit Davis for auditing services for fiscal years 2013/2014, 2014/2015, and 2015/2016 for Magnolia Creek Community Development District.

TWELFTH ORDER OF BUSINESS

**Consideration of Resolution 2014-04,
Setting the meeting Schedule for Fiscal
Year 2014/2015**

A brief discussion ensued regarding the current meeting schedule and whether it was desirable to stay with the same schedule. The Board indicated that it would like to stay with the schedule and Ms. Anderson read the dates into the record.

On a Motion by Mr. White, seconded by Mr. Mueller, with all in favor, the Board of Supervisors approved Resolution 2014-04, setting the meeting schedule for fiscal year 2014/2015 as the second Thursday of each month at 2:30 p.m. (CT) at the Walton County Coastal Branch Library, located at 437 Greenway Trail, Santa Rosa Beach, FL 32459 for Magnolia Creek Community Development District.

THIRTEENTH ORDER OF BUSINESS

**Discussion of Non-Payment Notices for
Series 2007 A & B Bonds**

Ms. Mackie stated that the notices are a requirement of the Trust Indenture and were sent as a standard disclosure to the Dissemination Agent. She asked for a motion to accept the notices.

On a Motion by Mr. White, seconded by Mr. Hidell, with all in favor, the Board of Supervisors accepted the notices of non-payment of the May 2014 installment for the 2007 A&B bonds for Magnolia Creek Community Development District.

FOURTEENTH ORDER OF BUSINESS

Announcement of Landowners Election

A brief discussion was held regarding the upcoming election for seats one, four, & five currently held by Mr. Mueller, Mr. Hidell, and Mr. White, respectively. Ms. Mackie explained that Florida Statutes require that a landowner's election be announced at a public meeting no fewer than 90 days prior to the election and touched briefly on the process of determining the terms of office following the election. It was decided to hold the election just prior to the November 13, 2014 regular meeting of the Board.

On a Motion by Mr. White, seconded by Mr. Hidell, with all in favor, the Board of Supervisors set the Landowner's election for November 13, 2014 at 2:30 p.m. (CT) at the Walton County Coastal Branch Library, located at 437 Greenway Trail, Santa Rosa Beach, FL 32459 for Magnolia Creek Community Development District.

FIFTEENTH ORDER OF BUSINESS

Staff Reports

- A. District Counsel
Ms. Mackie stated that she would be bringing the Deficit Funding Agreement with the SPE, mentioned during the public hearing, to the Board at the September meeting.
- B. District Engineer
No report.
- C. District Manager
Ms. Anderson stated that she will be receiving a couple of different quotes for the District's insurance needs and may not have the proposals prior to the September meeting and she would like the Board to authorize a point person to work with her on this matter since the policies will go into affect on October 1, 2014. The proposal would be brought back for ratification at the next meeting.

On a Motion by Mr. White seconded by Mr. Mueller, with all in favor, the Board of Supervisors authorized Mr. Hidell to work with the District Manager on the selection of insurance coverage for Magnolia Creek Community Development District.

SIXTEENTH ORDER OF BUSINESS

Supervisor Requests

A request was made that a draft letter informing property owners of the results of the foreclosure sale and reduction in assessments be brought to the Board at the September meeting.

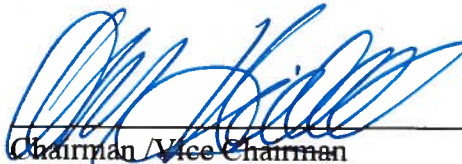
SEVENTEENTH ORDER OF BUSINESS

Adjournment

On a Motion by Mr. Mueller, seconded by Mr. White, with all in favor, the Board adjourned the meeting at 3:32 p.m. (CDT), for the Magnolia Creek Community Development District.



Secretary/Assistant Secretary



Chairman/Vice Chairman