

MINUTES OF MEETING
REUNION EAST COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Reunion East Community Development District was held Thursday, May 12, 2011 at 2:40 p.m. at the Heritage Crossing Community Center, 7715 Heritage Crossing Way, Reunion, Florida.

Present and constituting a quorum were:

John Gray	Chairman
David Burman	Vice Chairman
Marty Pawlikowski	Assistant Secretary
Lee Beekman	Assistant Secretary
Duane Owen	Assistant Secretary by telephone

Also present were:

Jason Showe	Assistant District Manager
Colt Little	District Counsel
Steve Boyd	District Engineer
Alan Scheerer	Operations Manager
Brian Crumbaker	Hopping Green & Sams
Jennifer Eden	LSEB by telephone
Mike Kelly	resident
Several residents	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Showe called the meeting to order.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the April 14, 2011 Meeting

Mr. Showe stated the next item is approval of the minutes of the April 14, 2011 meeting. We can take any corrections or changes to the minutes at this time. Mr. Pawlikowski provided us with some minor corrections for name changes on pages 4 and 5 and we will incorporate those.

On MOTION by Mr. Pawlikowski seconded by Mr. Gray with all in favor the minutes of the April 14, 2011 meeting were approved as amended.

THIRD ORDER OF BUSINESS

Ratification of Agreement with Infinite Energy

Mr. Showe stated the next item is ratification of agreement with Infinite Energy.

Mr. Scheerer stated all the swimming pools within Reunion that the District owns are gas heated and this is an agreement we entered into last year with Infinite Energy that gives us a lower rate for our gas supply. The same amount of money that we paid in 2010 we will be paying in 2011 and 2012. They are keeping the gas rates the same and that will allow us to continue to heat the spas and pools that the District owns. It is a great price and great that they kept it the same. The only pool that does not have natural gas is the Terraces pool, which has propane. This will serve Homestead, Heritage Crossing A and B and the Carriage Pointe pools

On MOTION by Mr. Gray seconded by Mr. Burman with all in favor the agreement with Infinite Energy was ratified.

FOURTH ORDER OF BUSINESS

Consideration of Resolution 2011-03 Approving the Proposed Fiscal Year 2012 Budget and Setting a Public Hearing

Mr. Showe stated the next item is consideration of Resolution 2011-03 approving the proposed budget for Fiscal Year 2012 and setting a public hearing. The attached proposed budget is there for your reference. Similar to Reunion West we have kept the assessment level. We will tighten those figures up as we get closer. It is just a starting point so the Board can workshop or whatever process they would like to do to make any changes. The public hearing that is set with this resolution is August 11, 2011 at 2:00 p.m. here, which is the regular August meeting. This also gives the District Manager the ability to transmit this to Osceola County, which we are required to do at least 60 days prior to the budget hearing.

On MOTION by Mr. Beekman seconded by Mr. Pawlikowski with all in favor Resolution 2011-03 was approved.

FIFTH ORDER OF BUSINESS

Consideration of Bifurcation of Series 2002 Bonds

Mr. Showe stated the next item is consideration of bifurcation of series 2002 bonds.

Mr. Crumbaker stated I am with Hopping Green & Sams, in Tallahassee, we specialize in defaulted projects primarily. I represent U.S. Bank who is the Trustee for the bonds for both

Reunion East and Reunion West. By way of that Trustee relationship we represent the bondholders of the 2002 and 2005 bonds in Reunion East and the bonds issued for Reunion West as well. All told it is about \$102 million worth of bond debt.

I'm here on behalf of the 2002 holders, we had a conference call with the 2002 and 2005 holders process obviously of enforcing the assessments because that is ultimately the security for the bonds that were issued by the District. We are in a position where right now a significant portion of the bonds that have been issued are not in current payment mode. As part of that conversation the 2002 holders discussed the possibility of splitting or bifurcating the 2002 bonds and roughly the split would be approximately \$27 million that is currently performing. The assessments are what is called first platted, first assigned so initially when the District issued its 2002 bonds it issued on raw land, as development began to pick up and it was necessary to obtain additional money for additional infrastructure then the 2005 bonds were issued. When the 2005 bonds were issued the assessments were technically on the exact same property. As property is platted then debt is assigned to individual units so everybody here who has a home or single family lot whenever that was platted that was when a piece of the 2002 bonds were taken off and applied to property to that individual lot. At this point given where we are and the state of development the 2002 bonds have been what I call absorbed by retail buyers or lots that have been platted. It is combinations of Ginn units that have been platted that are still out there and obviously retail buyers such as yourselves. 60% to 70% of the 2002 bonds are actually performing whereas 100% of the 2005 bonds are in default. The 2002 and 2005 are 100% in default but currently with respect to revenues coming in 60% to 70% is coming in on the 2002 bonds with zero coming in on the 2005 bonds. What the 2002 holders asked me to do is come to the Board and this is not just done in land deals but is often done in housing deals, hotel deals, etc. but they have asked me to request of the Board to authorize the District staff to proceed with bifurcating the 2002 bonds whereas right now you have the 2002 bonds that are outstanding where 100% of it is in default at the end of the day we could have \$27 million that will be performing, currently paying, bifurcated bonds that will just continue to be paid, both principal and interest in accordance with the current schedule. There will be no change in the par amount of the assessment on the property, there will be no change in the interest rate, there will be no change in the annual payment. If you own a piece of property, which everybody in Reunion East in here as a resident or landowner have, the assessment you see today is exactly the assessment

you will see for the remaining term of whatever that maturity is. From that standpoint there is no effect. From the bondholders perspective it increases value. Right now the bonds because they are in default in total and by bifurcating the bonds, the -1 that portion is now being secured by platted and developed units that are collected on roll and subject to the tax certificate process that the value of those bonds would go up. What I will call the -2 the portion that will remain on the Ginn property that is subject to foreclosure will continue in the conditions they are in today. The value is from the bondholders' standpoint. From the residents' standpoint there is a concept called refunding similar to refinancing your house. When you get to a certain point, credit quality, then you can refund the bonds and we refund bonds just like refinancing your home, you attempt in this market to get it rated, to get insurance and then you can go for a reduced assessment as a result of reduced interest rate, the maturity will stay the same, the par would stay the same for the outstanding debt. They can do that sooner, earlier, if you bifurcate the bonds because one of the critical components of refunding bonds relates to the credit quality is how many landowners are there, how is the debt disbursed. If you have a large landowner who has 30% or 40%, which is owned by Ginn and is subject to foreclosure action then the credit isn't sufficient to refund. If, however, you distributed those bonds or assigned the assessments allocated to those bonds over all the properties and/or the bonds over properties owned by retail buyers, small holders, meaning they have been disbursed across a wide range of owners in particular in the case of retail where you collected assessments on the roll there is a tax certificate process there is some process to ultimately collect it and it goes without saying in projects where we found lots collected on the roll the collection rate is much higher than the direct collect then whenever the enforcement action against Ginn is complete you will still have a large bulk piece of property but at that point because they are performing on the O&M side, which is another critical component of refunding, the market or S&P or whoever is doing the rating can look at it and say I have a district that is now performing on the O&M side so I know the infrastructure is going to be maintained, landscaping, etc. so from a value standpoint it is going to be there, the infrastructure is going to be maintained, but we have these bonds that are secured 100% by platted lots assures a higher potential of collectability so at that point in time whenever that occurs that means that you hit the point where there is sufficient credit quality to reissue.

What we are trying to do at this point is I tried to outline the proposed structure is split between the performing versus non-performing geographic areas and I attached a copy of the assessment roll that will be tweaked a little bit and then go through the process. The process is very simple it is your staff, it is Bond Counsel for the District who also renders the tax opinion, which is Greenberg Traurig, your District Counsel who ultimately will render an opinion with respect to the assessments and it is a matter with respect to the documentation can come back to the Board next month and it will be done. With respect to the landowners and my client who has money invested in the project what you would have is the affect of the assessment that we are now enforcing against Ginn, it will have no affect to the assessments. From the standpoint of the homeowners and landowners in the platted areas it does not affect their assessment at all.

A resident stated what I heard you say is your are asking this group to split out the 2002 bonds that increases the value of the 2005 bonds.

Mr. Crumbaker stated the 2002 bonds. The 2005 bonds are not changed at all.

A resident stated okay but it increases the value.

Mr. Crumbaker stated just for that portion of the 2002 bonds that are split off. Right now for instance the par is 100¢ the value of those 2002 bonds right now are probably 20¢ and 25¢.

A resident asked it increases that to what?

Mr. Crumbaker stated it depends on the rating agencies but probably 70¢ to 80¢.

A resident asked how do we share in that besides being able to lower our values.

Mr. Crumbaker stated there is no sharing.

A resident asked why would we do it?

Mr. Crumbaker stated if you try to split the bonds down the road the residents of the District pay for it, in this case the bondholder is willing to pay for it.

A resident asked for all of it?

Mr. Crumbaker stated I think the tax opinion is around \$40,000 and it will be hourly for the rest.

A resident asked what do we save financially?

Mr. Crumbaker responded financially you won't see a difference at all.

A resident stated you are saying the bonds are worth 20¢ now and they are going to be worth 70¢ that is a difference of 50¢ why aren't they willing to share with us?

Mr. Crumbaker responded keep in mind they are already at a loss of 80¢ on the dollar.

A resident stated so what, that's life. A lot of these people here lost 80¢ on the dollar of their homes too. It has to be a win/win.

Mr. Crumbaker stated there is a possibility of an advance refunding, you will be able to refund earlier is a winning situation. That ultimately will be the savings that the end user, retail owner, yourself for instance will save.

A resident asked refund what?

Mr. Crumbaker responded refund the bonds that are being carved out that are secured by retail owners you would be able to refund those sooner than you otherwise may be able to if no split were to occur.

A resident stated what difference does it make?

Mr. Crumbaker responded it will reduce your assessment ultimately.

A resident stated I don't understand why you are not willing give anything. You are saying you can break it. With your financial position why are you not willing to share?

Mr. Crumbaker responded first I am not S&P whatever ultimate value difference will be it changes daily depending on S&P or whoever the valuation agency is.

A resident stated I don't care if it is 2¢ give us back 1¢ and they will profit. If they give us nothing they will have a \$40,000 legal bill and the ability to be able to do something down the road.

Mr. Little stated the main incentive to the residents is eventually a lot of districts if they are in good financial state could refund assuming you had a high interest rate on your bonds currently and assuming that interest rate was lower some years down the road if they were in good financial shape and their credit worthiness was good and they can get the bonds rated or whatever they could refund. Because of the situation in Reunion East is in with the default on the bonds and with the non-paid assessments on the Ginn parcels it has hurt the credit quality of the District and by virtue of that non-payment and poor credit quality has delayed that potential refunding. What he is suggesting is that if this bifurcation enhances the credit quality of the District we can move forward that refunding date by a number of years. Instead of being an interest rate reduction, which will reduce your assessments and this is completely hypothetical dates but instead of getting that deduction in 2020 maybe you get it in 2016.

A resident stated for a portion of the bonds.

Mr. Little stated correct.

A resident asked isn't the analysis or balance you are dealing with is if you say to staff don't do this where you have one class of bond that has the non-performing properties it is all aggregated and it looks really difficult and far out to refund anything versus a situation if you do this you have a sooner potential opportunity to refund the split out bonds. What I'm hearing you say probably less of an opportunity to refund the remaining and you already have a year or so of non-performing. Are you increasing your timeline analysis of refunding the bad parcels and non-performing parcels by having it all segregated or is it so much an overriding situation now that you are not going to refund them. If there is someone who is not performing now they are not really increasing the risk or the timeline to refund.

Mr. Crumbaker stated if you split out the performing side, the platted units, the critical path to them ultimately being able to refund other than market conditions at whatever time that occurs is that enforcement of the assessment lien against Ginn. If 100% of the property has been foreclosed on or there is a settlement that is derived and the District is collecting a substantial portion not 100% of it so that is your critical line that you have to cross in order to refund those 2002 As. If however you keep them all the same you will have two thresholds you have to reach. One you have to resolve the issue with Ginn and the second is that 30% to 40% that is unplatted land that is also securing the 2005 bonds would have to be absorbed. The timeline for absorption of the additional 30% to 40% of that debt is unknown.

A resident stated you are so burdened by that issue this creates the opportunity when there is progress made to take advantage of some refinancing. The other issue burdens it so much you are way, way out there to get the opportunity to refund. That is what I'm hearing you say.

A resident asked what is the rate these bonds are at currently?

Mr. Crumbaker stated 7.2%.

A resident asked why would anybody refinance?

Mr. Glasser stated so the bonds aren't performing, the bonds aren't being paid by Ginn and the other people.

Mr. Crumbaker stated none of the bonds are performing right now. There are more assessment revenues coming in that secure the 2002 bonds than the 2005 but both series are in default. There are not sufficient revenues coming in from the 2002's because of that 30% to 40% that is secured by Ginn property with zero revenue coming in. The ultimate outcome is

which window, I think we are \$61 million in Reunion outstanding you will have \$27 million that now will be performing for this project and the remainder will continue to be in default and subject to the foreclosure action filed by the District.

Mr. Glasser asked you are representing the bondholders

Mr. Crumbaker responded yes.

Mr. Glasser stated with respect to these guys on the other side of the table a lot of these people were put on the bottom in the first place by Ginn are still having problems with Ginn.

Mr. Little stated it is not the bondholders. The bondholders are institutional investors, Goldman Sachs, Nuveen, Oppenheimer it has nothing to do with Ginn. These are huge wall street institutional muni bondholders and investors.

Mr. Glasser asked what is in it for the normal people?

Mr. Crumbaker stated unless I'm wrong the only unplatted party in all of this is Ginn.

Mr. Glasser asked what's in it for them?

Mr. Crumbaker responded for Ginn, nothing. We continue on with the foreclosure on the 2002 and no change at all.

Mr. Glasser asked what would your system be of getting a better rate? There is a cost to refund so you have to balance the cost against the gain.

Mr. Crumbaker stated one of the good things about the 2002 bonds is usually there is a 10 year call provision before you could have an advance refunding so you would refund at 101% or escrow the funds. Those 2002 bonds are pretty mature, we are in 2011, comparatively speaking they are fairly mature. We have 60-70% absorption and that is pretty good for most projects. That Ginn piece unfortunately is the albatross around the debt service where the 2002 and 2005 bonds and that is the piece we are trying to carve out to deal with separately.

A resident asked under default the bondholders can't remedy this also requires a vote of the Board?

Mr. Crumbaker responded that is correct. It requires an amendment to the indenture to allow for the split between the two. In order to amend the indenture it requires the Board to vote on it.

A resident stated we are just discussing this now. We aren't proposing a vote on this today are we?

Mr. Showe stated I think the Board has to make a determination if they want staff to proceed with the investigation. There is still some work to be done and the Board would still have to make additional approvals at the next stage. What they are asking now is if the Board is amenable and would make a vote to continue with the work that would be required to do this.

Mr. Crumbaker stated the District Counsel gets paid hourly to the extent they have time in it. The reason I came to the Board first is if the deal doesn't close Bond Counsel doesn't get paid. There really is no issue there although Bond Counsel would like to work in there they get paid.

A resident asked are you saying they go from \$10 million to \$35 million if we do this?

Mr. Crumbaker stated it is \$51 million total. Again, I don't know what the current price is.

A resident asked if we do this and all of a sudden they are worth \$35 million and you are going to say good for us, great financial move and you guys did nothing.

Mr. Crumbaker stated the part I can't really argue, I am not giving you cash today and there being some value. They have \$51 million invested in the project just in the 2002 bonds. What they are doing with this is looking for a way to recapture some portion of that value.

A resident stated yes but they need us to do that.

Mr. Crumbaker stated it is going to have to be a tit for tat. There is not structurally a way to go tit for tat.

A resident stated sure there is, they just pay us 20% of the increase in value.

Mr. Crumbaker stated we would have federal income tax issues. As part of the argument, what's in it for me, other than the fact that there would be a possibility of a refunding in the future. The decision at the end of the day is we either get something and you get nothing.

A resident stated you get a lot we get nothing, okay, you get \$35 million we get nothing.

Mr. Little stated it is not that you get nothing. I grant you that to the residents it is hard to quantify but there is certainly potential benefit for being able to refund those bonds possibly years earlier.

A resident stated we get that benefit if we give it to you and we get that benefit if we gave it to you and got cash.

Mr. Little stated I am not here to argue in favor or otherwise. I don't stand to benefit from this other than the hourly. The point is the potential benefit is hard to quantify because you

don't know what future interest rates would be. Can you refund several years earlier and decrease your assessments at an earlier date than you would otherwise? Again, it is hard to pinpoint what that savings might be.

A resident stated so we don't. You don't get your \$35 million and not increase. Banks have been doing it all over and now everybody here has a lot of money in this place and we are saying we are going to try to bring you back 70% of value, bring us back to 70% or at least give us a portion of it. You can go back to your bondholders and say they will do it but they want something for it.

Mr. Kane stated thank you for being here personally because at least I learned about the aspect of ultimate refinancing. I wonder if you can refinance or refund and reissue bonds in their place and it will put us in a better position?

Mr. Crumbaker responded yes.

Mr. Kane stated however my key question is since we are very sensitive about the alignment of the debt or any financial instrument relative to the delinquent property, that is what we see, we see that connection somehow. You are Counsel for Trustee for the bondholders. Why would the bondholders want to move on this action at this time when they have a very lucrative investment at 7.2% and the market today would probably call for in the 5% range?

Mr. Crumbaker stated because we are not refunding today the critical path of refunding for the carved out bonds would be the Ginn issue being resolved. Whatever rating agency is ultimately used by the District and it is up to the Board.

There are two critical paths, one is the disbursement of the debt. Do I have 1,000 to pay or do I have 2? Is it being collected pursuant to the uniform method of collection which is on the roll or being collected directly? The critical path that is ultimately being able to refinance the bonds and going to be able to get the Ginn issue resolved. After that then the underwriter, whoever that is, you can contact him to get an offer for refunding and ultimately refund the bonds at that point in time. Because the reality is there is a call provision on the bonds, those bonds can be called based upon mutually accepted call but that is part of the structure itself. For them to take on 7.2% as opposed to 5 or 10 years down the road when all the properties have been absorbed and it is not performing so they want to isolate the portion of the performing from the non-performing side and create some value. I don't understand the internal accounting

machinations of any institutional holder but that is the value today as opposed to the coupon rate of 7.2%.

A resident asked do all bondholders have an equal share in both the 2002 and the 2005 bonds?

Mr. Crumbaker stated this project has a pretty large bondholder group between the two series and there are some commonalities between the two but there are different holders in the two.

A resident stated the ones on the defaulted they are going to get hurt worse by this.

Mr. Crumbaker stated it won't change anything on the 2005 holders. What will happen with the 2002's when they are split between the performing versus non-performing the existing holders with the 2002 bonds will take a prorata share so it only affects them. The 2005's and the -2 is not going to be affected.

A resident stated you see positive signs possibly of refinancing it was something that was always available to the Board after the call provisions. Now we think the longer we went why couldn't we lower our debt service costs. This splitting this alignment of bond service to defaulted property holders only will there be a realignment or some adjustment made to the assessments that are tied to those properties for tax purposes? In other words will those properties become somehow more attractive to potential buyers since it is common knowledge that the entity, Ginn Reunion Borrower is looking to sell those properties? I hear some positive things from a refinancing standpoint but I'm unclear as to the same bondholders are holding the paper on both series of bonds, we are assuming.

Mr. Crumbaker stated they are split.

A resident stated two different entities own the bonds because within the 2002 series they are dealing with a negative impact already of the fact that they are defaulted bonds and they are not getting all their money. Segregating them out and making the 2002 series perfectly clean and performing they are still out to lunch with the new series of bonds there is still a negative impact there. What we question is the motivation behind this move at this time. Why would a bondholder want this action taken at this time to improve bond quality on the 2002 series, which ultimately means lower interest rates, lower payments to them? Why would they want to do it? That is what I have to get around because we only see it or we conclude there is some

manipulation of some other thing going on relative to assessments and the marketability of the Ginn Reunion Borrower property.

Mr. Crumbaker stated let me start with the -2 the non-performing piece. The assessments will be exactly the same. I have had conversations with counsel for Fourth Quarter and I have had conversations with Mike Ryan, counsel for Morgan Stanley, KeyBank on Reunion East and West the Ginn piece to come up with some structure that works and right now it is foreclosure. I don't know of any advantage that we wouldn't otherwise, for instance if there were a settlement with respect to the non-performing piece and we were restructuring the bonds, we would not come back anymore. At the end of the day if the non-performing piece, the 2002-2 is what I'm calling it, if the 2002-2's have to be restructured in order for a deal for Ginn, new buyer, whatever the case may be, I have to come back before this Board in order to do so because we would probably have to go through an assessment hearing and amend the indenture and whatnot. Anything that happens on 2002 outside of this foreclosure is going to have to come back to this Board.

A resident asked why would the bondholder want to do that?

Mr. Crumbaker stated from the bondholders' perspective it is the difference between, first of all the bondholders that are here today are not necessarily the bondholders who originally purchased the bonds. They trade and it is different to buy the difference between the coupon rate and somebody who has paid the coupon versus the yield which they may have a coupon rate at 7.02% but I'm offered 80¢ so my yield is high. These bonds, the 2002's, can be traded today but those 2002-1's could very well trade so from their standpoint, not looking at it from the coupon standpoint necessarily they may be looking at the increased value and ultimate trade of those bonds in order to generate what they need. It is not that they are going to hold them for years.

A resident stated I think everyone on the homeowners side and I'm only going to speak for myself wants to have a good feeling about why we would do this. It just has this aroma around it that is bothering us. It is still unclear as to the motivational factors behind doing it. At one point was the Board hoping for some forbearance agreement to be reached on the matter? We waited for a period of one to two years no formal action was taken against Ginn Reunion Borrower with the idea that some forbearance agreement was being worked out. That is just a matter of fact. That is what happened. Then come January we were told that no such agreement was going to be reached, go ahead and do your thing and get going. For at least a year and a half

we didn't do anything we were waiting on a forbearance agreement. I asked the question about did the Board have the authority to alter the assessment actually approved an agreement because the only way you work an agreement is by compromising some of the debt. I was told the Board could not compromise the debt. We were concerned that some forbearance agreement and it would be a shortfall would have some impact on the other property?

Mr. Little stated if they restructure it would not shift the debt to the homeowners from those properties.

A resident asked how would they work out the shortfall?

Mr. Crumbaker stated let me explain the forbearance agreement. A forbearance agreement doesn't promise anything. A forbearance agreement is a period of time a period of delay in enforcing the assessments so the proposal that was received from Reynolds, we have to hire a consultant to help us understand the structure from an assessment standpoint that is complicated from a development standpoint because you have two districts that are the same DRI with huge offsite concurrency requirements so we went to two or three consultants to even find one that could work on this project and review all the requirements. That took some time then from April to December or January we were reviewing the proposal from Reynolds and unfortunately the circumstances or the economy were not changed so the proposal no longer worked. That is why January I called District Counsel and staff and asked them to proceed with the Supplemental Trust Indenture. Forbearance doesn't end it just extends it out, it gives them a little bit of time to get some momentum to try to develop sales and that kind of thing. At the end of the day it didn't work out.

A resident stated we go forward the Board approves the bifurcation and splits the bonds to sub series. For the late assessments, the future assessments are currently on that property in any way change? Would the CDD assessment in any way change from the 2002 series that our assessment was X per acre or per unit, it is the same thing under the new series of bonds?

Mr. Crumbaker responded currently, yes. Let me get to that. It absolutely is the same. Here is the problem and this has nothing to do with the split. Colt, have you walked through what happens with foreclosure and everything else?

Mr. Little stated we haven't made that speech yet.

Mr. Crumbaker stated one of the reasons why the bondholders and frankly this is where landowners and bondholders are aligned, landowners want to preserve the value they don't want

to see a next door neighbor that has zero assessment, everybody recognizes that, from the bondholders' perspective that debt amortized over a 30 year period means something different than if you foreclose on the property and you have to sell today at the bottom of the market. The reason why we were trying to work through issues with Reynolds and I had conversations with representatives of Morgan Stanley and KeyBank and representatives of Fourth Quarter is that the adjacent property owners and from bondholders their value is the assessments on the property. If the District does a foreclosure and it forecloses on the assessment, the assessment lien is gone, there is no more assessment. So, if it goes to sale on the courthouse steps and there is \$50 million subject to the assessment and sells for \$10 million the basis of that property has been knocked out, the bondholders get hammered for \$40 million, the adjacent landowners now have to compete with a piece of property with no assessment as opposed to your property with assessments. That is the reason why whenever I called in I would say we had a conversation with the landowners I'm trying to come up with a way that keeps them so they continue to pay or whatever the case may be or that we can settle in a way and we ultimately take title to the property without having to go through foreclosure so the assessments run on. That is why regarding your question what the ultimate outcome is with respect to the unplatted undeveloped lands I can't say today. Today it is exactly the same but if it goes to foreclosure on the property and the assessment lien is foreclosed on the value of that property will be much less than what it was. Everything we try to do and this is where our interests align, our goal is to preserve as much of that assessment as possible on that property so that it protects the adjacent landowner because we don't want a greater value on your property because that effects our assessment lien later at the same time we want to preserve as much of the assessment lien on this property so at the end of the day we have as much of the \$100 million as possible. I can't tell you that six months down the road or two years down the road that if Morgan Stanley, KeyBank or Reynolds says if you give us a two year period which we ultimately want to do then we can generate energy or volume and start selling and it will increase the value of the homes there in what is called a capital appreciation bond so there may have to be at some point some write down of that debt or get a buyer in here that will take care of the property, that will pay assessments that will take as much of that assessment lien as possible otherwise the alternative is property goes to foreclosure, assessment lien is wiped out, there are ways we can preserve some value but comparatively speaking it is not easy.

A resident stated I presume that Counsel that is handling the foreclosure action on behalf of the District is comfortable that this is not in any way just slow-down or create extra work in foreclosure action.

Mr. Little asked the potential for forbearance of some sort?

A resident responded no if you split the bonds into two series.

Mr. Little stated no, that is something we need to consider. It may take some bending here and there but the underlying assessment itself is what we are actually foreclosing is going to remain the same. The assessment lien is still there.

A resident stated I assume the CDD is bearing the legal costs.

Mr. Little stated for right now, yes, the bondholders are.

Mr. Crumbaker stated contractually the District is obligated to fund it but the reality is given the O&M issue and everything else the District doesn't have the money. The reason there is no impact on the assessments is that the assessment lien is exactly the same. What happens is the District collects it one of two ways either by direct collect, which is the Ginn piece or on the tax roll. The revenue that comes in is separately esteemed to where that money is pledged. So the assessment lien itself will remain exactly the same it won't be touched.

A resident stated I'm not saying anything bad about Ginn but they are going to look for everything they can to put off the foreclosure. They are going to play those games to push the thing out.

A resident asked wouldn't it be advisable for the CDD Board to get an independent assessment of this whole proposal?

Mr. Showe stated I think that is something that District Counsel has already done that.

Mr. Glasser asked on the assumption that foreclosure goes through and the property is for sale and there is still a deficiency between what is owed and what is in default do we have any liability for that?

Mr. Little responded no.

Mr. Crumbaker stated the assessments are tied to specific properties and that is the security for the bonds so to the extent it is wiped out it is wiped out. The District would have to file a form which recognizes that.

A resident asked can someone tell us what Ginn-LA on the developed property what are they paying annually in CDD assessments?

Mr. Showe stated I would have to calculate that. I don't have that with me.

A resident stated the reason why I raise the question is on the Reunion East tax roll document it is 35 pages of platted lots then you have on page 36 four tracts of land as Ginn Reunion Borrower and then you have Ginn-LA, Orlando LP with a parcel with an \$8,000 assessment. Where the golf course is I'm just wondering what is it that the resort is paying toward CDD assessments if everything I see on the sheet for Reunion East is assessed against Ginn Reunion Borrower? I know the whole concept of development was to have private ownership which is fine but we do have two golf courses on the east side with irrigation. True you are not living on it but there are services there. For non CDD owned property, the water park as well as the first floor of Reunion Grande so I guess what I'm asking is how much is Ginn-LA or did the resort other than a homeowner paying towards CDD assessments? This goes towards the whole collectability issue the whole fairness thing, the whole business about why we is Ginn Reunion Borrower running us through the mud when I think we have turned the corner somewhat and I think there is a bright road ahead for Reunion, we love it here and I don't plan on leaving anytime soon, but the big thing hanging over our heads is the overall delinquency. We know foreclosure stinks especially with the current value of things right now.

Mr. Showe stated that last page you see the Ginn-LA portion they have actually paid that direct bill so they are paid for the entire year. The outstanding parcels are Ginn Reunion Borrower they are foreclosing on. Everything else that is on the roll if it goes to tax certificate sale we get the collection. Whether Ginn is paying directly or it goes to tax certificate sale those revenues come in.

A resident stated I assume the 35 page of individual homeowners are paying?

Mr. Showe stated there are some Ginn Reunion in there, Ginn-LA, Reunion Grande, I would have to sort those by name and come up with a calculation for you.

A resident stated it would be nice if you could sort it by name because I think people would like to know what Ginn-LA is paying for CDD assessment on the east side.

Mr. Showe stated they may not be paying for the ones on the tax roll. That may come through a tax certificate sale. Once the District has the money we don't have any other enforcement ability.

A resident stated I did see one or two that was an individual unit and it happens to be a unit they still own.

Mr. Showe stated this tax roll is from June 2010 so it may not be current I would have to look at the current tax roll but I will do that. I will give you my card and we can catch up.

A resident asked what does Ginn still own?

Mr. Showe stated there is vacant property and they still own some platted lots.

A resident asked do they own all that property over on the west side?

Mr. Pawlikowski responded basically the undeveloped land is owned by Ginn Reunion Borrower.

A resident asked are they in default?

Mr. Pawlikowski responded yes.

Mr. Gray stated Ginn hasn't paid the money to us and we, the CDD, haven't paid our money to the bondholders.

Mr. Showe stated if there are no more questions from the audience maybe Colt wants to talk a little bit about their evaluation and then let the Board discuss it.

Mr. Little stated obviously we need to discuss this at length with Mr. Crumbaker and we examined the proposal and we are not totally unfamiliar with this. We have seen this type of structure and bifurcation in other bond deals. It is not uncommon and I am not here to campaign for or against it I can just say that after examination it is not going to impact residential landowners in any way. Your assessments will remain the same, the interest rate remains the same, the term remains the same and in fact there is a potential, I grant you is unquantifiable and uncertain to some degree, but there is a potential that through this process you may increase your chances for a sooner refunding of the bonds. I can't point to anything that says why we shouldn't do it, there is a small benefit as to why we should but I understand the concern as far as the unknown here and the questions. I can just tell you from our assessment in looking at it we don't see a negative impact on the landowners within the District. Any type of increase in credit quality of these bonds will certainly benefit the District and the landowners in the long run.

A resident stated my only comment about your independent assessment is that you work for the Board just like George Flint works for the Board. What I'm talking about is an independent assessment is for the Board to go out and get somebody totally independent to assess this proposal and understand the ramifications.

Mr. Little stated that is certainly within their purview.

A resident stated I don't know what it costs or anything.

Mr. Little stated I understand you are just looking for the appearance of total impartiality but I have no reason to be partial about this transaction.

Mr. Showe stated I think it is also important to note that the District didn't initiate, this came from the bondholders, it is a request strictly from them to us. It wasn't something that the District initiated.

A resident stated I understand but for your fiduciary responsibility and so forth I would also seek some additional unless you totally understand it and think it is okay.

A resident asked are the 2002 series callable?

Mr. Crumbaker stated usually there is a 10-year call provision. If you call in advance of that 10 year provision and I don't have a copy of the indenture but if you call them in advance of it then there is a penalty so it is 101% or 102% depending on how early you are with respect to that call date. There is a concept depending on the interest rates you can advance refund so it sits in escrow and pays the interest on those bonds until the call date. Usually it is a 10-year call.

A resident stated are we sure these bonds have a provision in them?

Mr. Crumbaker stated I'm pretty sure they have one the question is, is it 10 years.

A resident stated going back, the question on the funding for the extension of Sinclair Road. Is that still in the plans? Is the money set aside for that?

Mr. Little stated essentially there was an obligation of the DRI and that is on Reunion West and that would be funded out of a separate set of bonds not the ones we are talking about.

A resident stated I want to go the point where we were concerned if everything went down the tubes we, the owners here, would end up with the bill so there would be an impact. I'm asking the Board when considering this where that particular item sits.

Mr. Little stated that obligation was an obligation of the developer and the DRI. It was not a District obligation originally. At one point there was potential to enter into a tri-party agreement whereby that would be funded with CDD funds and those funds were set aside for that project, it was negotiated and countered and it never happened there was argument about the cost of the project with the county but that remains a developer obligation under the DRI it is not a District obligation.

A resident stated I would just ask the Board to consider that as a piece of this consideration. If there is any question that that can be put onto this that that piece gets refinanced?

Mr. Pawlikowski stated the whole CDD being two CDDs in addition to being a DRI, which covers one big property has a development order that is issued by the county that specifically addresses development and how it occurs and steps that have to be taken for each part to occur. I would assume that Bond Counsel saw in trying to sort out what the potential deal that Reynolds presented to them came up with the conclusion that you have to do the road because if you don't do the road that property is worthless because the county is not going to issue any development permits for the undeveloped land.

Mr. Little stated just so we are clear that is in Reunion West and has nothing to do with Reunion East taking bifurcation of these bonds in Reunion East. It is a different district different local government different set of bonds.

A resident stated I understand this is the big picture.

Mr. Pawlikowski stated what I gave you is the big picture because what happens is for the development that occurs and what trips all these things is traffic. In terms of development orders and phasing the way all of it is usually set up by the municipalities in issuing the development order, phases by trips not by specific development that occurs at a particular time. You will see they will say well, tracts 1, 2, 3 and 4 are phase 1, the development usually doesn't occur in that sequence so you have bits and pieces from all over the development occurs and each of those generates based on the type of land use that is on it a total number of vehicle trips. So you have a bank account that the county is essentially using saying you have this much trips available that we are allocating for phase 1 and once you use up that allocation these set of road improvements have to occur and essentially that bank account has been depleted and for the next phases to occur, for future development to occur you have to put that road in. The other alternative is they have to produce their maintenance and monitoring report and there was a point at which part of that work was done and it was to reassess the total number of trip generation because the trip generation is much lower than what was used in the original DRI application and that may actually free up some trips and you might be able to squeeze out a parcel where you could do some development but ultimately none of the undeveloped land will be developed without that improvement being put in.

A resident stated whoever ends up with this parcel is going to want to get in there. That becomes an issue.

Mr. Pawlikowski stated what the problem is today is the reality of the situation if you look at everything if you call it the Morgan Stanley credit facility that is on the vacant land and the value that that is and what you have to put a price on then you take the bond prices and put that on, it far exceeds the value of the property so there are no buyers out there. The only solution is foreclosure. All you can do is pray there is someone willing to cover the bond on it.

A resident asked I ask you guys to look at that as part of this who benefits?

Mr. Crumbaker stated bondholders are totally separate.

Mr. Showe asked what kind of action are you looking for from the Board?

Mr. Little stated if there is any Board discussion I think that will advance it in some direction.

Mr. Gray stated let's make believe it is two years down the road because from the timeframe we are looking at the foreclosure of the Ginn Reunion Borrower happens and the CDD now has that land that it owns, no one has paid any money to the bondholders except for the people who own the individual lots.

Mr. Crumbaker stated that is correct.

Mr. Gray stated then theoretically the bondholders would foreclose they have had enough. What is the bondholders' next step?

Mr. Crumbaker stated there are two methods of dealing a foreclosure. The first is you go to the courthouse steps. The District forecloses under Chapter 170, which is the assessment statute. Chapter 170 references back to Chapter 72, which is the mortgage foreclosure action so what happens is exactly what happens in a mortgage foreclosure is that you go to the courthouse steps, people show up they bid on it or don't bid on it whatever the case may be the District has the ability to credit bid based upon the value of its final judgment and if they do they take title if they don't then it sells to whoever the highest bidder is on the courthouse steps. The second option that has been used to try to preserve value in the property has been for the District to assign the credit bid rights over to a special purpose entity that takes title and the reason why that preserves the right the assessment lien is gone is it doesn't force the sale of property today. It allows the bondholders to use money in the trust estate to flip the property, taxes, maintenance and that kind of thing and ultimately come up with a new program or whatever the case may be to try to sell the property over time so that hopefully as property values recover they get higher recovery.

Mr. Gray stated go really slowly because I want to make sure because you just said about 18 steps in that one thing. Here we are today, Ginn is not going to pay its money, the Board wants to do something to move this process forward to get to the end line so that the market gets a hold of what it needs to get a hold so that the land is in somebody else's hands, the bondholders are gone and the CDD is just cutting the grass. How do we get to that part and I understand putting a special purpose entity then what happens after that?

Mr. Crumbaker stated the special purpose entity with bondholder direction along with the District would hire a broker.

Mr. Gray asked are the bondholders paying into O&M?

Mr. Crumbaker responded they are, they are paying O&M, they covering the cost of the taxes.

Mr. Gray stated which means their assessments either stay the same or go down a little bit.

Mr. Crumbaker stated as a result of that they are now participating.

Mr. Gray stated so that is a good thing.

Mr. Crumbaker stated that is correct. There is a tri-party agreement that is entered into at the time we create the SPE and one of the requirements of that tri-party agreement is that the SPE because it has O&M assessments pays in the O&M assessments. If the SPE fails to pay O&M assessments then the District can then foreclose on the O&M assessment, which obviously doesn't do the bondholders any good.

Mr. Gray asked who sits at the Board table making the decisions of how much it costs for them to get their grass cut, you or are we still here? Is the bondholder now in first position and we are just gone?

Mr. Crumbaker responded no we still have to work with the District in order to try to work together.

Mr. Gray stated with Ginn gone, the land is over here, someone is now taking money and putting into the kitty for the operating costs.

Mr. Crumbaker stated that is correct.

Mr. Gray stated which now they are not so that means in theory the unit owners would feel a little bit better now that there is somebody else sharing the operating costs.

Mr. Crumbaker stated that is correct.

Mr. Gray stated now we are sitting here waiting.

Mr. Crumbaker stated there are two benefits of this, one is having some portion of the operating costs funded by the trust estate or bondholders, the second is preservation to the extent possible the value because it just doesn't work if you had to sell it all especially a project like this. Usually we enter into a management brokerage agreement, somebody to make sure that the SPE property is up to code and that kind of thing. They will interact with the District Board and HOA to discuss expenses and that kind of thing but at the end of the day it is up to the respective boards, we won't have control over them.

Mr. Gray stated right now let's say you had \$50 million into it, nobody has paid hardly anything down so far so you are still out a lot of money.

Mr. Crumbaker stated correct. When property starts selling that is when money flows through the trust estate back to the bondholders so they recover some portion of their investment.

Mr. Gray stated so as a marketing program happens pieces are sold at whatever pace the bondholders want to sell it, nothing else really impacts the CDD unit owners operating costs because it just kind of flows along the grass and everything is kind of flat lined and the debt is being chewed down until there is no more land to sell.

Mr. Crumbaker stated that is right.

Mr. Gray stated you have now realized whatever the loss was that might have been written down from an accounting standpoint.

Mr. Crumbaker stated the only thing that would be left would be the 2002 refunded in the future those bonds.

Mr. Gray asked there is \$3 million in the kitty right now of the undisbursed construction on the east side? The bondholders want to make as much money back as they can of the crushing loss that they have had so they are not going to just necessarily take \$3 million and pay for themselves and run away because they recognize that as they sell those parcels that work still needs to be done to sell those things.

Mr. Crumbaker stated right.

Mr. Gray stated again from the unit owners' standpoint you are not going to steal from the kitty because you are just going to be shooting your brains out because you are not going to get top dollar for the property unless you say that you are going to do that work.

Mr. Crumbaker stated that's right. If they had wanted to attach the trust estate they would have already done it. The District has an obligation to foreclose we don't have the obligation to fund and they can take the money and go.

Mr. Gray stated once our foreclosure against Ginn is done you could come in and put the hammer down and sell the thing for cents on the dollar and run away into the night and the owners would be left with some guy who is paying his operating costs in theory and life would move on, you would be gone, they would be here and development as opposed to just the sale of vacant land, the development of the property would happen in accordance with the DRI and whatever is out there in the market. From the individual unit owners standpoint if we said we don't like this or if you don't give me half the upside I'm not going to do this, you go okay we will sit here and you do what you are going to do we are going to do what we are going to do, we still are not going to take the \$3 million away from you because you are new to this game there is a level of distrust on several sides. You know all the iterations as I do so I'm trying to state it in a way so that everybody understands exactly what could and couldn't be happening to them. We can't do anything about the west side right now, that is a separate story but the same fears exist because it is coming on that side. The point of the unit owner is we have both been hurt, let's recognize that. We are all crushed, the developer is crushed, the unit owners are crushed, the bondholders are crushed. Now we take a breath. How do we all get out of this? If you are going to be whatever the profit is they are going to say what do I get out of it and you can say you can either possibly get a little bit of money or we are just going to sit here and it will be out there 10 years from now. Who is going to blink first?

A resident stated they are, if we don't do anything you stay in this position. You wouldn't have come here if it didn't benefit you. If you share with us you are thinking it will go up X percentage.

Mr. Crumbaker stated let me take another approach. What is bad for us is also going to be bad for you. I will give an example. We have a situation where the Board is adamant we have a district where we took title back in the name of the SPE and we are paying the assessments but we have asked that the assessments not be put on the roll because then you have the collection process and everything else on top of it and that saves 3% to 4% of the trust estate because otherwise we would pay school board, tax collector and whatnot. It happens with the same dialog, the worse you make it for me with respect to the trust estate and my ability to carry

the project the worse it is going to be for you because that then has the ability to carry the property for any period of time.

Mr. Gray stated now we are talking in language that everybody understands.

Mr. Crumbaker stated there is a positive but at the end of the day if every time I come to this Board and it is going to be about, what are you giving me, as opposed to at the end of the day what is going to be in my best interests which is what you have all been looking at, if you negatively impact the holders then the trust estate is going to negatively impact our ability to preserve value to this property.

Mr. Gray stated it is hard to put that in a one and half page memo. I recognize it is extremely difficult. If there is a piece of paper that explains, that is too simplistic of view, I've got you give me something, give me money, make my assessments go down for three years. I will be because I'm going to be standing there putting money in now that Ginn isn't so I am going to make your life a little easier. Oh, okay I didn't recognize that but if you see this is how it is going to happen, I could be wrong, I don't talk to the developer, I'm not as smart as the people you engaged to look at the project but I have to think that there is going to be a flow to this and it is going to move to the market. The market is going to get this property at some point in time as quickly as possible. All we are trying to do is position it so that both the unit owners and bondholders know what is going to happen to me during this time period and does it makes sense for us to do this. They just need to know all the details about those little steps. You will start to pay, is there a requirement that you are going to pay, how much are my assessments going to go down, we don't know what those numbers are yet.

Mr. Crumbaker stated there will be a requirement that that property pay its portion.

Mr. Gray stated good because other people sitting out there I'm sure are thinking there is going to be some way they can snake out of this. The Ginn people didn't pay what makes us think you are going to pay? Here it is in the bond indenture, it says right here this is what I'm allowed to do and this is what I'm not allowed to do and we all have to play by the rules which is exactly why we are here.

A resident stated maybe we should push back and say yes, we are willing to do this if you are willing to put \$5 million in the kitty for us. Is there any Board member that thinks we should do this without benefitting us financially?

Mr. Pawlikowski stated whatever windfall you think you are going to grab, I don't know what you are expecting. I don't think the bonds are going to do from a \$25 per \$100 par value. I don't think you are going to get what in your opinion you are going to get.

A resident stated he said \$75.

Mr. Pawlikowski stated that is all speculation. He is not a market maker for bonds.

A resident stated fine we will take a percentage of it.

A resident stated all he is saying is just beneficial to the bondholders.

A resident stated \$50 million why wouldn't they make it for \$45 million?

Mr. Gray stated this is the simplistic way that I look at it. You have to think am I here for the long term or I want \$3,000 off my next year's bill because I'm selling the place I'm out of here? I think the average person is thinking long term, what's my value, I'm going to be here. Let's talk about the average person who is going to be here for a while, as soon as those properties have all those little pictures built with people in there that is the end game. It is not going to happen until they can drop this property as quickly as possible at a good price to somebody who is actually going to build something there. They are either going to build something there quickly, which is theoretically good or they are at least going to buy it and pay their operating costs. As quickly as we can get it into their hands to do whatever they are going to do with it as quickly as possible, to the bondholders hands, because they are going to own the property, it is not going to go to Ginn it is not going to go to Morgan Stanley it is going to go to the bondholders or the special purpose entity. It is going to flow to the guy who has the lien.

A resident asked why would they do anything?

Mr. Gray stated they want to get their money back.

A resident stated but the taxes going down would be more practical.

Mr. Gray stated whatever they have to contend with it is shrinking fast.

A resident stated the taxes are going up fast too. All the debt on the property is going up.

Mr. Gray stated then that means they should just close the door and tie up all the people, you have completely lost every penny. They are going to say no, I can get something for it.

A resident stated somebody will hopefully but it at a tax sale and start there if they think they want more money. That way they get the money back.

Mr. Crumbaker stated this is the perfect formula for driving down your personal investments. At the end of the day your plan is if it is not good for me then I'm going to screw the bondholders and at the end of the day that is going to impact every one of you.

A resident stated that is what you are saying to us, what's good for you and we are going to screw the guys sitting here or are we going to remain level with them.

A resident stated the only small advantage that I see other than the fact that you want to get along with these folks, from a marketability standpoint you can and you are trying to market your property or eventually with this split the 2002-1 bonds would be resolved of any default and you folks technically speaking your properties would not be in default. I guess there is some marketability standpoint. The people on the Board now CDDs and bonds have become more of an issue people want to know and there have been State tax on this property. Maybe there is some small benefit there. Maybe this is where we got it so bad was if there is nothing in it for me then go pound sand. I don't know if that is the right thing to do here seeing as how they are funding the foreclosure actions and we do need to get along.

Mr. Kane stated obviously it is a major debt service management issue and the Board I think has done a good job of working due diligence on the issue up to this point. I think we are all better educated today, I personally am better educated as to what is going on and what we are doing. We all still believe there is some underlying or they should be behind the property but the bottom line is as long as know that from a debt service standpoint that amortization schedule can change our assessments a lot from that schedule and there is no shift of burden from the delinquent properties to us then from the debt service standpoint on a personal level I'm okay with it. The main thrust for the Board moving forward is maintaining the budget from an O&M standpoint and keeping our expenses as low as possible. I have funded big projects I fully understand what has happened. They leverage the economies of scale to give us lower unit costs overall. If you think about it I'm not defending Ginn Reunion Borrower but all that undeveloped land was supposed to be developed, supposed to generate all kind of activity and revenue, etc. and it never did but it was used initially to be the source of revenue and to get the unit costs of O&M down. Well, if they are not paying all of a sudden my customer base has been reduced and now my unit costs go up hence we had an increase last year. You bring on more customers your unit cost goes down and everybody benefits from it. It works both ways. It is unfortunate we had to go through this but I appreciate all the discussion as far as seeing the light eventually

down the road and foreclosure is never a good thing for anybody. At least there is a method where we can get back to where we were.

Mr. Glasser stated what I'm hearing from this pitch is if you go down this road while there is no benefit to us upfront these are investors. We need a club we need shops we need all the stuff that was promised in the first place and I can't see any way we are going to get that unless there is a paradigm shift. Go down this road if I had to choose on my own, I would say I would really serious look at this, irrespective of the fact that we don't benefit directly I think somewhere down the line investment is the critical thing here. Once they start the infrastructure here people will buy all these lots will disappear.

A resident asked what difference does it make whether there is infrastructure? All we are doing is making the bondholders more. Somebody is going to buy those bonds for 20¢ on the dollar and wind up getting 20¢ anyway. We have \$50 million debt here decreased to \$48 million and no one will do the deal.

A resident stated I can't believe any owner would want to keep the status quo. It is like we are trying to partner this to make it marketable and that is my personal take on it although we don't vote we can't move along the same road for five years.

A resident stated you can walk us through as well a clear path down the property, foreclosure, negotiating a path through the process to create maybe an opportunity for an alliance between the residents and the bondholders. I think maybe there is a exchange of letters between the CDD's Counsel and Bondholders' Counsel to say okay we appreciate your cooperation in doing this we are going to the bondholders and go forward and continue to fund the foreclosure at least get something on a handshake basis, on a documentation basis we get a positive approach and even thinking envision a year or two year vision as to where we will be. The bondholders will do this or regularly meet whatever, something so that we have achieved something out of this deal and maybe create a framework that way is a good first step. You consider that.

Mr. Little stated that is a perfectly good idea I think it is already in their best interests to continue funding foreclosure and if they don't fund us and we don't have any money to pursue foreclosure then they have no mechanism to recover any of their funds if we want to solidify that or in some way memorialize it in some fashion we can talk about that.

Mr. Crumbaker stated I apologize every time I have been here it is for this request.

Mr. Gray stated having these discussions where we the Board members have to ask Brian a lot of questions and you a lot of questions in front of a whole bunch of people that is good because they can hear what is going on. But are we allowed to have more detailed discussions where we can just get a little piece of paper that says here is the good side and here is the bad side, here is the good side for you here is the bad side for me? I would like to see things in my hand so anybody can say that is why he voted that way. I would like to make a motion that we agree to continue talking about this as opposed to shooting it down with the intent that you will all be here for the next meeting I'm sure, is that there is a thing that goes onto the agenda on the website in advance that says, here is the answers to some of those questions that were probably back there. It will be simple to read and bare knuckle so that it is like the Q&A like we have all seen when we bought property, what is the benefit of living at Reunion today, what is the benefit to them. Just lay it out there.

A resident stated we all go to business and the guy makes his first proposal, that is not his best one.

Mr. Gray stated I still have a lot of questions. I realize west is a different thing and you are not the same person that will be standing in front of us when we talk about the 2005 foreclosure process but we have to try to figure out how to translate that over to the west side as well, the same people.

Mr. Owen asked did I hear a motion to continue?

Mr. Gray stated yes the intent of this was can we still have staff work with the bondholders to continue discussion of the framework to move this ahead. I would make a motion.

Mr. Gray moved to have staff continue to work with bondholders to discuss the framework of splitting the bonds.

A resident stated I think you ought to appoint a special committee, I will head it up.

Mr. Little stated if there are specific questions we can request more documentation or answer to those questions from Trustee's Counsel. You can also set a workshop if you would like just to discuss this item specifically to a large degree outside of a meeting, which would be noticed as well we could do that before the next meeting. If you are looking for more detailed

information it depends on how much more Brian could put on paper that is going to help the Board understand it.

Mr. Crumbaker stated I can put down the pro column.

Mr. Showe stated maybe Brian if you could do that within the next week or two we can circulate it among the Board and we can provide you individually any comments the Board might have that might enhance that a little bit.

A resident stated what you all came up with during the meeting was a scenario and I would think that documentation if this happen then what, how does it play out because I felt that was very helpful for me to hear what you had to say about foreclosure, about the fact that the bondholders would be paying our O&M. Right there it was like okay then that totally made sense to me.

Mr. Gray stated back and forth with papers if that is the way we have to do it because we are in the sunshine that is fine. Just sit here and talk to me and let me sit here for an hour or two and work things out as dumb as that may sound and you can explain to me why those things are dumb because that is not how the documents go but if we have to do it with a pro/con that is okay.

Mr. Little stated we can do a workshop.

Mr. Gray stated that is public and I have no problem asking silly questions in front of lots of people but I wouldn't want to make it so that it 400 people are here and I know we can't retard that process but can we make a motion to have you think about a good way to really get some meat on this prior to the next meeting so everybody can read it and feel comfortable with it and we all recognize that there could be one person who is going to say that guy is a sticky wicket and the other person is a complete rollover and do whatever. We are a group this a democratic society we can't listen to one person's thing versus another completely but we want to at least get the smattering of the shotgun out there so that most of the people understand in plain language what is going on. We want to break that mold of someone thinking there is a boogieman somewhere or that we are all plants of the Ginn Company and it is somehow circle back.

A resident stated it would be helpful to have documentation on the website along with the agenda with a handout.

Mr. Showe stated all the notes and everything that was passed out today were on the website the second that we got them.

Mr. Pawlikowski asked was there a motion on the floor?

Mr. Showe stated we had a motion to continue this to the next meeting for further discussion.

Mr. Pawlikowski stated I don't think that is the right motion.

Mr. Gray asked what do you think the motion should be?

Mr. Pawlikowski stated I think the motion is to continue moving this forward. It was a motion to bring it back to the next meeting and I think we need to move in a more positive direction.

Mr. Gray stated that is what I meant.

Mr. Pawlikowski asked does the first motion fail due to lack of a second?

Mr. Showe responded yes.

Mr. Pawlikowski stated you can't have two motions on the floor at the same time.

The motion died for lack of a second.

Mr. Pawlikowski stated I would move to continue to move the restructuring forward in a positive direction and also have an additional follow-up report at the next meeting with additional information.

Mr. Showe stated I think part of what would happen is to move it forward there is going to have to be a further approval at the next meeting.

Mr. Little stated yes but I think we need approval from the Board at this point to begin the process of drafting the appropriate documents. Those documents themselves would come back to the Board at the next meeting for final approval and execution if that is the timeline but we need direction of something specific to tell District staff including Bond Counsel and District Counsel to work with Trustee's Counsel to do the necessary preparation. I think Brian said earlier just as a practical matter to authorize us to do all that. There is a considerable amount of work involved it is not tremendous but a considerable amount so there clearly would be some outlay there with respect to that process.

Mr. Pawlikowski moved to direct staff, Bond Counsel and District Counsel to work with Trustee's Counsel to draft the appropriate documents for the restructuring to be brought back to the next meeting for final approval and execution.

Mr. Showe stated just to clarify you are directing staff to move forward with presenting the appropriate paperwork and coordinating with Bond Counsel.

Mr. Pawlikowski responded yes.

A resident stated go ahead.

Mr. Gray stated he didn't say that.

A resident stated he said go ahead.

Mr. Gray seconded the motion and with all in favor the motion passed.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Little stated the only thing I have to mention is the same in the last meeting, that the foreclosure suit against Ginn Reunion Borrower the complaint was file prior to the last meeting and since then both the defendants in that action were served and we are currently waiting on answers from them. We are just waiting from those two defendants, Ginn Reunion Borrower LLC and Wells Fargo as trustee for Morgan Stanley Trust as the mortgage holder.

Mr. Gray asked can we have a simple piece of paper that has the calendar of events on both east and west side from the first date that the Borrower did not pay their money through each of no more than six steps to how we got here today on the date when the first notice of, you didn't pay my bill goes out, the second notice, to the date we filed foreclosure to the date we were notified of the forbearance request so that when I shake my head and mark the answer no and he says yes, that we will have a piece of paper that will recount what happened in these books in the past that states exactly how fast this Board moved. I would really like to have that, again, simple easy language.

Mr. Showe stated you got it.

B. Engineer

Mr. Boyd stated the I-4 bridge repairs, the two contractors that we authorized their contracts last month have signed the contracts and we should see work started on those bridge repairs in the next two weeks.

The irrigation turnover is continuing. As soon as Austin Environmental completes the work we will evaluate it to make sure it is acceptable to the CDD.

In the Reunion West meeting we touched on striping over the bridges and taking some of that comment into account we could probably facilitate two double yellow stripes in the centerline of the bridges for somewhere between \$1,000 and \$1,500 by entering into a contract with a pavement marking company.

i. Consideration of Requisitions and Pay Requests

Mr. Boyd stated there is one requisition in the package this month. Requisition 1607 for Woolpert in the amount of \$333.87 and that is for our services during the month of March.

On MOTION by Mr. Burman seconded by Mr. Beekman with all in favor requisition 1607 was approved.

Mr. Gray asked can we decide about the striping since we talked about it?

Mr. Boyd stated let me offer this, we don't have a bid to award.

Mr. Gray stated we can make a motion to get a bid to stripe the centerlines not the outside lines and I'm looking at the budget and asking is there money somewhere in a contingency line that we haven't touched yet. Are there niceties, things that are not required for code because otherwise they would have been done but things that would be nice? I realize there was a lady over there who would probably like to have some bushes in-between her property and the lift station but are there other things that are on the list so that if the Board said yes let's do that for \$2,000 or authorize somebody to find \$2,000 and next week someone says what about my whatever it may be, you disregarded that completely. Is there anything else the Board can think of that should stand in front of spending this \$2,000?

Mr. Showe stated I think if you direct us to get the quote we will scrub through the budget before the next meeting and have an available source of funds for that.

Mr. Gray stated let's do that.

C. Manager

i. CDD Action Items

Mr. Showe stated the engineer has already touched on the bridge repair and we continue to post the minutes on the website. No. 3 is the entrance to the nature trail and that is in the developer’s hands right now if there are any improvements they are going to make it would be on the developer’s side. It is not our property. The engineer also touched on the irrigation.

ii. Approval of Check Register

Mr. Showe stated the next item is approval of the check register. We have checks 1816 through 1832 in the amount of \$155,212.88 we also have April payroll for \$754.80 for a total of \$155,967.68.

On MOTION by Mr. Gray seconded by Mr. Burman with all in favor the check register was approved.

iii. Balance Sheet and Income Statement

Mr. Showe stated the next item is the balance sheet and income statement. We are 82% collected on the assessments for Reunion East. Once we get the tax certificates sales we should be right where we should be on the assessment collections.

iv. Status of Direct Bill Assessments

Mr. Showe stated the next item is the status of the direct bill assessments. Similar to what we reported before the Ginn-LA Orlando has paid the \$8,000 for the year, and we still have none from Ginn Reunion Borrower.

v. Presentation of Number of Registered Voters

Mr. Showe stated as of April 15, 2011 the Supervisor of Elections is reporting 142 registered voters within Reunion East. That becomes important when you have 250 registered voters and are six years old then you begin the transition to the general election process.

SEVENTH ORDER OF BUSINESS

Other Business

There not being any, the next item followed.

EIGHTH ORDER OF BUSINESS

Supervisor's Requests

There not being any, the next item followed.

NINTH ORDER OF BUSINESS

Audience Comments

A resident asked when CDD property is rented out by the management here such as 7 Eagles does the CDD receive the money that they rented the properties out for?

Mr. Gray stated in some instances, yes. When there is a wedding in linear park they pay \$125 and the CDD gets that. If somebody came in and rented this to be honest I'm trying to think how that works. It goes into the club, the club rents it out and there is a management services contract that will definitely be brought up at the next meeting.

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor the meeting adjourned at 4:30 p.m.

Secretary/Assistant Secretary

Chairman/Vice Chairman