

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, March 11, 2010 at 2:00 p.m. at the Heritage Crossing Community Center, 7715 Heritage Crossing Way, Reunion, Florida.

Present and constituting a quorum were:

John Gray	Chairman
David Hood	Vice Chairman
Marty Pawlikowski	Assistant Secretary
Rocky Owen	Assistant Secretary

Also present were:

George Flint	District Manager
Jan Carpenter	District Counsel
Dan Osterndorf	Latham Shuker
Jeff Einhouse	District Engineer
Judy Emens	Ginn Company
Brian Crumbaker	Hopping Green & Sams by telephone

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the February 11, 2010 Meeting

Mr. Flint stated the next item is approval of the minutes of the February 11, 2010 meeting. I was provided some comments from Judy correcting some names and things like that, nothing substantive. If the Board has any additions, deletions or corrections to the minutes I will be happy to take those now.

There being no any additional corrections,

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the minutes of the February 11, 2010 meeting were approved as revised.
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THIRD ORDER OF BUSINESS

Ratification of Legal Representation Agreement

Mr. Flint stated the next item is ratification of the agreement for legal representation.

Ms. Carpenter stated for any of you who don't know I changed law firms last week, I left my old law firm and joined Latham, Shuker, Eden and Beaudine another law firm in Orlando about 20 lawyers strength in corporate and bankruptcy and litigation. I will be doing the same practice. My two paralegals who did most of the work with me over the last 15 or so years both came with me. A very good senior real estate associate who is already working on some issues on some of my projects and we have a big litigation department. Under the Florida Bar ethics rules when you leave a law firm the client has a decision if they want to have the work go with the lawyer, if the work should stay behind with the old firm or they can choose a new firm. The way it usually works is in order to take the files we have to have the client acknowledge and consent to us taking the files so I sent it to George and requested that he ask the Chairman if the files could be moved. In the event the files did not come with us those files would stay behind and somebody from the old firm would attend the meetings and take on the client. There really is nobody at Shuffield Lowman that does public finance. The only other person who was really in my department was Colt Little and he left the practice of law about six months ago. I sent the letter to George and George conferred with the Chairman and they signed that letter to transfer the files. The Board has the option of ratifying that action and keeping the file and work with my new law firm or to do something else with it. Also as a part of that would be an assignment of the contract because we have a contract with the firm as a public entity they have to acknowledge assignment of a legal services contract with us. I would look for a motion to either ratify the action of the Chairman transferring the file and assign the contract or do whatever you might possibly can do.

Mr. Pawlikowski moved to ratify the Chairman's action in transferring the file to Latham, Shuker, Eden and Beaudine and the contract assigned to same.

Mr. Gray stated before you vote I just want to make a comment so it is on the public record. As the decision was requested of me to move the files I spoke with Judy who had already spoken with Jan to make sure that the price was going to be consistent with the previous contract, the service level would be no less, would be equal to and she took her legal assistants

and that there would be no conflict of interest that would be popping up in the future to make things worse. Judy also spoke with three or four additional people on the Board to make sure that they would concur with this decision so it was a little bit in advance but I felt comfortable making that decision. We make all these decisions with the best interest of the CDD in mind and doing everything in a professional manner.

Mr. Flint stated just for the record Judy may have spoken to the other Board members but she hopefully didn't come back and tell you the other Board members' opinions.

Mr. Gray responded no, she just said she talked to them.

Ms. Emens stated I called each one individually and asked them what their opinion was and then that was it.

Mr. Flint asked and you didn't relay it to each Board member the opinion of the other Board members?

Ms. Emens responded no, I did not.

Ms. Carpenter stated to clarify also part of my reason for the move was to have some more strength and support in the litigation area particularly because we do have quite a few issues coming up and also as you know I had quite a few conflicts with my old firm with the banks. With the number of foreclosures I was having a problem and had to refer quite a few matters to other law firms. Hopefully, those issues will be done now with this move.

Mr. Hood seconded the motion and on voice vote with all in favor the motion passed.

Ms. Carpenter stated in Reunion West when we began the foreclosure proceedings against Fourth Quarter 57 and 58 the Board entered into a separate legal services contract for foreclosure and default services with our firm and since the Board has now passed a resolution to file the foreclosure actions against the Ginn entities in Reunion East we need a similar letter and the letter basically mimics the General Counsel fee arrangement that you all entered into although the hourly rate is our current hourly rates at the time as opposed to the lower public services rate. It is the same as in Reunion West. We ask the Board to consider that agreement to extend the services. I think we contemplated it but I didn't realize we had a separate agreement for that one and I want to make sure we have all the paperwork done appropriately.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the legal agreement for foreclosure and default services was approved.

FOURTH ORDER OF BUSINESS

**Consideration of Resolution 2010-03
Authorizing Amendment to the Master Trust
Indenture for the Series 2002A Bonds**

Mr. Flint stated the next item is consideration of Resolution 2010-03 which is an amendment to the master trust indenture for the series 2002A bonds. There is a separate resolution amending the trust indenture dealing with the series 2005 bonds. At a prior Board meeting the Board authorized Bond Counsel to prepare the amendment to the indenture and because there are two separate bond series there are two separate indentures.

Mr. Crumbaker joined the meeting at this time by telephone.

Mr. Flint stated Brian Crumbaker is Trustee's Counsel and in that capacity he would be communicating with the bondholders and determining whether they approve the proposed amendment to the indenture.

Ms. Carpenter stated we talked about it briefly in the last meeting and actually had tried to have the authority delegated to the Chairman so we didn't have to have another meeting. Bond Counsel has looked at it since it is amending the actual bond indenture they preferred there be a meeting so the whole Board can see the final amendment. This Board is a little different from others in that you did see one in Reunion West but because they are separate entities we wanted to be sure you all had a chance to see it. What this does is amends and there are actually two of them, there is Resolution 2010-03 and 2010-04, one amends the indenture for the 2002A bonds and one amends the indenture for the 2005 bonds. They are substantially similar in form they are also substantially similar to the Reunion West amendment to the indentures. What this does is since we are in a situation where the funds from the Board to be able to pursue the foreclosure actions in this case in Reunion East against the Ginn entities that have not paid this indenture amendment allows moneys to come from the construction fund in one case and the funds from the debt service reserve fund in the other indenture series so there are funds that can be used to pay those expenses. We will have an attachment to each of these, an approved budget that will be approved by the bondholders as well as the Board and we don't have that yet that is being worked out by George and with Brian Crumbaker the Trustee's Counsel on behalf of the bondholders so we would look for two separate motions to approve it and also as part of the

approval the motion to delegate the authority to the Chairman to approve the budget once the bondholders have approved it.

Mr. Flint stated the only other comment I would make is on section 4 of the indenture amendment for the 2002A series it currently references that the funds would be withdrawn from the construction account and that needs to be modified to indicate the construction account and debt service reserve fund because some will be coming out of each account. Brian, do you have any other comments you wanted to make to the Board before they consider a motion on the indenture amendment?

Mr. Crumbaker responded no.

Mr. Flint asked does the Board have any questions on the indenture amendment?

There not being any,

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor Resolution 2010-03 with the proposed changes to section 4 dealing with the source of funds was approved delegating authority to the Chairman for final approval on exhibit A which is the budget.

FIFTH ORDER OF BUSINESS

**Consideration of Resolution 2010-04
Authorizing Amendment to the Master Trust
Indenture for the Series 2005 Bonds**

Mr. Flint stated we have Resolution 2010-04 and the same delegation of authority to the Chairman would be necessary here on final approval of the budget. I don't believe section 4 needs to be amended on this one because all the funds are proposed to be coming from the construction account pending the bondholders' approval.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor Resolution 2010-04 was approved and the Chairman was delegated the authority to have final approval of the budget.

SIXTH ORDER OF BUSINESS

**Consideration of Resolution 2010-05 Amending the
General Fund Budget**

Mr. Flint stated the next item is consideration of Resolution 2010-05 amending the General Fund Budget and this is amending the budget as a result of the adjustments to the security that the Board approved at the last meeting. Are there any questions on the amendment?

There not being any,

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor Resolution 2010-05 was approved.

SEVENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Carpenter stated the Ginn foreclosure is the biggest thing we are working on. An associate in my firm has begun pulling the deeds and legal descriptions so we are ready to order title work. Brian, what is your comfort level on us ordering title work to begin on the foreclosure complaints? We hesitated to do any work until we had the amendments signed from the bondholder consent. Do you think it will take time or can we go ahead and get that ordered and get it started?

Mr. Crumbaker responded if you can wait until Monday just to give me a few days, let me try to get caught up and also I will talk to the trustee and the lead bondholder on this and see what their thoughts are. Let's make sure that we have money in place for you going forward before we order title.

Ms. Carpenter stated okay, the only reason I'm rushing a little bit is that we did have some issues on the legal descriptions in Reunion West and it took a month or two to get some resurveying and some changes so as soon as you are okay just let us know and we will get that going.

Mr. Crumbaker stated maybe we can just plan to talk on Monday and I will let you know where I'm at and then hopefully at that point we can pull the trigger.

Ms. Carpenter stated that sounds good. I have with me Dan Osterndorf from my firm who is one of our litigation partners he has handled foreclosures for some banks and other entities so he has been reviewing all the information and is pretty much up to speed. The plan is if it is okay with the Board, to move the litigation from our other firm over since I have litigators here who are well prepared to take over and go forward quickly. We don't have anything much happening in Reunion East this will be new litigation and we will start that at the new firm.

Mr. Pawlikowski asked do you need a motion for that approval?

Ms. Carpenter responded in Reunion East we don't have anything pending at this point.

B. Engineer

i. Consideration of Requisitions

Mr. Einhouse stated we have requisition 1588 from the 2005 series bonds in the amount of \$41.25.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor requisition 1588 was approved.
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ii. Bridge Inspection Contracts

Mr. Einhouse stated we have four bridges that require bi-annual inspections three of which got initial inspections two years ago and the fourth bridge is to be done this year. We solicited proposals from three firms and received responses from two of them. The first one is Collins Engineers the firm that did the initial inspections two years ago on the first three bridges and the second one is Kisinger Campo Associates. Collins' proposal for the first three bridges is \$11,500 and for the fourth bridge is \$3,800 for a total of \$15,300. Kisinger Campo the total for the three bridges is \$6,750 and for the fourth bridge \$2,250 for a total of \$9,000. We have reviewed these and believe that Kisinger Campo has a complete proposal and their price is significantly less than Collins so we feel comfortable in approving this today. I apologize for not having the information to you sooner we just got the second one in this morning. We recommend Kisinger Campo.

Ms. Emens stated I thought the Kisinger Campo proposal was more, it shows it at \$13,501.

Mr. Einhouse stated those include bolt underwater inspection and load rating analysis neither of which is required.

Mr. Flint stated the District is required to perform bridge inspections by the FDOT on three of these bridges, on the fourth bridge Spine Road, Davenport Creek it is not an active bridge that has actually been assigned a DOT number at this time but because it is a bridge that the District owns we feel it is important to go ahead and have it inspected but we are not going to turn the inspection results into the DOT and get it on the list of required inspections until we need to.

Mr. Gray asked Jeff, who is the firm that handled it previously?

Mr. Einhouse responded Collins Engineers.

Ms. Emens stated for three bridges we paid \$11,100.

Mr. Gray stated it is almost double by a firm who has done it before. Is one hungrier than the other? Both are qualified or you wouldn't have brought them if they weren't qualified to do the work.

Mr. Einhouse stated all three were recommended by DOT. We reviewed the proposal and it seemed to include everything that was in the initial inspections from the previous one.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the proposal from Kisinger Campo for the bridge inspections for the four bridges in the amount of \$9,000 was approved.

C. Manager

i. Approval of Check Register

Mr. Flint stated under District Manager's report we have approval of the check register, General Fund Check numbers 1562 through 1575 in the amount of \$145,720.07 and the payroll in the amount of \$554.10 for a total of \$146,274.17. The register is behind the summary if there are any questions we will try to answer those for you. If not, I ask for a motion to approve the check register.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the check register was approved.

ii. Balance Sheet and Income Statement

Mr. Flint stated you also have the balance sheet and income statement through January 31, 2010. There is no action required by the Board on this but if you have any questions I will try to answer those for you.

iii. Status of Direct Bill Assessment

Mr. Flint stated you also have the status of the direct bill assessments. Nothing has changed I don't believe on this summary since your meeting last month so the entities that are delinquent on the direct bills continue to be delinquent. We have received no payment since your last meeting.

Mr. Pawlikowski asked has there been any further conversation with developer's counsel?

Ms. Carpenter responded I have heard nothing from developer's counsel. I do understand that the developers are making a presentation to the bondholders from the CDD perspective we have not been invited I have just heard that. We can be hopeful that means that there is some discussion going on between the bondholders and developer but they have advised us of nothing so the CDD would proceed with the foreclosure filing.

SEVENTH ORDER OF BUSINESS

Other Business

Mr. Flint stated also it is not listed on your agenda but last month you approved moving forward with certain adjustments to landscape and security and other cost saving measures. We have an amendment no. 5 to the Austin Outdoor contract.

Ms. Emens stated the amendment is the service levels that we presented at the last meeting of going from either the 52 or 42 to the 36 cuts and we looked at the annual beds as we discussed during the meeting and did adjustments to those. As a result of the adjustments to landscaping we were able on an annual basis to cut the costs by \$255,684. We have to spend \$5,000 to replace some of the annual beds with other types of material so the net affect of one annual year is \$250,000 and the following will be \$255,684. With that cut, the security cut, the street sweeping, the fountain cleaning and looking at the heating of the pools we trimmed costs by \$485,000 to date.

Mr. Flint stated if there are no questions on the amendment to the landscape contract I would ask for a motion to ratify the amendment no. 5.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor amendment no. 5 to the Austin Outdoor contract was ratified.
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Mr. Flint stated the next item is also under other business it is not on your agenda. I apologize it hasn't been emailed to the Board prior to the meeting so you haven't seen this yet. There have been a number of questions about the management service agreement with the Resort that deals with the management and maintenance of this facility, Seven Eagles, the horse stables and as a result of that there has been some concern among I think the Board, staff and some

members of the public and questions raised regarding the management services agreement. In discussions with the Chairman and other staff members we came up with the idea of establishing an advisory committee specific to that single issue. The committee if the Board was interested in establishing it would be created by this resolution and the resolution names the initial five members that are proposed to be on that, who would be the Chair, who would be the Vice Chair and it also sunsets the committee as of June 30, 2010 so this would not be a long standing committee it would be a single purpose committee with the idea that if you look at item no. 9 it says on the last sentence, the sole purpose of the committee shall be to serve the District in an advisory capacity to provide review of the current agreement structure and to recommend alternative contract structures for Board consideration. Again, this is something we have added to the agenda if the Board would like additional time to consider it that is fair because this is something new to you or if you have any questions we will try to answer them. What we have tried to do with the structure of it is we included one Board member, Mr. Gray the Chairman, we included Judy, two members of the public and a representative from the Resort so it would be a five member committee.

Ms. Carpenter stated if I may I will add that as an advisory committee appointed by the Board the advisory committee would be subject to all the public records and Sunshine Law as the Board, they have to notice meetings, minutes taken of the meetings, the public is invited to attend so it has all the same formalities of a standard board meeting. Then they would come back and report to the Board the consensus or head of the group and the timing of June 30th ties in with the budget period that the budget starts usually April/May and the budget has to be defined and sent to Osceola County in usually June/July so when that happens we have to have the number and have the management agreement pretty much finalized so any input on that agreement needs to get to the Board by April/May.

Mr. Oswald stated I know we are not supposed to participate but there is one part of this that is a little bit surprising to me. It says that the public may not participate in the meetings and that from our perspective as owners at Reunion would seem to me we are able to participate in this meeting why wouldn't we have the right to participate in the committee meetings?

Mr. Flint stated again, that is the discretion of the Board. Technically you are not required to have public participation I think the thought process was that the advisory committee was going to be the entity that was going to discuss this issue and if you open it up to the public

you are really going beyond the intent of a five member advisory committee. Again, that is a discretionary thing the Board can change that if there are strong feelings that people beyond the committee should be participating in the conversation.

Mr. Pawlikowski stated maybe I'm misinterpreting but I think what you are saying is you think that you are precluded from participating even though you are a Chairman.

Mr. Oswald responded that is what it says.

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

Mr. Flint stated it is the public outside the five members that we are talking about.

Mr. Oswald asked you are saying those of us who are owners can come to these meetings and participate?

Mr. Gray stated you are members like I am of a five-person committee. We can talk, us five. It is the rest of the people that queue up and have hours of discussion.

Mr. Oswald stated okay I understand.

Mr. Flint stated if the desire is the committee to have a public comment section on their agenda this will preclude a public comment section. If the committee feels like you want a public comment section then we would have to change the language in here.

Mr. Kane stated the question I have is the timing of this, you said you need something by April/May at the latest but we are in March.

Mr. Flint stated the Board doesn't adopt its final budget until August. The budget that is transmitted to the county is usually the proposed budget which the Board adopts in the May timeframe and there can always be adjustments made between the time that proposed budget is adopted and the final is. We do run up against some timeframes if for example assessments have to increase there are some notice requirements and public hearing requirements that the Board needs to be aware of but the June 30th timeframe hopefully the idea would be that the committee would have their business wrapped up by then and as long as I think the committee's business is wrapped up by June 30th the Board can incorporate whatever.

Mr. Kane stated June 30th is fine but I heard Jan say April/May.

Mr. Flint stated that is when the proposed budget is adopted but we would not need final feedback from the committee at that point I don't believe.

Ms. Carpenter stated I was being conservative that if you wanted to go out to bid you would need to build a month or two for that bidding process. I was hopeful you could get some ideas as quickly as possible to George and the Board.

Mr. Kane asked are you going to be one of these?

Mr. Flint stated I don't think the plan would be to pay Counsel to be at the meetings. I intend to be at them from a staff perspective but I don't know that we intended to have the attorney at the meetings. If there is a legal issue that comes up Jan is always available to provide an opinion.

Mr. Kane stated I believe there may be a couple legal questions.

Mr. Oswald stated I think that is going to be part of the deal at least as far as us owners are concerned.

Mr. Glasser asked can these two gentlemen who are on the committee have a separate meeting with owners?

Ms. Emens stated you can't do that.

Mr. Kane stated I can have a meeting or he can have a meeting but we can't do it together. We cannot discuss outside the meeting itself together.

Mr. Flint stated you can talk to each one of them individually.

Mr. Gray stated it is a good idea. When looked at under a microscope it seems a little silly but it is a good idea.

Mr. Oswald stated this is progress from Joe's standpoint and mine. We appreciate you guys considering looking into this and this I think will be helpful.

Ms. Carpenter stated if legal questions come up George and Judy can usually find me by email and phone.

Mr. Kane stated several legal questions may come up, can you amend the present agreement, can you do things of that nature.

Ms. Carpenter stated George has the answer to most of those but he can find me if he doesn't.

Mr. Flint stated if there is no other discussion on the resolution is there a motion to approve Resolution 2010-06?

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor Resolution 2010-06 was approved.

EIGHTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

Mr. Oswald stated I have a few comments concerning the existing lawsuit to be filed against the entities. Once the Bond Counsel approves going forward is there a general timeframe in which this suit would be filed?

Ms. Carpenter responded as quickly as we can get title work and make sure the legal descriptions match the deeds and all it would be filed I would say no more than 30 days after receipt of title work or less just depending on the quality of title and what we run into.

Mr. Kane stated I have to report this at our next ABOG meeting, Ken is a member of the ABOG. Is my reporting on this going to violate in any way, shape or form the Sunshine Law?

Mr. Flint stated I think if you are just reporting the fact that it has been created and when it is going to meet and that sort of thing it is not a problem. I think once the meetings start occurring if you are going to be reporting to ABOG the discussions and findings and things like that it would be prudent for whoever is not speaking to leave the room so you are not both in the room at the same time the discussion is going on.

Mr. Oswald stated I think we can handle that Joe.

Ms. Carpenter stated that sounds good and Ken you seem to have a good understanding of the sunshine law, anything that could come before the Board or you in your capacity on the advisory committee you shouldn't be discussing.

Mr. Kane stated I just wanted to be sure when we walked into these situations.

Ms. Carpenter stated if your report is that it is formed and when the meetings are will be fine but if you are talking about what you think you will talk about then one of you needs to leave.

Mr. Flint stated if the other committee member starts asking questions then I suggest one leave.

Mr. Glasser stated in the document discussed a short while ago reference is made to Reunion Borrower LLC. Are you able to elaborate on who or what Reunion Borrower LLC actually is?

Ms. Carpenter responded that is a legal entity that was formed to hold the land, I assume it is a special purpose entity but we have not gone back, we will do title work and will do corporate searches before we file suit. I would guess it is a single entity that just holds the land that is pretty standard how developers own property.

Mr. Oswald stated they bought almost the majority of the vacant property in 2005 and have extensive loans with Morgan Stanley.

Ms. Carpenter stated that matches what we know also.

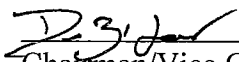
Mr. Glasser asked but all will be revealed further down the road?

Ms. Carpenter responded after we have the title work we will know more and we can bring a report to you either before or after we file the suit whatever the next meeting is so we filed against, whose liens are intervening and if we haven't why not, what issues we found in the title.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the meeting adjourned at 2:40 p.m.



Secretary/Assistant Secretary

 VICE CHAIRMAN

Chairman/Vice Chairman