

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, April 14, 2011 at 3:05 p.m. at the Heritage Crossing Community Center, 7715 Heritage Crossing Way, Reunion, Florida.

Present and constituting a quorum were:

John Gray	Chairman
Marty Pawlikowski	Assistant Secretary
Lee Beekman	Assistant Secretary
Duane Owen	Assistant Secretary
David Burman	Supervisor

Also present were:

George Flint	District Manager
Colt Little	District Counsel
Steve Boyd	District Engineer
Alan Scheerer	Operations Manager
Brian Crumbaker	Hopping Green & Sams by telephone
Several homeowners	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order.

Mr. Flint stated if there is no objection we will move to the attorney's report.

Attorney's Report

Mr. Flint stated Mr. Crumbaker is Trustee's Counsel and is the interface between the District and the bondholders.

Mr. Crumbaker stated the reason I'm calling in today is there is a request by one of the bondholder groups to restructure the bonds that would allow for there to be a split. Reunion East issued two series of bonds, they issued the 2002 bonds and 2005 bonds both of which are secured by assessments. Initially when property is unplatted there are both secured by assessments on the very same property and then on a first assigned basis the assessments securing the 2002 bonds are then assigned to individual units as the units are platted and once all the assessments

securing the 2002 bonds have been platted then you move into the 2005 bonds and their assignment. That is what we call first platted first assigned. The 2002 holders, which they group different from the 2005 holders have asked for authorization for them to split the 2002 bonds between what we call a 2011 A-1 and A-2, the A-1 would be a separate and distinct series from the A-2 with the security for the A-1 bonds being those units that have been platted versus those units that have been unplatted. That then allows for liquidity in the market in relation to the bonds that are secured by the platted units and provides more flexibility as it relates to that investment. Any expenses associated with splitting the 2002 bonds would be incurred by the bondholders themselves so the District itself would be held harmless but at the end of the day what you would have are 2011 A-1 bonds which are secured by the platted units the 2011 A-2 bonds secured by unplatted units and the 2005 bonds secured by unplatted units. To do that we would not have to go back through an assessment hearing because the assessment levels would not change, the interest rate would not change, the maturity would not change, everything would remain exactly the same it is just a matter of splitting out the security so that a piece of it could be liquid again from a marketability standpoint. I'm happy to answer any questions that relate to that but in short what I'm asking is authorization for me to go ahead and proceed working with District staff to effect that split.

Mr. Gray asked what if I was looking to find something wrong with that? Sell the other side.

Mr. Crumbaker responded there really isn't another side. Right now the 2002 bonds are secured by 75% they are billed on roll that are platted and 30% are billed off roll that are unplatted. Right now in the default world both the 2002 bonds and 2005 bonds are in default in full in total. That was in part a result of the resolution adopted by the Board in order to access trust funds, etc. but each series is now in default. What this does as a result of that split it then allows for those holders to essentially bifurcate the security for liquidity purposes but it also allows for the District to then have a performing series, which is the 2011 A-1 bonds, a performing series within the project, which from a market standpoint is preferable. The only concern I would have if I were District Counsel and I think I mentioned in the past when I appeared before this Board my firm represents about 170 districts in Florida so I actually do sit on the other side, the only concern I would have is to the extent that the assessments themselves were going to be modified in such a way that we then have to go back through the assessment

process. That then would put in jeopardy the foreclosure itself because the foreclosure is based upon the existing 2002 assessment lien on the unplatted undeveloped property. If we confirm as we get through this process that there is no affect on the assessment lien and there shouldn't be because of no increase in principal, no increase in interest, no extension of maturity then I couldn't articulate a reason why or any risk to the District in relation to this. That would be my only concern if someone presented to me as District Counsel.

Mr. Pawlikowski stated I want to go through a hypothetical situation as it would relate to Reunion and what you are talking about and what the outcome would be. Under the assumption that we continue to go through the foreclosure and the CDD obtains the property back, which would be covered by the new bonds, knowing what I know about Reunion there are parcels that have assessments on them that are not necessarily achievable from a development standpoint. Therefore, with the CDD owning the property they may want to make the property more marketable, change the use on it, which would then change the assessments. That would run contrary to splitting the bond up into the 2011 A-1 and A-2.

Mr. Crumbaker stated let me make sure I understand which property you would be modifying the use on. Are you referring to both platted and unplatted or just unplatted?

Mr. Pawlikowski responded unplatted.

Mr. Crumbaker stated it will not affect the unplatted property because at the end of the day whenever it comes out and is assigned to the platted units it is done. That does not prevent at any point in time either today or much less after a split it doesn't prevent the land use within that parcel, unplatted undeveloped land to be modified. If you were to go through that exercise post restructuring or prior to restructuring the circumstances would be exactly the same because the debt load and the number and types of units that are on the unplatted undeveloped land today or the assessments to secure that number and types of units will be exactly the same pre and post restructuring. The debt will be exactly the same it will be based upon the exact same assumptions if there was a restructuring of the development plan for the unplatted undeveloped land today you would go through the exact same exercise as you would down the road.

Mr. Flint stated there would be a true up payment.

Mr. Pawlikowski stated I just want to make sure that there wasn't an additional step that would be involved.

Mr. Crumbaker stated no, it would be exactly the same. In fact you would be dealing with the same holders with obviously a smaller interest because as a result of the split of the 2011 A-1 which is secured by platted lands would have an increased likelihood of being marketable and thereby trading but those bonds would be current interest bonds and not in default any longer. Whereas the par amount that has been allocated to the undeveloped land that piece would continue to be in default as we are today.

Mr. Flint asked for the benefit of the Board and residents that are here how do you foresee that process being funded?

Mr. Crumbaker responded ultimately it is coming out of the trust estate.

Mr. Flint stated so for the benefit of the Board and the residents, if the Board was to agree to authorize staff to move forward with this the funding for staff and attorney's time would come out of the trust money not the general fund of the District.

Mr. Gray stated let's say I own a house in Reunion and the Board says yes, what is going to happen to me in plain, simple, non legal language. Am I going to have to pay more, is the Board going to have an allocation of East and West? What happens if the West goes faster than the East? Is there any change to what would happen to an individual owner?

Mr. Crumbaker responded let me explain the process first and then I will clarify what happens which I think by doing so will also answer your question. It is a fairly simple split, as I mentioned the assessment levels will not change. Usually when you go through the assessment process if you increase the principal amount by \$1 if you increase the interest rate by any amount if you extend maturity you have to go completely back through the 170 and 197 process in order to levy that assessment. Here there will be absolutely no change so if today you are a landowner or homeowner that is subject to the 2002 bonds the situation you are in right now is that you are paying the assessment based upon whatever the amortization table is for that unit, you are paying that assessment on an annual basis, you are paying it to the tax collector, it is being remitted from the District to the trustee from the trustee to bondholders for payment. The exact same thing will happen post restructure and it will be the exact same rate at which you are paying today. The only thing that will change is in the budget as opposed to seeing yourself subject to a 2002 assessment you will see yourself subject to a 2011 A-1 assessment. It will be the exact same amount, exact same frequency, exact same term as what you currently have. The difference

being is that as a landowner you are now paying on the current bond as opposed to be a party subject to a defaulted bond.

Mr. Gray asked the players change who are the owners of the property and somebody continues to not pay, is there any impact on an individual owner?

Mr. Crumbaker asked when you say someone continues to not pay are you talking about the owner of a single unit, platted unit or the Ginn property for instance?

Mr. Gray stated the Ginn property.

Mr. Crumbaker stated there will be absolutely no affect to them at all especially given the fact that the security itself is split and the assessments securing those A-2 bonds is solely secured by assessments on the Ginn parcels. These two series are currently in default and the end user right now with an individual unit from a debt service standpoint is paying no more than what they were paying before default. That situation will continue whenever those bonds are then split out and the A-1's are current; you pay exactly as they have for the remaining term and maturity.

Mr. Gray asked if the Board votes that because you are paying the bill that you can have these discussions and then sometime between now and the next meeting we get with Mr. Little and he can write it down in real simple language exactly what all this is and we change our mind, what would happen?

Mr. Crumbaker responded I will work with Mr. Little on something fairly quickly to get it out to folks so that we don't go so far down the road just to incur a great deal of time and expense and then the Board gets cold feet.

Mr. Gray stated I would prefer that. I'm not the smartest guy in the room but I work for the people in this room and I don't want to make a bad decision. We need to huddle with our attorney closely and really go through this carefully. I don't want to hold you up because the sooner this gets done the sooner there is a finale to this but I would like it to be a little more clear to me.

Mr. Crumbaker stated I completely understand and I'm happy to put together a summary of what it would look like so I can connect the dots and then Mr. Little can review it with Ms. Carpenter and Bond Counsel and make sure you are comfortable with it and then provide that to the Board.

Mr. Flint asked what is your timing on wanting to get an action by the Board on this?

Mr. Crumbaker asked given what I'm hearing today and the desire to have something more formal I assume you are meeting next month, correct?

Mr. Flint responded yes but I was wondering if this meeting should be continued or we just wait until the May meeting. They are going to be meeting in May because they have to deal with the proposed budget and some other issues so there will be a meeting next month on May 12th.

Mr. Crumbaker stated I would be inclined to wait until May 12th. I don't want anyone to feel that we are cramming this down because I want to make sure everybody is comfortable with it. It has been done on a number of deals and there are no risks but I want to make sure that no one feels that we are trying to force something down that at the end of the day they are uncomfortable with. I will get something to Mr. Little and time to digest it with Ms. Carpenter and Mr. Flint and maybe you can get it out to the Board in advance of the next Board meeting so that they have time to digest it and formulate any questions they may have and it obviously will be part of the agenda package.

Mr. Crumbaker left the conference call at this time.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the January 13, 2011 Meeting

Mr. Flint stated the next item is approval of the minutes of the January 13, 2011 meeting. Those are in your agenda packet. Mr. Pawlikowski did point out on page 17 the seventh line down it refers to power of imminent domain and imminent is spelled incorrectly, it should be eminent.

Mr. Gray stated on page 13 sixth line up from the bottom it should be Ginn Reunion Borrower instead of Borrowers.

Mr. Flint stated on the top of page 10 it refers to a seer rating and it should be "SEER".

Mr. Gray asked can you write the word out, "seasonal energy efficiency rating"?

On MOTION by Mr. Pawlikowski seconded by Mr. Gray with all in favor the minutes of the January 13, 2011 meeting were approved as amended.

THIRD ORDER OF BUSINESS

Discussion and Consideration of Request from Gulfstream Natural Gas System

Mr. Flint stated item three is discussion and consideration of request from Gulfstream Natural Gas. They have submitted a letter to us asking for permission to cross our property to access an area where they need to do work on their pipeline. The letter is in your agenda packet and says, due to an increase in population density surrounding their gas meter station 456 they are required by FDOT Pipeline and Hazardous Materials Safety Administration to add an odorant tank system and as a result of that they need to have access across part of our property to do that construction. They proposed a workspace agreement that would give them the ability to do that.

Mr. Scheerer stated next to the 7-11 is a large fenced enclosure and that is where the natural gas meter is and beside that is a vacant tract of land just outside the Terraces. It is a Bahia grass easement that runs parallel to 532 and they would like to stage the tank and some equipment there for a couple of days so they can prep that meter area for the installation of the tank.

Mr. Flint stated we would want to make sure to the extent there was any impact on our property they would have to remediate it and they would hold us harmless and all the protections we would normally require. I haven't looked closely at this agreement but if the Board is okay with the concept based on the District being protected not only from damage to property but liability or anything else then I suggest a proposal to approve it subject to Counsel's review and the Chairman's signoff on the agreement.

Mr. Gray asked are there people who live in those buildings?

Mr. Scheerer responded these buildings are not constructed yet, the interior buildings are. These are just slabs and shells that are fenced in with chain link fence.

Mr. Gray asked if you were living where there are people you would not be offended by this temporary construction usage?

Mr. Scheerer stated I don't think so. It is going to be there two or three days according to Gulfstream, they are going to stage their equipment there and prep their area and have a crane there and lift the tank up and into the fenced area. I asked him about odor and he said that is not something that should be affecting the area whatsoever, it is just a requirement they are supposed to have.

Mr. Little stated I would like to make some changes with respect to the indemnification language, some of their mediation language and also they don't really have a final end date.

There are a couple of changes so I ask that it be approved in substantially final form subject to revision and Chairman approval.

Mr. Scheerer stated about ten days prior to the start date they will provide a start and end date.

Mr. Gray stated I know we don't put danglers on people's doors to notify them of construction but is there anything that other districts do such as put something like this on the website so that people who might be driving by won't have questions?

Mr. Flint stated in general if we are going to do a paving project or anything that may have an impact on traffic or residents we will hang door hangers or we will do letters but I'm not sure in this case there is property owners that will be adversely affected that we would even notice.

Mr. Scheerer stated there is an onsite contact at the Terraces that we can notify and she can get the word out to the residents of the Terraces.

On MOTION by Mr. Gray seconded by Mr. Pawlikowski with all in favor the Gulfstream Natural Gas System work space permit was approved in substantially final form subject to revision and Chairman approval.

FOURTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Little stated just to reiterate what I mentioned in West is that the complaint against Ginn Reunion Borrower LLC has been filed and we will now enter the answer phase to the complaint and I'm sure there will be some discovery but we will keep you posted at the next meeting of the progress on that suit.

Mr. Gray asked is there an update on the bridge damage?

Mr. Boyd stated we have some additional pricing of \$11,270 and I would like to ask the Board to approve that but also possibly approve another \$5,000 in the event the DOT inspector comes out and requires them to do some additional maintenance of traffic that they didn't price. I am asking the Board to authorize \$16,720 and it will be at cost so if we don't need that \$5,000 it won't be spent.

Mr. Flint stated just as a refresher for the Board we are talking about the bridge on 95 that connects East to West there was a car accident that damaged the barrier wall approach to the bridge. The District owns the bridge, the individual driving didn't have insurance but the owner of the vehicle did and they had a cap of \$10,000 on property damage. The original estimate we got for this repair was over \$50,000 and we were very pleased once we went back and started dealing with some sub-contractors to get a price of \$11,270. It is slightly in excess of what the insurance coverage is but is 20% of the original estimate.

Mr. Little stated because of the difference between the driver's insurance and car's insurance, etc. the insurance company had initially verbally admitted to liability for the policy limits of \$10,000 but since then in trying to collect they ceased communication entirely and we have not gotten the \$10,000 check from them, however, in a previous meeting the Board authorized District Counsel to take the necessary action to pursue collection of that money up to and including filing suit against the insurance company, which on a matter like this it still is cost effective to do that even with only a \$10,000 policy limit it still makes sense to try to collect that even initiating a small suit for that amount. That is step one. In addition we mentioned possibly reviewing the District's existing insurance policy to see if there is any provision in there that may allow for coverage of this structure, actually it is a barrier associated with the bridge support it is not actually part of the bridge and there is some questions that have been put to the insurance company to determine whether or not that coverage exists. They are still in the process of determining whether or not we could possibly get additional money from our own insurance company but clearly first we would be seeking recovery from the automobile insurance. As you know you have already given authorization to file that suit and now that there has been no more communication from the insurance company the litigator in my firm who is handling this will be initiating a small suit to try to elicit some payment from them.

Mr. Flint stated we will have to keep an eye on the cost/benefit of that litigation. Regardless of that the District still has an obligation to make these repairs. I think this accident occurred last spring we weren't made aware of it until last August so we are coming up on a year since the damage was done and based on a very cost effective bid I would ask the Board to authorize moving forward.

Mr. Beekman asked what is the \$5,000 in possible change orders?

Mr. Flint responded it would be a not to exceed, if we didn't have to use it we wouldn't but if we get you to approve exactly what the contract is and then we find out that DOT wants a different design on their guardrail or something.

Mr. Beekman stated lots of people from DOT stop and tell you what they need or this, that or the other whether it is required or not.

Mr. Boyd stated there is no particular need, we can certainly do the repair and not have the \$5,000 there.

Mr. Beekman stated you don't want to get caught being slowed down I understand that. Have they accounted for any type of DOT traffic plan?

Mr. Boyd responded no.

Mr. Beekman asked is that the \$5,000?

Mr. Boyd responded that is an allowance for when the inspector comes and doesn't like it. There really won't be any interruption of traffic because the work doesn't require lane closure but you are going to have to have some barricades while work is in progress.

Mr. Gray asked what is the downside of not doing it and saying let's just keep our money?

Mr. Flint stated I think eventually DOT will come down on us. They sent us notice and we told them we are looking at it and dealing with it. We weren't aware of it until August when they sent us a notice because when the accident occurred no one notified us until DOT sent us a letter with pictures and basically said why haven't you fixed this. We are responsible for inspections of those bridges periodically as well by DOT and I'm sure that would probably show up on that inspection and there may be some enforcement action.

Mr. Gray stated I only say that because if we were faced with a repair to our house we would ask ourselves the same question, maybe we just let that go a little bit unless someone is thumping on me.

Mr. Flint stated the expense of the repair is probably only going to increase.

Mr. Pawlikowski stated if you don't address the situation and there is another accident later on there is an increase in liability potential. That is one of the things we have to do, manage liability. Talking of liability leads me to my second comment which is basically I would like to make sure that whatever contract is signed with these contractors that there is indemnification language that is approved by our legal counsel.

Mr. Flint stated what I plan to do is there will be a front end contract that will be included with whatever contract they provide us and it will have the standard insurance language and indemnification protections.

On MOTION by Mr. Pawlikowski seconded by Mr. Burman with all in favor authorization to sign the contracts in the amount quoted along with an additional potential \$5,000 in change orders was approved.

B. Engineer

Mr. Boyd stated we are in the process of reviewing the developer's proposed improvements to the irrigation system to complete acceptance of the turnover of that system. They provided the proposed improvements, the irrigation consultant has reviewed them, there is one additional item we requested they add to that and we are waiting for their response.

Mr. Pawlikowski asked would it be possible to send the punch list of what was identified to be repaired?

Mr. Boyd responded absolutely.

Mr. Gray asked is the developer still paying in line with the allocation of the costs that we agreed and the CDD is not paying for something the developer should be paying for?

Mr. Boyd stated the goal is that everything on the list we agreed are required improvements and the developer will pay for all of those improvements.

Mr. Flint stated the developer also agreed to pay a portion of our consulting costs, a percentage and I have that in writing from Mr. Searles. We haven't been billed yet so I haven't received anything from them but they have agreed to pay the percentage.

C. Manager

i. CDD Action Items

Mr. Flint stated we talked about the bridge repairs and we talked about the draft minutes. I did have an email from Ms. Greenstein regarding on Watson Court there is an access to the conservation area that is intended to be turned over to the CDD and is still in the name of the developer. There was planned to be an entrance to a nature trail that went through the conservation area and the area is not irrigated, it is not heavily landscaped, I think there is some

partially constructed possibly an arbor or bench. At one point the developer intended that to be a gateway to the nature trail through the conservation area. It is still in the developer's name, the conservation area is in the process of being conveyed to the District. I have talked to the developer about that, they have gone out and looked at it, I didn't get the impression they had any plans to do any further improvements to that area, again it is a concern of the residents that live in that area especially the home that is right next door to it. I think this is a similar situation to the streetlights and landscaping concerns that were expressed in the West from Mr. Glasser. I would like the opportunity to go back and communicate now that Mike Searles has been made aware of the situation and has gone out and visited it to talk to him about whether they intend to make any further improvements to that prior to turning it over to the District.

Ms. Greenstein stated we have throughout Reunion primarily on the East side these little parks scattered throughout the community and Watson Court I thought that was the intent that we had this little park area and it ends up that he doesn't want to do anything with that.

Mr. Flint stated it is intended to be an entrance to a nature trail not a park and I don't know what the developer's plans were but that was supposed to be the gateway to a nature trail.

Ms. Greenstein stated it looks like something that got started and is maybe 20% finished. It is very tacky and there are children who live next door and I think there would be a safety issue as well as some of the debris that is just lying around. There is no nature trail cut back there, right?

Mr. Flint responded kind of, it is not maintained.

Mr. Scheerer stated I know the intent was to have one there. I tried to find it myself in the past few years I have been here.

Mr. Flint stated we don't own the property yet, it is not District property, it is still developer property.

Mr. Gray asked what are we going to do with it when we get it?

Mr. Flint responded before we take ownership we need to understand that.

Mr. Pawlikowski asked from our perspective and I apologize I haven't seen it but based on what is described to me if it were to be turned over to the CDD would it be best to have the developer remove the improvements that are on it and just leave it in a natural state?

Ms. Greenstein stated absolutely.

Mr. Pawlikowski stated essentially what it sounds to me is it is more of an attractive nuisance now than anything else.

Mr. Flint stated I think the concept of the nature trail may have been rethought at some point that they maybe didn't want that free access back through there. We are supposed to own it. A portion of the bond funds were identified for land acquisition of which that was part of the land acquisition. We are in the process of legally conveying it from the owner to the District.

A resident asked without charge?

Mr. Flint responded the conveyance is at their cost but the District paid for the land. The improvements were not part of the land acquisition cost.

Ms. Greenstein stated I would like to be a part of the group who needs to take a look at this property because it really can't just be a few things removed and then left like that. That is really an eyesore.

Mr. Flint stated I agree with you but in a situation where a development is partially complete and then the market falls out there is inevitably going to be some pieces there and we have to identify it and do what we can do there. I agree it needs to be addressed. I don't think it is unexpected but I would appreciate any assistance in identifying issues and resolving it.

ii. Approval of Check Registers

Mr. Flint stated the next item is the check registers. General fund you have from December 31st to January 24th \$120,745.71 and payroll of \$566.10 and the detailed register is behind the summary. I will note at the bottom of page 4 part of that check that is vendor 30 and dated January 24th part of the check number 1766 the last two checks one is for \$252 one is for \$108 they are for Austin Outdoor but unfortunately those two invoices are not for Reunion East and they should be deleted in the approval of this and those two invoices should be omitted.

On MOTION by Mr. Pawlikowski seconded by Mr. Gray with all in favor the general fund check register for December 31st to January 24th was approved as amended.

Mr. Flint stated you have the check register for January 25th through March 4th in the amount of \$236,969 and the detailed register is behind the summary.

On MOTION by Mr. Pawlikowski seconded by Mr. Gray with all in favor the general fund check register for January 25th through March 4th was approved.

iii. Balance Sheet and Income Statement

Mr. Flint stated the balance sheet and income statements are included in the agenda packet.

iv. Status of Direct Bill Assessments

Mr. Flint stated the Ginn LA Orlando parcels have paid the November, February and May but the Ginn Reunion Borrower amounts that were due in November and February have not been paid.

FIFTH ORDER OF BUSINESS

Other Business

There not being any, the next item followed.

SIXTH ORDER OF BUSINESS

Supervisor's Requests

There not being any, the next item followed.

SEVENTH ORDER OF BUSINESS

Audience Comments

Mr. Glasser stated to go back to the earlier comments on the bridges. I understand that there are four or five bridges owned by the CDD and I understand that none of those bridges are insured or have any sort of insurance on them at all.

Mr. Flint stated we have liability we don't have property insurance.

Mr. Glasser asked are there no bridges that are more important that at least should have some insurance against them or are we just to believe that currently because there is no or limited funding available that for all time these bridges will remain uninsured?

Mr. Flint stated this is an item the Board can discuss during the budget process. We priced the property insurance on those five bridges and it was \$65,000 a year to carry property insurance for the five bridges that we own. During the period we had that discussion it was also the period we were dealing with in the last budget process how we were going to continue to fund the operations of the District in light of the non-payment of a large portion of the property

within the District so the Board didn't give direction to bind the insurance at \$65,000 for those bridges. Obviously there is a bit of gamble there in not carrying property insurance on bridges but you are dealing with concrete structures that are expensive but they have a very long lifespan, they are very durable. At some point I think it would be prudent for the District to consider carrying property insurance on that, I agree with that it was just that during the last budget process I think when it came down to trying to figure out how we were going to fund the operations as they currently existed there was a non-decision in regards to insuring it.

Mr. Pawlikowski stated there is also self-insurance.

Mr. Flint stated exactly, at \$65,000 a year the District could decide that to the extent there is actually damage that we would pay as we went versus carrying a significant policy. If we had been carrying that insurance on those bridges ever since they were constructed you start adding up the amount of money that the District would be expending versus the only claim that we have had to this point is a \$12,000 claim. It is not to say our exposure isn't much greater than \$12,000 but the reality of it is we have had little costs.

Mr. Pawlikowski stated with that in mind because when I was reading the minutes I had seen that we had talked briefly about that and this is more of a question for Mr. Little. Essentially the thing that would cause a failure of the bridge to be replaced and we have seen it happen in Florida is fuel tankers catching on fire and destroying the structure because of the heat. In those circumstances I'm sure the DOT is paying for it but they are getting reimbursed by the insurance carriers of the tankers.

Mr. Little stated yes, third party insurance to pay for any damage when there is an incident like that that occurred on the turnpike.

Mr. Glasser stated I ask the question again and again because there is at the water park a need for a gas tanker to offload gas there on a regular basis and that gas tanker crosses the I-4 bridge. I don't think it is totally satisfactory not to carry any insurance on that bridge.

Mr. Little stated certainly carrying property insurance on the bridge assuming there was an accident with the tanker that damaged the bridge would cover the damage to the bridge, but if I think we had a tanker accident on the I-4 bridge property damage on that bridge is the smaller of our concerns. There is a huge liability issue there and hence the District's liability insurance but I think as George mentioned it is a cost/benefit analysis that might be undertaken as part of

the budget review to determine whether or not it would be prudent to at least consider insuring one or more of certain bridges.

Mr. Pawlikowski stated I would imagine the bulk of the \$65,000 is pretty much attributable to the I-4 bridge.

A resident stated while we are talking about the bridges, a couple of the bridges there is no centerline and at times I need that centerline. A couple other bridges do have a centerline painted but the one going over I-4 there is no centerline over the bridge. You may want to look at that it may be a safety issue.

Mr. Glasser stated I would like to try to get an understanding and my situation is not as bad as the gentleman over there who didn't have a reply for two years but I did write to you in about November in advance of the December Board meeting I sent a subsequent email, I still haven't had a reply.

Mr. Flint stated I have replied to every one of your emails, Mr. Glasser. The issue in your email and to the gentleman who said he wasn't answered in two years I apologize but I think most of the residents here will agree that if you call me I am going to call you right back, if you email me I am going to email you. The issue that you raised in November and I explained in my response to you is a policy issue it is not an issue I can give you an answer to. I have provided that memo to the Board on two different occasions and I have made them aware of your request and concerns. I can't give you an answer to your email but I have responded to every one of your emails.

Mr. Glasser asked could I ask through you to the Chairman what it is that prevents a reply to my emails from the Board?

Mr. Gray responded having talked to George in plain language what the request was, was to dedicate portions of every Board meeting to detailed budget discussions. Would that be fair in saying that is what the request was?

Mr. Glasser responded with the exclusion of detailed.

Mr. Gray asked similar to insurance on bridges, which we just had, are there specific questions that you would like to ask?

Mr. Glasser responded the budget process last year was that we were presented with an almost fait accompli there was a lot of hyper activity those of us that come at the end individuals and there was a budget meeting and a flurry of activity and a lot of elusive words were spoken

and eventually we got down to a budget that was I wouldn't say acceptable on both sides but manageable on both sides. The request was that the budget is not a thing that happens at the moment in time, the budget is an ongoing process and for people now that we have a substantially bigger group to understand how that budget gets put together and what the implications are my ongoing element of discussion at these meetings there will be substantially less panic at the end and there will be more cooperation and understanding from members in the same way that you ask the attorneys to clarify situations for you and give you information so that you can understand an element in a better manner so we would like to be able to contribute to the construction of that budget so that we understand that next month we won't have to pay \$200 a month more and that everybody won't have to go scrambling around in their own pocketbooks to find the \$200 that we are going to pay extra. It is a process that is constructive that affects every single one of the people in this room. Budgets affect every one of us, everyday and it affects us hard and I'm asking that we find a way of allowing everyone to participate with you in the structure of a budget so that we understand where we are going. I don't think that is an unreasonable request and yet it is now some four or five months since the request went through and there has been no response. I'm asking for a response.

Mr. Gray asked George can you outline the statutorily required dates of budgeting for the CDD?

Mr. Flint stated by June 15th of each year the Board has to approve what is called a proposed budget and typically you do that in May and really that is a start. Traditionally that has been the start of the budget process.

Mr. Gray asked when you say May when we have our first Thursday meeting in May of this year?

Mr. Flint stated you will have the proposed budget in your agenda that you will be asked to approve by resolution. The approval of that is not binding in any way for the Board it is to meet the June 15th statutory requirement. Also it has to be approved at least 60 days before your public hearing for final adoption. You have to have it adopted by September 30th but there are some timelines associated with your assessments that require you to typically have that public hearing at your August meeting. You have your proposed budget in May, which has to be approved by June 15th it is transmitted to Osceola County then you are going to have to have a final public hearing in August.

Mr. Little stated prior to that you will have an advertisement for said public hearing.

Mr. Flint stated prior to that the public hearing will be advertised 21 and 14 days in the paper.

Mr. Gray asked do we put the draft budget in those advertisements or is it just a notice of the meeting?

Mr. Little responded it just says that it is available from the District Manager.

Mr. Gray asked if we were to just fill in dates to say in one month from today there is a proposed budget on our desk?

Mr. Flint stated it is a proposed budget and a start of the process.

Mr. Gray asked before that you will hand that out in a package three or four days beforehand?

Mr. Flint responded it usually goes out a week in advance.

Mr. Gray asked could everybody have a copy of that draft seven days in advance?

Mr. Flint responded yes but the proposed budget is a start. Between your proposed budget approval in May and your public hearing in August the Board can have multiple workshops. You can meet as many times as you want as you feel necessary to workshop that before you have a public hearing for final adoption. I don't foresee this happening but if you have a proposed increase in assessments there is also a first class mailed notice that goes out to every landowner within the District at least 21 days before the public hearing as well.

Mr. Gray stated you are going to do something between now and then. When you say it is a proposed budget someone has done some work, you have done a lot of work, they have done work, people have done work to put that proposed budget together.

Mr. Flint stated it will be a starting document then that document can serve as the starting point for your budget discussions and deliberations up until your public hearing.

Mr. Gray stated the touch points there is seven days before the next meeting then we have the next meeting, then there is a meeting in June and July so May let's talk about it, June let's talk about it, July let's talk about it and August let's vote on it.

Mr. Flint stated to the extent you feel necessary you can have workshops in-between the regular meetings.

Mr. Gray stated or committees, like we had the committee that attempted to work on the management services contract. I'm suggesting that there is a required process overlaid with the

normal standard meetings where more than likely between May and June and July we will be meeting every month even if it is just to talk about the budget so it isn't just a committee that is meeting so that everybody can come to hear these things.

Mr. Glasser stated that would be extraordinarily helpful to us. When I say us I included yourselves to this group of people.

Mr. Gray stated a budget if it is a one or two page thing that is not going to help. I would like to work with you so that if someone wants to look at me I would rather make sure that I have a hand in this handout before it goes out seven days before the next meeting, a real hand and I will put that burden on myself to meet with you to say let's get some handouts, let's look at the schedule in order of dollar or liability or pain threshold for the residents so that we can literally say here is the plan here is the schedule so that everybody says I might not love it but I can understand it.

Mr. Flint stated we have utility schedules for every utility line item, the breakout by account, we have significant detail on each one of the line items.

Mr. Gray stated I know we don't want to spend a lot of money making 9,000 copies of these things on preliminary budgets but if we can work on something that can get up on the website that is permitted by statute so that it is out there. It is the best we can do, beat the drum come to the meeting, talk to everyone. If it needs to go to a separate committee let's do that. I'm just going to assume that when George says this book is going to fly five days before the next meeting George will put a date on the calendar and tell the ABOG people at least to say that is when it is going to be on the website. If there are ever any questions beforehand like let's talk more about the landscaping or street maintenance or including a reserve or something, shoot the questions to George or me. I don't know the meat of a lot of it but I want to have a piece of paper so that no one says I didn't understand why you don't have insurance on the bridges. There is the amount, that is why we didn't take it, here is the coverage and we can say George can you poll other districts that have bridges that are like ours and tell me that four out of five don't insure them. It isn't perfect but at least you are going to say we now understand the logic that was used by the Board it wasn't some voodoo.

A resident asked how often do you prepare a financial snapshot?

Mr. Flint responded every month we prepare financials.

A resident asked budget formulation, execution process is important for us to be involved that is great. The big surprises would be eliminated if we were more involved and could access to basically whatever you prepare because I know they are not extensive a lot of times. One that is not abbreviated a proforma type approach rather than actual detail data I would assume is on a quarterly basis but if we can have access to those snapshots of financial position then there is full transparency, everything is out in the open there are no surprises at budget formulation time.

Mr. Flint stated there is a statement of revenue and expenditures in each that compares prorated to actual and there is also a month to month in here that shows every month.

Ms. Greenstein asked a copy of that is on the website?

Mr. Flint stated if it is not it will be by the end of tomorrow but the intent is that these would be up and available.

Mr. Glasser stated my last item is the use of this facility. In case there was a natural disaster of sorts here, there was a tornado that ripped out 80% of the houses, as this is fairly complicated I understand that it is open to outsiders as well but if that natural disaster were to occur and it were to occur at 3:00 a.m. or 4:00 p.m. how would this place be utilized? Can it be utilized? Do we have to pay an admission fee at the door in order to come in here? What are the rules that govern the use of this community facility in case of emergency?

Mr. Flint stated I think the initial question you asked is could this be designated as a shelter and my answer to that is I'm not sure you would want to do that just because you could go through the formal process with emergency management, you designate this as a shelter it becomes more than just Reunion. The point I was making is if this community needed a shelter this building was built I believe to the same wind load standards as your houses. Typically shelters are for people who live in substandard housing, mobile homes, that sort of thing, they need to be a facility that can withstand a higher wind load than the house they live in. In this community if there were a hurricane you would probably be just as safe in your house as you would be coming here. My initial response was I'm not sure you would want this to be designated as a shelter although if the Board wanted we could pursue that. In the event of a natural disaster like you are describing a tornado or hurricane I can guarantee you that whatever facilities the District has to the extent they are needed to address a situation they will be used for that purpose. There is not a formal arrangement between us and Osceola County Emergency Management, there is not a formal arrangement between us and the Resort, there could be. We

do have a hurricane preparedness plan that addresses the facilities that we manage and the steps we would take leading up to a hurricane but we don't have formal agreements in place with the Resort dealing with a natural disaster.

A resident asked should our first step be to reach out to the Osceola County Emergency Management group and try to put together a plan with the homeowners? Then we can find out what facilities would be best used for that purpose.

Mr. Flint responded that is definitely one approach.

A resident stated that is probably something that we might want to look at for the ABOG too, appoint a subcommittee.

Mr. Gray stated I do think it is prudent to remember this is a public facility and if you enter into this with EMA then you are going to have all the people from the surrounding area for what could be a protracted period of time and you would be responsible for whatever the residual affect was afterward.

A resident stated like you said it is one of these situations where I don't know if this building is going to be any better off than my home is going to be in case of a storm.

A resident stated that 2002 bond issue has a 7% interest rate on it and I heard the gentleman on the phone say that the proposal would have the same interest rate but today's interest rates are quite a bit lower than they were in 2002. If the proposal is reissuing a new bond, which I wasn't quite clear that is what he meant but if that is what he means I would have thought the interest rate would be much lower. Just bear that in mind.

Mr. Flint stated it is not really a refinancing of the bond it is a restructuring. If you were to go out and try to get a lower interest rate we would actually refinance or refund the bonds and there would be costs of issuance, there would be more involved in that process. There are usually call provisions on those bonds of ten years. If there was a ten year call provision you could have a premium to refinance. I can tell you that if there was an opportunity for lower interest rate on that bond we would have underwriters knocking on our door because that is how they make their money. I'm not sure there is an opportunity there but that is good thinking.

A resident stated it actually sounded to me that it was good for the homeowner because it is delineating the fact of the properties that are being foreclosed on would be the ones held responsible for that one set of bonds. It actually sounds like it is better for us.

Mr. Pawlikowski stated in addition if you were to sell your home it looks more positive in that the CDD you are paying into is not in default.

A resident stated I'm not so sure they would reclassify the default as 2002 series A-2.

Mr. Little stated if they do split them the series on the platted lots will not be in default. The series on the unplatted property would be in default, the bond issues themselves. Obviously they all belong to the District so the District is still in default on that series but not on the other series.

Mr. Pawlikowski asked I don't think anyone right now currently is parading the CDDs selling bonds so the question is under the guise of refinancing is there even a viable market?

A resident stated you could refinance the ones that are good.

Mr. Pawlikowski asked you can do that but are there investors out there that would buy them?

Mr. Flint stated the question is can we go out and refinance 7% at 5%? It is very difficult to refinance a bond issue in a community that is fully built out that is not in default. Right now we are trying to refinance some issues in fully developed communities that are very stable, 100% collected and the market right now for municipal bonds is bad no matter what.

A resident stated this is a request for the Board to consider something for helping communicate to the homeowners that are here. You could have these websites and I admit I haven't looked but it would be nice if there was a document put there every month, it looks like you meet on the second Thursday of every month so by Monday or Tuesday before that Thursday if you could put a brief summary of what occurred at the last meeting. For example from the legal report was there a summary judgment or is it still just sitting there? Or engineering, do we have a contract on the bridge and what is happening there. There could be categories you could put in. I think it would only be one page with items because for three months we have been wondering what is going on with the legal process so we have a place to go. I think the Board could direct George that this is something you can do every month.

Mr. Flint stated I believe if we don't we will but the agenda when it goes out it has the minutes from the prior month's meeting, the financials, an action items list. It is not exactly what you are describing. You are describing a bullet point, we could take the action items list with an update and if we track the different items with a status column that might address what you are looking for.

A resident stated for example you are going to address a two year old question about the difference between construction costs and bonds but it would be addressed to one person. It would be nice if there is a whole items list and your response to it or your attorney gave his card out if someone has specific questions. They will probably get the answer but the rest of us would not. If each of the people would be responsible to give a brief report something that keeps us informed.

Mr. Little asked do you mean in months where there is not a meeting?

A resident stated even if there is a meeting it would be nice that we knew before we went there and said here is what is happening and then we don't have to ask what is going on.

Mr. Owen stated it could be laid out like the agenda with engineering, legal, whatever.

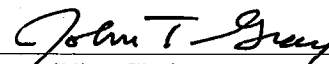
A resident stated those can be word processed and improved over time.

A resident stated I would hope that the Board votes on the bonds there is a motivation behind it and I heard that the basic term of the bonds or the basic components of the bonds cannot really change in the restructuring but there has to be an underlying motivation for it. There is a practical reason to do it and we would like to know what it is. At the appropriate time will you make the proposal and/or your rationale for voting for or against it available to us so we can have a viable, meaningful discussion at a future meeting without spending two hours on it?

A resident stated I presume the analysis of it should take into account any positive or negative impact on the Reunion Borrower suit versus the overall for the CDD.

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


Secretary/Assistant Secretary


Chairman/Vice Chairman