

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 13, 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 by telephone
David Hood	Vice Chairman
Marty Pawlikowski	Assistant Secretary
Lee Beekman	Assistant Secretary
Rocky Owen	Assistant Secretary

Also present were:

George Flint	District Manager
Jan Carpenter	District Counsel
Steve Boyd	District Engineer
Alan Scheerer	GMS
Judy Emens	Noble Management Group
Brian Crumbaker	Hopping Green & Sams by telephone
Ken Oswald	Resident
Joseph Kane	Resident
David Glasser	Resident

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the March 11, 2010 Meeting

Mr. Flint stated the next item is approval of the minutes of the March 11, 2010 meeting. Those were provided to you in your agenda packet. Are there any additions, deletions or corrections to the minutes?

There not being any,

On MOTION by Mr. Hood seconded by Mr. Pawlikowski with all in favor the minutes of the March 11, 2010 meeting were approved as presented.

THIRD ORDER OF BUSINESS

Ratification of Agreement with Infinite Energy

Mr. Flint stated the next item is ratification of agreement with Infinite Energy for the pool heaters. We compared prices going with TECO versus Infinite Energy and it is actually cheaper than what we have historically used by going with Infinite Energy for the natural gas and this agreement had to be executed prior to this meeting because the prior agreement was expiring before this meeting. I am asking the Board to ratify that action.

On MOTION by Mr. Owen seconded by Mr. Pawlikowski with all in favor the agreement with Infinite Energy was ratified.
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FOURTH ORDER OF BUSINESS

Consideration of Resolution 2010-07 Approving the Proposed Fiscal Year 2011 Budget and Setting a Public Hearing

Mr. Flint stated the next item is Resolution 2010-07 approving the proposed budget and setting the date, place and time for the public hearing. The proposed date, place and time is August 12, 2010 at 2:00 p.m. in this location. Approval of the proposed budget doesn't bind the Board in any way going forward it allows us to transmit the budget to Osceola County as required at least 60 days before the public hearing. It has to be approved by June 15th so it is in an effort to meet that statutory requirement but you are not bound by this document you can make changes going forward. The current structure of the proposed budget is keeping the assessments level. We are going to need to review that at future meetings between now and the August meeting but for purposes of the proposed budget you are reviewing today we kept those assessment rates at the same levels they were in the prior year.

Ms. Carpenter asked is Trustee's Counsel on the phone?

Mr. Crumbaker stated I am on the phone.

Ms. Carpenter asked did you see the budget or have you gotten a copy?

Mr. Crumbaker responded I have not had a chance to take a look at it but I will between now and the following hearing.

Mr. Flint stated we will probably be talking with you about this prior to the budget hearing.

Mr. Pawlikowski asked on the water and sewer charge are we missing a zero?

Ms. Emens responded there was a mix up in coding between electric and water and sewer and we straightened it out this year.

Mr. Flint stated you can see electric is significantly higher.

Mr. Owen asked on page 3 on the maintenance reserve, how did we achieve a \$850,000 reduction?

Mr. Flint responded we were balancing the fund against that line item and mainly as a result of not all the assessments being paid this year we are having to spend down that maintenance reserve to balance the budget. That number we are going to have to look at more closely and determine whether it is going to result in the per unit assessment possibly going up but we can talk about that at a future meeting but that is what is going on there. The District had accumulated reserves over the last several years and we are having to spend those down because of the direct bills that haven't been paid.

On MOTION by Mr. Pawlikowski seconded by Mr. Owen with all in favor Resolution 2010-07 was approved.

FIFTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Carpenter stated the Ginn parcel that hadn't paid we ordered title work for the foreclosure suit. It is our understanding the bondholders are talking to some of the Ginn folks but we have not been privy to that and don't know if it is going to go anywhere. In the meantime we have ordered the foreclosure title work and it will take a week or so to get that so we will be prepared to go forward if we need to. Trustee's Counsel approved that.

The second thing we have been working on is going through the engineer's report and the cost to complete on all the bond issues to see where we are to make sure we have everything cleaned up. The 2003 bond issue the project has been completed, the engineer is working on a certificate to certify that completion as required by the bond documents and we will have a resolution probably next month for the Board to consider and do the appropriate actions to close out the bond issue and all the accounts will be closed. The other bond issues we are still working on getting those projects completed and making sure the funds are there to finish the projects and to figure out how we either keep the accounts open or a way to close them in escrow whatever we can do with Bond Counsel to get those closed out.

One other thing is there was a conveyance from the developer to the CDD of wetlands that was approved by the Board in one of the early bond issues. The conveyance wasn't done because there was some movement of roads and the legal descriptions were not accurate at the time. The developer has approved a contract to hire a surveyor to get those legal descriptions and they will provide the title work so we are working to get that transferred to us and the CDD can accept the property that was already approved by the Board and get all of the appropriate paperwork, title insurance and anything else we need to have a good, clean conveyance. We are working with the engineer making sure we that what has to be transferred to the CDD is in the proper name and that we have the back-up documentation.

It has been a busy month with a lot of little pieces and a real estate attorney in my firm has been helping me with that and working with Judy and the engineers to get that done.

B. Engineer

i. Ratification of April Requisitions

Mr. Boyd stated we have included in the package requisition 1589 from Test America for water testing \$970.70, requisition 1590 to Woolpert for \$903.25 and 1591 to Woolpert for \$525.00.

ii. Consideration of May Requisitions

Mr. Boyd stated for May we have requisition 1592 to Woolpert for \$787.50 and requisition 1593 in the amount of \$1,793.75. Those are all from the series 2005 capital bonds.

On MOTION by Mr. Pawlikowski seconded by Beekman with all in favor the April requisitions were ratified and the May requisitions were approved.

Mr. Boyd stated the next item I have distributed to Board members and staff is a copy of the draft that we are preparing which is an update to the Engineer's Cost Report. There is no action required today, we wanted to give the Board time to review it and we will place it on the agenda for adoption at the next Board meeting in June. Also accompanying that is the Engineer's Construction Progress Report, which highlights the dollars, spent to date and the dollars yet to be spent and what those dollars are allocated for. Again, I'm not asking for any

action on this today but I am distributing it so there is plenty of time for everybody to review it and ask questions prior to next month's meeting.

iii. Ratification of Work Authorizations 2010-1 and 2010-2

Mr. Boyd stated we have work authorization 2010-1 which is the work authorization under our continuing services contract, which is for the annual facilities report and review of the O&M budget. Work authorization 2010-2 is to review the capital improvements authorized under the 2003 bonds and certify that those improvements are complete.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor work authorizations 2010-1 and 2010-2 were ratified.

Mr. Boyd stated there was a leak in the supply line from the well which is a line still owned by the developer. The developer excavated and repaired that line. I inspected the repair and it has been done properly.

C. Manager

i. Approval of Check Register

Mr. Flint stated you have approval of the check register for check numbers 1595 through 1614 in the amount of \$115,957.02 and the register is behind the summary. If there are any questions I will be happy to answer those.

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

ii. Balance Sheet and Income Statement

Mr. Flint stated I have also provided you with the balance sheet and statement of revenue and expenditures for each of the funds through March 31st. There is no action required by the Board but if you have any questions on the financials I will try to answer those for you.

On May 1st there were debt service payments that were due. In Reunion East the debt service reserve was tapped to make those payments as a result of the non payment of some of the direct bills but there was adequate money in the debt service reserve to make the payment. You can see the assessment receipt schedule which shows the on-roll we are 85% collected through

April 21st which I think after the tax certificate sales we should be pretty close to 100% collected on the on-roll but we do have the off-roll delinquent payments.

iii. Status of Direct Bill Assessment

Mr. Flint stated we have a direct bill status that shows that the direct bills on Ginn Reunion Borrowers for Reunion East have not been paid for November, February or May. Ginn LA Orlando did pay their payments. In Reunion West you can see that the Ginn Reunion Borrowers have not paid November, February or May or the Fourth Quarter Properties.

iv. Presentation of Number of Registered Voters

Mr. Flint stated the next item is a letter from the supervisor of elections for Osceola County indicating that as of April 15, 2010 there were 116 registered voters residing within the District. There is no action required by the Board but annually we have to disclose that information in a public meeting. The District was created in October 2001 and the terms of office were moved forward one year to an even year. For purposes of the transition that starts in 2002, we are in year eight right now. Normally if in year six you have 250 registered voters this Board would begin transition to a general election Board but because we are at 116 registered voters every two years we will continue with landowner elections until we meet that 250 and the Board will begin transitioning at that point.

v. Designation of November 11, 2010 as Landowner's Meeting Date

Mr. Flint stated the next item is a request to designate November 11, 2010 as the landowner's meeting date and we are indicating in the proposed proxy we have included this location at 2:00 p.m. on November 11th as the date, place and time of the landowner's meeting. We have also provided sample instructions and a sample agenda. On November 11th we would hold the landowner's first then we would hold the Board meetings.

On MOTION by Mr. Beekman seconded by Mr. Hood with all in favor November 11, 2010 at 2:00 p.m. at the same location was designated as the landowners meeting date, time and location.

SIXTH ORDER OF BUSINESS

Other Business

Mr. Flint stated under other business there are a couple of items. One is the agreement between the District and the Reunion Club of Orlando to provide janitorial cleaning of the pool areas. That agreement is coming up for renewal and they have agreed to keep the fee level and

not increase it. It does have a 30 day cancellation clause in the agreement so if for any reason we decide we want to bid it out or do something different with 30 days notice we can do that. I would ask the Board to consider going ahead and approving the third amendment to that agreement which would extend it for an additional year with the understanding that we have a clause in there if we decide we need to do something else.

Ms. Carpenter stated that falls under the bidding threshold.

Mr. Flint stated the bidding threshold is close to \$180,000 and this agreement is \$39,600. We priced out with other janitorial companies a couple years ago when we entered into this agreement and they were more competitive than the other vendors were. We were comfortable entering into this agreement that the rate they were providing was competitive with the other companies out there. They were half of some of the other janitorial companies that we got prices from.

On MOTION by Mr. Pawlikowski seconded by Mr. Owen with all in favor the third amendment to the agreement between the District and Reunion Club of Orlando to provide janitorial cleaning for the pool areas was approved.

Mr. Flint stated the other item is the management services agreement and we had a meeting on Tuesday at 2:30 p.m. and I prepared some summary minutes of that meeting, which reflect the motions that were made at the meeting. These are draft at this point they haven't been approved by the committee so there may be some tweaking that is necessary to the wording of the motions. I can report that the actions that were taken at the May 11th meeting, you can see these are summary minutes, they are not verbatim like our typical meeting minutes, this just occurred on Tuesday. We typed up the motions that were made and the actions taken on the motions. You can see that the first motion that was made was made by Mr. Oswald and seconded by Mr. Kane and that was a motion recommending to you as the Board that the preferred option for addressing the management of the facilities that are in question is to amend the existing agreement. There was brief discussion of some of the other options, cancelling that agreement, bidding it out, the District maintaining the facilities and the desire of the committee was to amend the existing agreement. That general motion was made in an effort to understand that the entire committee agreed on that concept. There were additional motions made after that

that were more specific about what changes should be made to the agreement. You can see in the second one it was a motion by Mr. Kane and seconded by Mr. Oswald that the financial reporting requirement that is in the management services agreement be clarified to specifically require that all revenue generated within the CDD facilities be reported as part of that financial report. The current financial reports the District receives show the expenditure side of operating those facilities there is no revenue side reflected in that report. You can see that motion passed three to two with Ms. Emens and Ms. Spaulding in opposition to the motion. Again, these are recommendations to you. The next motion by Mr. Oswald and seconded by Mr. Kane was to amend paragraph 7 of the management services agreement which sets the amount of the fee that the District pays the resort to manage those facilities. Currently that agreement indicates that the District pays the resort \$15,000 a month to operate and maintain those facilities and the motion was that that be reduced to zero and that motion failed by a vote of two to three with Ms. Emens, Ms. Spaulding and Mr. Gray in opposition to the motion. Another motion was made by Mr. Oswald seconded by Mr. Kane recommending the agreement be amended to include a requirement that the management company which is the resort pay the CDD 10% of the monthly gross revenue generated within the CDD facilities and that motion also failed by a vote of two to three with Ms. Emens, Mr. Gray and Ms. Spaulding in opposition. The next motion was to adjourn the meeting.

That is the extent of the motions that were made and the results of the motions.

Mr. Oswald stated as far as the owners are concerned I think the agreement was that this management agreement be looked at in that from our perspectives we feel you guys are cutting costs here you are cutting costs there, this agreement we would suggest be looked at starting with our choice to go to zero but from a realistic standpoint we would ask that you at least take a look at and see if there is any reason to make an adjustment in that \$15,000. Additionally, as far as the revenue part of it again that is a suggestion from us we would like you to at least consider the agreement, take a look at it see if there is any tweaking.

Mr. Kane stated the agreement that is presently in action calls for revenue to be reported as well. It doesn't call for a cost statement. Financial statements include revenues and expenses and without those revenues you have a hard time making up your mind the value of these properties but you should go back and say we want the revenues. The agreement says financial statements it does not say cost statement.

Mr. Oswald stated I guess all Joe and I are really saying is we would like you to look at it from the owners' perspective.

Mr. Flint asked what is the Board's pleasure at this time with this issue? The committee sunsets at the end of June I believe so you have your June meeting before the committee sunsets to discuss this issue, if you want to agenda the item for the June meeting or however the Board wants to handle it.

Mr. Pawlikowski stated I don't know what the Board's pleasure is my preference would be to put it on the agenda for June.

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor the Management Service Agreement Review Committee findings will be placed on the June agenda for consideration.

SEVENTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

There not being any,

On MOTION by Mr. Owen seconded by Mr. Pawlikowski with all in favor the meeting adjourned at 2:30 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman