

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, June 9, 2011 at 2:00 p.m. at the Reunion Resort: Osceola Room, 7593 Gathering Drive, Reunion, Florida.

Present and constituting a quorum were:

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

Also present were:

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

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the May 12, 2011 Meeting

Mr. Flint stated the next item is approval of the minutes from the May 12, 2011 meeting and I noted there are some people who are misidentified in the minutes so I ask the Board to allow me to go back and review some of that and bring back a revised set to you at your next meeting.

THIRD ORDER OF BUSINESS

Staff Reports

A. Attorney

i. Status of Foreclosure

Mr. Little stated just a brief update on the foreclosure suit against Ginn Reunion Borrower. As I reported last month the suit was filed in April both defendants were served shortly after that. We received an answer from defendant Ginn Reunion Borrower with respect to the complaint and we are formulating our strategy with the respect to that answer. We have not received an answer from Wells Fargo as trustee for Morgan Stanley Trust who is the lender in connection with that property. Their deadline has passed and we are currently due to move for a default and ask that a default be entered against that defendant. Some of you may know that is not necessarily an obstacle that couldn't be overcome by a defendant if they show some type of hardship or explanation as to why they didn't file an answer. We are certainly going to ask the court to enter a default against them and if there was no response after that you can then move for a default judgment against someone who never answered the complaint. That is where we are with respect to that litigation.

ii. Bifurcation of the 2002 Bonds

Mr. Flint stated at the last meeting I believe the Board authorized staff to work on this issue and the Chairman, I and District Counsel have been looking at this issue. We have been communicating with Trustee's Counsel, Mr. Crumbaker, who is represented here.

Mr. Gray stated what we have done from the Board's side is worked to create a piece of paper that we would be able to hand out to everybody prior to today which was not as successful as I would like because I didn't get a couple of things turned around quickly enough, that explained not only what happens with the foreclosed bifurcation of the 2002 bonds but also how that does or does not have any impact on the foreclosure proceedings. We are not quite finished with that document but if anybody from the public has a question it would be okay to bring that up now if there are any additional questions after the last meeting. I believe our stance from the Board's side is we are in a position to propose that the bifurcation be approved for the reasons that were discussed in the meeting last month but because I don't have a handout for you I can't show you the things we wrote down. Basically it was a recitation of what we spoke about, a little bit more condensed. I don't have that to hand out at this point in time. I'm happy to go over again any facts that we would like to have, any comments that you have, questions, etc.

Mr. Flint asked does the Board want to take public comment? If so we can take public comment on the issue and then close the floor and bring it back to the Board. If any members of

the audience that have comments or questions in regards to the issue of the bifurcation if you will state your name and give us your comments. Once we receive comments from the audience we will close the floor and bring it back to the Board for discussion.

Mr. Harding asked are all the Board members in favor of recommending proceeding with it too?

Mr. Flint responded we don't know that. I think the Chairman may have indicated that but actually the Board members haven't discussed the issue since the last meeting. They can't discuss it outside the Board meeting so we are not going to know that until we close the floor and the Board talks about it.

Mr. Glasser asked will that then be discussed by the Board at this meeting?

Mr. Flint responded yes. Apparently there was a very lengthy discussion on that issue at the last meeting. I don't think they are going to get into a lengthy debate with the public on the issue again but I think if there were additional comments the public has the Board would take that now and then the Board would discuss the issue among themselves and make a decision.

Mr. Glasser stated it is difficult for me to comment without knowing because it is conjecture what the Board's view is going to be whereas if we know what the Board's view is going to be maybe we can comment on something factual rather than conjecture. In the solution which I presume we all want to be a win/win solution we just need to know the two or three parties that are going to be on the winning side as against if it is a win/lose who is going to be the losing side. That is why guidance from the Board and the decision they make would be helpful to make any further comments. I would like to leave that open from my perspective if anyone wants to comment.

A resident stated we just want to make sure it is in the best interests of the homeowners, that's all. That is the primary thing and I think the Board has a fiduciary responsibility to make sure that is the case.

Mr. Glasser stated only because the homeowners thus far if you want to use the words it may not be the correct one, have suffered under the current conditions and therefore we want to make sure that the remedial action is going to be beneficial to the homeowners rather than detrimental to them.

Mr. Gray stated the definition of beneficial or detrimental will be solely in the eyes of the person who is looking at it. The view that I personally took when discussing this with Brian and

George a lot is to take the long term view of the value of the properties within the project and that is the individual lot owners as each person is here as well as the future developer of the balance of the project on the east side. Certainly, it could be perceived that in the short term the individual lot owners who have been paying the O&M faithfully could be considered harmed because the larger developer has not put in that same amount of money. I have eliminated that from my view because I can't do anything about that. All I can do is have one overriding principle and that is to attempt to uphold what the CDD owns, that is why we are all on the Board and to uphold the value of the CDD property in the long term. In order to do that we need to get the property into the hands of the people who are eventually going to have that property in the long term in order to pay O&M. I almost don't look at the bond repayment because that is a given, the dollar amounts that are going to be paid by the individual homeowners is not going to go down, that is going to remain flat throughout the balance of the repayment period. Any moneys that could be perceived as the delinquent borrowers not paying their bill that group will in theory receive a benefit whereas the bondholders will be the largest loser.

Mr. Glasser asked when you say that group, are you talking about the new owners?

Mr. Gray stated the new owners will come in and purchase that property and either will do a deal with the bondholders or have to come and do a deal with the Board about how they envision developing the balance of the property with X number of units.

Mr. Glasser asked and that is irrespective of what amounts current homeowners have increased their payments by to keep the O&M going?

Mr. Flint responded what we are talking about is the 2002A bonds. We are talking about bifurcating those between 2002 A-1 and 2002 A-2 and the A-1 would be the platted properties that are currently paying, the A-2 would be the unplatted that are delinquent. This was all hashed out at the last meeting but it would allow the District to foreclose on the properties that are non-performing and not mix that up with the properties that are performing. Questions about the foreclosure and whether the debt is going to be wiped out and they are not going to have an assessment going forward don't really have an affect on the bifurcation issue because whether you bifurcate or not when you foreclose on that property the debt gets wiped out. The decision to bifurcate is not going to impact that question. The issue of O&M assessments backward when that property is foreclosed on there is debt and O&M outstanding and when that property is resold the bondholders and the District are repaid based on a prorated basis so whatever value is

extracted from the sale of that property a portion would go to repay the District for the outstanding O&M and a portion would be to pay down the principal and debt on the foreclosed property. That is not going to be impacted by whether we bifurcate the bonds or not, that is the process that is going to take place. There have been questions about whether the bondholders receive a benefit from this bifurcation and the District ought to be entitled to some compensation because the value of the bonds in 2002 A-1 is going to increase because it has been bifurcated, that may be true but the District is not really entitled to any compensation for that, we can decide to bifurcate or not bifurcate it is not like we have a position where we can extract something from the bondholders that we are not entitled to. In the long run there is a benefit to the 2002 A-1 owners of this bifurcation and the fact that there may be a potential in the future to refinance at a lower rate, which there would not be otherwise. Those are the issues and we need to make sure we are not mixing up issues that are really not related to the bifurcation issue. The Board needs to make a decision, do they want to approve a bifurcation or not irrespective of some of these other issues that are going on that are out there because they are going to be there either way.

A resident asked would it be the full amount of the O&M past due that got paid back or a percentage?

Mr. Flint responded there is going to be value extracted and there is going to be a percentage. We may not get 100% it depends on what it sells for and the split between the debt and O&M. We are both going to have to take a haircut, the bondholders will take a haircut on the debt side and we may take a haircut on the O&M side. I haven't run numbers to know what the value is and what the outstanding bonds or the potential on the reimbursement might be.

Mr. Little stated George raises a good point in that regardless of the bifurcation the outcome of the foreclosure and the financial ramifications affect the bonds irrespective of the bifurcation. You are going to follow the same path regardless and what is going to affect homeowners to a much greater degree is whether or not that property can be made profitable, marketable and how much it sold for eventually and that will determine how much money the District will eventually recoup with respect to its unpaid assessments but that issue is going to follow the same path irrespective of the bifurcation itself, it is more of a way to classify and hold and market the bonds themselves as opposed to affecting the foreclosure action.

Mr. Glasser asked to move the issue on so that the decision can be made easily and freely on the bifurcation the other issues we are talking about, can they be laid on the table as an issue

to be debated at a later stage taking into account homeowners' interests so that we don't get bogged down in mixing the two issues together?

Mr. Flint stated I think they are issues of information I'm not sure they are issues to be debated.

Mr. Crumbaker stated if and when foreclosure goes through or title is obtained for the property the interests of the bondholders and trustee are aligned with the residents. At the end of the day it is about preserving or maximizing value so for us if we ultimately have title to the property it is how long we can carry that property to get out of the soft market or to adjust the development plan so it works for the current market conditions or whatever the case may be. But for us just like homeowners it is going to be to try to maximize the sales price of that property and maximize or recovery of the adjacent property owners within the community at the end of the day. For us we are kind of in the same boat probably bailing with the same bucket and trying to assure that we get title to it as quickly and as efficiently as possible and at the end of the day the trust estate which is the pile of money that is used to carry the property that we have as much of that available as possible to carry the property as long as possible so that at the end of the day we can maximize the return. As George said with respect to past due assessments with respect to O&M if ultimately the sale price is \$10 million and the amount of debt is \$50 million and the amount of O&M is \$5 million then it is going to be allocated on a prorata basis and that is by law because the assessments themselves are co-equal. Going forward if we take title to the property or if we get it by way of foreclosure and we determine it is in the best interests for everyone to hold the property in order to push it through this market condition or whatever the case may be then under the existing agreements and this is where as part of the future discussions the common structure has been that the trust estate fund O&M for that property so going forward you would be whole it is just going back we would have to allocate prorata based upon the ultimate recovery.

Mr. Flint stated what has happened in other districts is a special purpose entity is set up, there is a three party agreement between the bondholders, the SPE and the District and in that agreement the bondholders are obligated to make sure those O&M assessments are paid to the SPE and the SPE pays the District for the O&M that is imposed on that property.

Mr. Severino asked how does that \$10 million for that road out there figure into this bond?

Mr. Flint stated that is in the West that is a different bond issue than this one.

Mr. Hobbs stated at the last meeting we discussed this business of whether a contribution might be made to the CDD. Did that go back to the bondholders? Did you take that back?

Mr. Crumbaker stated that is a non-starter. From the bondholders' perspective and the majority direction is generally what it takes and I spoke to two or three holders and their position is then they just won't split. The value to the bondholders is speculative at some point the value of those bonds will come back on that portion and it is a matter of today versus five years down the road and I threw out the \$5 million number because that was the number used by the gentleman but it is a non-starter. To the bondholders it is either do it or don't.

Mr. Hobbs stated by the same token the proposition you made that there might be a benefit to refinancing some of the bond that really is a non-starter because anybody who looks at the market today would see the buyout cost would more than offset the discount he might get. There is no proposition there, is there?

Mr. Crumbaker asked are you talking about refunding?

Mr. Hobbs responded yes.

Mr. Crumbaker stated the refunding is the reality, not today but at such time as the foreclosure is through and as I said last time there are two critical components to that, the first being that the issue associated with the unplatted, undeveloped property is resolved by way of foreclosure, taking title, whatever the case may be, the key being turning it into a performing asset from the O&M side, the second being that market conditions at that point in time are in a position that would allow for a refunding. To the extent that it is possible at that point in time, refundings are very difficult right now, two or three years ago refundings were at 3% to 3 ½%. Without bifurcating those bonds you will not have that opportunity because that is the third element if you don't do it.

Mr. Pawlikowski stated the only thing I recall that was outstanding with regard to our discussion on going forward with this was that Mr. Little indicated he wasn't quite clear if there might be some complications as it relates to the bifurcation and moving forward with the foreclosure, if there might be a delay.

Mr. Little stated we talked a little bit about that afterwards and it is not something we are concerned about it is something we will probably have to address in some way as part of this process and it certainly needs to be accounted for as part of the amendment to the indenture and

things of that nature that will be required by the bifurcation but I don't anticipate it impeding the progress of the foreclosure suit.

Mr. Crumbaker stated that is paramount to the holders as well.

Mr. Little stated they certainly don't want to slow it down.

Mr. Pawlikowski stated I think we would like to be sure of that.

Mr. Crumbaker stated it is like money coming into a credit card and going out and spending. There are two levels, you have your assessment obligation, which is landowner and the District then you have your debt obligation, which is from the District's bondholders and what happens as a result of the restructuring bifurcation the assessments don't change at all, the principal is the same, the maturity is the same so that assessment, that lien, doesn't change at all. When you get to the indenture which is a contract between the District and the bondholders it is a change in the indenture and the only change is that instead of paying, it is like me assigning my rights to something, instead of paying these bonds over here you are going to shift that over here and that is the distinction, that is the reason why from the standpoint of the enforceability of the assessments and the time of lien and that kind of thing, there is no impact because it is on the other side.

Mr. Pawlikowski stated I looked at it being more of kind of what we have gone through with Fourth Quarter where now if you are in the middle of a bifurcation process then there is potential of requests for additional information that has to be supplied which would be the bifurcation part that might cause a delay because it may not be completed by the time that requests for information come in.

Mr. Little stated I understand where you are coming from and you are worried about dragging out the litigation itself but I don't think that is an issue here because again it is not modifying the obligation of the property owner to the District, we are talking about modifying the relationship between the District and the bondholders.

Mr. Staskel stated I think we talked about the bondholders that I understand were sort of funding the legal fees for the foreclosure and maybe as some concession or some documentation after some of this and that has been on a hand shake basis or relationship basis, he is getting that document and has agreed to as part of the process might be worthwhile just because it is what it is, things could change as we go to the final steps of foreclosure the fees could decrease and

make it faster, more documentation etc. I think it is probably relatively small dollars but we want to firm it up as part of the documentation agreeing to do this.

Mr. Little stated we have receipt of written confirmation and understanding of the request.

Mr. Staskel stated and how they are going to do that going forward so that people can't change their mind down the road and also a big bill comes in.

A resident stated they are funding that through bond money.

Mr. Flint stated the trust estate.

A resident stated you are paying for it anyway. That bond is on your property, you are paying that, that is all part of that assessment.

Mr. Staskel stated it is a set amount it is never going to be lowered or it will never be higher.

A resident stated no but they are using that money to foreclose.

Mr. Staskel stated it is a set up now that they are hearing.

A resident stated I know but we are paying for it.

Mr. Little stated it is their money either way.

Mr. Staskel stated if the CDD ends up with a huge bill eventually they could come and say all the property owners have to have an increased assessment, which was the start of all the wailing last year if I remember.

Mr. Crumbaker stated those dollars in the trust estate are actually the bondholders' money they in affect advance as part of the funding every month. In the alternative what occasionally happens is the bondholders have the ability to dissolve the trust estate and go on. When they dissolve the trust estate that money is used to cancel the debt and it secures a portion of that obligation.

Mr. Little stated in which case we would be left high and dry and the only source of funds to fund the foreclosure would be to the residents' assessments on the roll.

Mr. Staskel stated it would be to document, to get an agreement.

Mr. Little stated I understand.

Mr. Gray stated I am on some other districts that have some defaults also. The individual residents when they get ready to resell that is showing up on their title insurance and several had

buyers walk away as soon as that has been disclosed. If we bifurcate this will this relieve this showing up on the property owners' title policies?

Mr. Crumbaker asked what exactly is showing up?

Mr. Gray responded that there is a bond issue in default that their property is directly tied to. Will this remove them from that onerous situation?

Mr. Crumbaker responded it should. For those of you who don't know I usually sit in Colt's seat because we represent about 170 districts in Florida but usually whenever we file foreclosure and there is notice of non-payment recorded, we only record it on the property that is delinquent not on everything.

Mr. Gray stated it is popping up that the bonds are in default.

Mr. Little stated I don't understand because it shouldn't show up as a matter of record on an individual homeowner's lot. There is no documentation that has been recorded to that effect. If a potential buyer discovers through their own investigation that the district is in default with respect to the repayment of its bonds that is all true but it doesn't affect your individual lot. It certainly doesn't create a lien on your individual lot so long as you pay your assessment. There is no reason why anything like that would be showing up in a title search and I can't imagine what document would have in those other districts but it is really more of an issue of an owner is comfortable with the district's position that certainly has no bearing on an individual lot because if the homeowner is paying assessment there shouldn't be any problem.

Mr. Crumbaker stated I agree with Colt 100% I'm not sure how it would pop up in a title report. If I'm trying to sell my home and I read Bloomberg or bond buyer or something of that nature and it talks about the 2002 bonds in default, the 2005 bonds of the Reunion East Community Development District, etc. and somebody were buying from me I would prefer to say that the bond I pay to is not the subject of that it is actually the 2002 A-2 bonds and the 2005 bonds that are subject to delinquency. Is there a stigma there? If I were a resident or property owner I would be a little concerned about that for sure and that would certainly mitigate that.

Mr. Little stated I think that is what you are getting at.

Mr. Gray stated also if we do this it would put us in a much more favorable light with the community and also the investment world as we do have bonds that are not in default anymore and we are moving forward again.

Mr. Crumbaker stated you will be going from a condition where you have the 2002's outstanding are \$50 million you will be chopping that roughly in half or 60/40 as to the outstanding debt. From an external standpoint somebody reviewing the project they will be looking at that and saying there is \$26 million, there is a website that tracks the ones in default. It certainly helps to mitigate any time you can. That is more public perception than anything.

Ms. Carlson stated I would be surprised too if it came up on a title so that is interesting from a real estate perspective. I have seen if they do due diligence, which you were alluding to but it is incumbent upon a seller they have a disclosure they have to fill out. If you are just in a little association and you know there is a lawsuit, it specifically says, do you know anything adverse, county, state, association wise that could affect the value of this property and you have to say yes. It would be nice if the attorney when this gets done could hand us or put something out there that we could make a phone call and say do you have a little clause to describe because the average seller is not going to know what we are doing here today. They are not going to know what to say, they are going to say we heard there was a \$50 million lien and they are not going to know what to say, but we could increase the project's value right away if we could get a clause that a homeowner could put in there specifically that says, at this point, yada yada yada. Then somebody who reviews it will say ok. You understand people make these things up, and then the project can't get past it. All this work won't do any good if it doesn't get out there to the public so we need to not put a candle in their basket. So if someone could help to get us some kind of clause that would suffice for that buyer.

Mr. Little stated I think if and when this is all completed I think it wouldn't be hard to come up with summary language that explains that all the platted lots for Reunion East are subject to 2002 A-1 bonds which are currently in good standing, etc.

Ms. Carlson stated that would be huge and in layman's terms because even in associations once it is there you have to let a buyer call the attorneys and they have to do their due diligence and some attorneys make it easy to understand and some make it worse.

Mr. Flint asked what action is the Board being asked to take on this issue?

Mr. Little stated first I would ask the Chairman if he intends on bringing this before the Board for a vote today or are you wanting to hold off and finalize your documentation. I'm not sure what your intention was with respect to that.

Mr. Gray stated I'm okay to bring it to the Board.

Mr. Little stated that was more for public consumption and general knowledge.

Mr. Gray stated in writing the five or six pieces about what is and is not related to the bifurcation and the O&M and I think we talked it through a second time so I am content to bring it back before the Board.

Mr. Little stated if there is no more Board discussion I think it would be appropriate to seek a motion authorizing Bond Counsel, District Counsel and District staff to work with Trustee's Counsel to draft the appropriate documents to authorize and complete the suggested bifurcation. Brian, are you going to bring that back for final approval and signature at the next meeting?

Mr. Crumbaker responded yes and we will ensure that is in the agenda package.

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| <p>On MOTION by Mr. Owen seconded by Mr. Pawlikowski with all in favor District Counsel, Bond Counsel and District staff were authorized to work with Trustee's Counsel to draft the appropriate documents to authorize and complete the bifurcation of the 2002 bonds and to bring back the documents to the next Board meeting for final approval.</p> |
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B. Engineer

Mr. Boyd stated the bridge repairs are complete. We are still waiting for Austin to notify us that their repairs to the irrigation system are complete, the ones we agreed to for turnover. There is a long lead item on a valve at the pump station and they are still working on that. As soon as we get notice from them we will do our review so the CDD can accept it. The last item is a follow-up to a request from the last meeting regarding striping for the I-4 overpass and Davenport Creek Bridge. I have a quote from Fausnight Striping to do a double yellow center line, white edge striping and they also included RPMs so this would basically be stripe per code, the total is \$1,950 for the two bridges and includes the approaches to the bridges. On the other side of the budget is an email that accompanied it and they quoted standard traffic paint they are recommending high durable traffic paint, which would bring the total to \$2,250. We talked last month about getting this quote and if thermoplastic was used they quoted that at \$4,800 but we have the paint at \$1,950 with more durable paint at \$2,250. This is for your consideration.

Mr. Flint asked from an engineering traffic safety perspective what is the recommendation on striping on the bridge?

Mr. Boyd stated my recommendation would be to go ahead and do this full strip of work, double yellows, bi-directional traffic with the RPMs. RPMs will help at night since you have a yellow stripe on white concrete surface it doesn't show up as well. White edged striping while not necessarily required it makes it consistent with standard roadway striping. We are looking at \$1,950 and I recommend doing that whole program. Because the incremental cost is so low I would recommend doing the high durable traffic paint at \$2,250. Driving in I noted that the 545 bridge while striped is really bad. My thought on the way in would be let's supplement this quote to do that bridge as well. It would be about 50 feet of striping.

Mr. Flint stated based on these numbers it would be about \$500.

Mr. Boyd stated I would say for \$3,000 we should be able to get that bridge done as well.

On MOTION by Mr. Owen seconded by Mr. Pawlikowski with all in favor the engineer was authorized to contract for the bridge striping to include the high durable traffic paint, RPMs and the 545 bridge in an amount not to exceed \$3,000.

Mr. Flint stated you do have money in your contingency to fund that.

Mr. Staskel stated on a related point it has been more and more noticeable that the frequency of allowing golf cart traffic from here to the Nicklaus course is more and more common whether it is the dates the Nicklaus course is closed or the days there is more play out there and they have limited golf carts so you are getting traffic from basically here on the road, through the circle up there it might be worth a few caution signs. I see them at Celebration about golf carts. Especially as you are coming up over that bridge at Nicklaus you could probably figure out three or four places that if people were out on the street and sometimes they drive along the street and not on the sidewalks it would be prudent to put some notice signs. As it gets busier here there are more situations where they are having to do that. It is almost common as apart from a rarity. Two years ago it was a rarity now it is everyday, carts on the road, a few signs especially at blind spots might be worth it.

Mr. Boyd stated there are very few spots where carts should be crossing the roads.

Mr. Staskel stated the people at the water park end up driving on the road. In a future agenda take a look at it. It is getting more and more common.

C. Manager**i. CDD Action Items**

Mr. Flint stated on the action items list you have the bridge repairs that we discussed. The entrance to the nature trail nothing has changed on that issue. We will keep it on the list and follow-up on that. The irrigation turnover the engineer has talked about. The developer to provide documentation and title and this is related to the conservation area.

Mr. Little stated I talked to Mr. Searles again on Friday about that and with Developer's Counsel. We have a deed prepared we are just trying to finalize the legal description with respect to the conservation areas that are being turned over. It has been part of the overall District plan to take title to these conservation areas for operation and maintenance since its inception and there was never a formal transfer done by the developer. We are finalizing the legal description and making sure that all the permits are in good standing and that the area is properly documented in accordance with the permits, etc.

ii. Approval of Check Register

Mr. Flint stated the next item is approval of the check register for the general fund checks 1833 through 1845 in the amount of \$102,433.82 and the payroll register in the amount of \$754.80 and the detail is behind the summary. If you have any questions I will be happy to answer them and if not I ask for a motion to approve the check register.

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| On MOTION by Mr. Pawlikowski seconded by Mr. Burman with all in favor the check register was approved. |
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iii. Balance Sheet and Income Statement

Mr. Flint stated we also provided you the balance sheet and income statement through April 30th. There is no action required but if you have any questions on the financials I will try to answer those for you.

iv. Status of Direct Bill Assessments

Mr. Flint stated we also provided you with the status of the direct bill assessment payments, which have not changed since last month.

In regard to the on roll collection we are showing 89% collected at this point. The tax certificate sale process we typically receive additional distributions in the month of June, which wouldn't be reflected in that number.

FOURTH ORDER OF BUSINESS**Other Business**

There not being any, the next item followed.

FIFTH ORDER OF BUSINESS**Supervisor's Requests**

Mr. Gray asked the unspent construction dollars that are still in existence on the East side what happens to them during foreclosure process?

Mr. Little stated those are in a construction account specifically and they are designated to be spent on construction items and if you are going to move those from that construction account you have to jump through several hoops to move that money around to spend it on something other than that. Brian you might have a better insight on exactly how that is accomplished. As part of the default that occurred and we started the requisitions for the default fund to fund the foreclosure kind of give up custody to those accounts and that money can be spent in the event of a default for instance things like the foreclosure fund. It is written in the indenture that you lose control over those accounts because it is bondholder money that they use to fund the construction and they are taking custody of that again upon default to use it in the best interests of the District and it is funding the foreclosure now.

Mr. Crumbaker stated we are as concerned as anybody with regard to any DRI obligations or whatever the case may be because at the end of the day that is value to the property. If there are DRI triggers that are approaching or have passed or need to be dealt with then we can try to work through the timing of when to fund, how to fund, how much to fund and that kind of thing because it doesn't do us any good at all to watch the entitlements and rights associated with that property lapse because of failure to meet DRI obligations.

Mr. Flint stated there are potential consumptive use issues, which are not necessarily a DRI issue but they are an issue that hopefully the bondholders would deem important.

Mr. Crumbaker stated those type of issues that have a possible impact on the ability to ultimately develop that property then I need to be made aware of it so we can come up with a plan on either approaching local general purpose government about pushing some of those DRI

deadlines back if necessary or bringing those matters to the client so that we don't lose vested rights or somehow jeopardize any permits or entitlements on the property. If there are issues associated with consumptive use permit, etc. if I can ask Board or staff to keep me posted on all of that because we don't want to jeopardize the project.

Mr. Little stated as George mentioned that is probably one of the bigger ones on the East side, the West side is a little bit different, there are more items to be constructed under the DRI on that side if I'm not mistaken.

Mr. Pawlikowski stated actually there is an equal amount of development on both sides. On the East side you have all of the I-4 frontage.

Mr. Boyd stated most of the construction to be done by the CDD is on the West side.

Mr. Pawlikowski stated now the properties are affected you can't provide irrigation water.

Mr. Little stated I will get Mr. Searles to call you also, he has been negotiating a lot of the CDD issues in the last week or two so he probably has an update for all of us on that.

Mr. Crumbaker stated it has probably been a year since we sat down and talked about vested rights and permits and that kind of thing so it is probably time to sit down and do that.

SIXTH ORDER OF BUSINESS

Audience Comments

Mr. Glasser stated I would like to compliment you on the publication of the documents now on the internet. It was quite a lot to absorb, 107 pages over East and West but I think it is going to assist in making these meetings much more productive and far less of a we and they situation because we will now be able to work with up to date information. I noticed in the minutes that there was a reference to the 2012 budget. I didn't find the actual document, which I think was referenced as an addendum A or B or something like that.

Mr. Flint stated it is exhibit A to the resolution that was in the last meeting. It is possible that it was handed out or wasn't included in the agenda packet but we will make sure that gets posted. On that issue we will have a budget workshop at the next meeting.

Mr. Glasser stated we received quite a lot of correspondence from people that claim to be experts on Reunion in terms of realty sales. I don't doubt their integrity of being experts but the one thing that caught my eye was the fact that somebody said there are only 76 properties left for sale in Reunion at the moment. I don't know whether that is true or not but I use that as an

example to say that there are far fewer properties available now than there were a year or two ago. I think a lot is being cleared out in terms of backlog and short sales, etc. As the assessments the tax collection through residents and people that own property really determines the budget are we able to get a set of figures that indicate that if our meeting is next month July that in July 2009 there were so many residents paying tax and in 2010 there were X plus or minus and in 2011 and 2012 we anticipate that is the number of residents because I think that trend will give us a good understanding of what revenues will be collected from those taxpayers for the budget. I presume that is the only way you know.

Mr. Flint stated all the properties if they are platted whether there is a house on there or not they are assessed the same amount.

Mr. Glasser stated but there would be more houses bought in the last year.

Mr. Flint stated if they are platted there is a lot there, that lot is being assessed the O&M assessment. As a home gets placed on there we don't get more revenue because we are already collecting it from that lot. The development of the lots doesn't increase our number of units so it could potentially decrease our per unit assessment because everything is assessed the same whether it is developed or not.

Mr. Glasser asked that is irrespective of whether people were in default or not in default?

Mr. Flint stated if it is platted it is on the tax bill and we have historically been 100% collected on the on roll collections because of the tax certificate sale process. I'm not saying that is going to happen in the future but on individual homes that typically has been the case and we have been 100% collected every year. We are on track right now with where we were last year and the year before.

Mr. Glasser asked is the default with the owner who is not paying, is the default with the tax collector and not with the CDD?

Mr. Flint responded no, the default with the owner that is not paying is on undeveloped, unplatted property that we direct bill. It is not placed on the tax bill. It is still assessed based on the number of ultimate units that are planned for that piece. As it is developed its assessments aren't going to go up they are the same now as they will be when they are developed.

Mr. Pawlikowski stated it is the large undivided tracts that are assessed that way that are in default.

Mr. Gray stated you are right, there are individual unit owners who haven't paid their tax bill, someone comes in and buys the tax certificate, the CDD is made whole, that holder of the tax certificate is the one that is owed money by that delinquent property owner.

Mr. Glasser stated that was my question.

Mr. Gray stated the CDD is paid all of its assessments because through a tax certificate sale it is made whole but there is still a delinquency hovering over that property.

Mr. Glasser stated so the delinquency is between the current owner and the holder of the tax certificate.

Mr. Gray stated that's it.

Mr. Flint stated if it changes title the taxes have to be brought current. If somebody owns it or they just bought it they would have had to clear any outstanding certificates.

A resident stated we had one action item a while back for the 7 Eagles exercise room. Reunion has paid a management service for maintaining that and that exercise room is in need and you were going to get with Reunion management and see what we could do about that.

Mr. Scheerer stated that is correct. I have met with Joe Friends and they are trying to schedule some action in that weight room and some of the other rooms. We are going to review all of that again next week. As a follow-up he was given direction that there were some concerns about the condition of the building and we met on site and he has assured me that they will get those things corrected and I have set up a meeting for next Tuesday and we will review it again and if anything isn't getting done we will take further action.

Mr. Sawyer stated going back to 7 Eagles for the last couple of months on the northern side up at the top of the building, the cupola, one has been out for months. It is decorative molding at the top of each building and there is a piece that fits right in but it has been down for months. It is like a louver, it is decorative and someone must have taken it down and never put it back.

Mr. Flint stated it would be the condo association.

Mr. Sawyer stated traffic is getting worse and worse in here. Does anybody ever talk about speed bumps on the community roads? It is very problematic and worse than striping, we have to slow people down.

Mr. Boyd stated we haven't had any conversations about speed bumps that I recall. If there is a request for speed bumps it can be investigated.

Mr. Sawyer stated I really think we should especially when we talked about before going over that bridge, the issue is people are going over the bridge too fast.

Mr. Burman stated from my experience speed bumps don't work, it is just a racetrack in-between the bumps. It slows it down for that 10 feet and that is it.

Mr. Pawlikowski stated David is correct, the studies show with regard to speed bumps or traffic calming devices the only place they cause the calmness is at the exact location at which it occurs and the spaces in-between and resort back to the original problem.

Mr. Sawyer stated we have a problem with parking and I don't know if there are fire zones or should be fire zones out here. We have people who park every which way in the front. They are not parking where they should be parking and we are going to have a day when fire trucks aren't going to be able to get in here.

Mr. Scheerer asked are you talking about right in front of the Grand?

Mr. Sawyer stated people park everywhere. If there were a fire no fire truck would have gotten in here.

Mr. Glasser stated I would like to reiterate that point. From the other side of the clubhouse with the golf carts and Sundays are particularly bad with all the church people who use these facilities. It is crowded for traffic and parking and cars and golf carts.

Mr. Flint asked is this parking on CDD road?

Mr. Glasser stated it is this complex.

Mr. Flint stated if they are parked on the street fronting here that is a CDD issue because the CDD owns the roads but if it is within here it is not.

Mr. Sawyer stated they don't park on the street they try to get as close as they can to the building.

On MOTION by M. Pawlikowski seconded by Mr. Beekman with all in favor the meeting adjourned at 3:00 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman