

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 10, 2010 at 2:00 p.m. at the Heritage Crossing Community Center, 7715 Heritage Crossing Way, Reunion, Florida.

Present and constituting a quorum were:

John Gray	Chairman
David Hood	Vice Chairman
Marty Pawlikowski	Assistant Secretary
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	Operations Manager
Maxine McChesney	Ginn Company by telephone
Chirag Kabrawala	Latham Shuker Eden & Beaudine

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the May 13, 2010 Meeting

Mr. Flint stated the next item is approval of the minutes from your May 13, 2010 meeting. Those were provided to you in your agenda. Are there any additions, deletions or corrections to the minutes?

There not being any,

On MOTION by Mr. Pawlikowski seconded by Mr. Owen with all in favor the minutes of the May 13, 2010 meeting were approved as presented.

THIRD ORDER OF BUSINESS

Ratification of Facility Use Agreement

Mr. Flint stated the next item is ratification of facility use agreement. This is the standard agreement you have approved in the past between the District and the resort for special events at the 7 Eagles facility and this is for an event that is taking place on July 3rd between the hours of 8:00 a.m. and 11:00 a.m. in exchange for use of the linear park the club is paying a fee of \$250. We are asking the Board to ratify this agreement.

Mr. Owen asked is that the same rate we have charged for a while?

Mr. Flint responded it is not a rate we are charging it is a donation because at this point we haven't gone through the rate making process to set a rental rate.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the facility use agreement was ratified.

FOURTH ORDER OF BUSINESS

Consideration of Travel Reimbursement Policy

Mr. Flint stated we provided to you a proposed travel reimbursement policy in your agenda. If the Board is okay I ask that we defer this agreement one month to the July meeting. There are a couple of things that District Counsel wants to look into and possibly some amendments to it before the Board approves it.

FIFTH ORDER OF BUSINESS

Consideration of Management Services Review Committee Findings

Mr. Flint stated item five is the issue of the management services review committee. At the last meeting the Board directed us to schedule this item for this meeting for further discussion and I will let the Board know and we have two of the resident committee members here, I was informed yesterday that the controller for the resort is willing to provide some additional detail on the financials associated with the operation of those facilities. I would like to ask the Board to give me some additional time to determine how we are going to approach reviewing that information then we will come back at your July meeting with any findings as a result of reviewing that.

Mr. Oswald asked what kind of information did he provide?

Mr. Flint responded I have not seen it yet but my understanding is that they are providing more detail on the revenue side and also the use of the facility for non-revenue generating activities, some of the things the committee was talking about. It may allow us to assign a value

to some of the non-revenue generating activities, get a feel for what the revenue side of the equation is. Right now we have been provided the cost side but we have not seen the revenue side. They are cautious about providing that they want to be careful about what becomes a public record but they are willing to provide additional information for inspection. I think the intent would be that it would be reviewed but I would not take copies of that information. Once I take copies of that information it becomes part of the public record.

Mr. Kane asked isn't that called for in the agreement, which calls for financial statements? Financial statements are not really just expenses but also all revenues and this is something this Board is entitled to.

Mr. Gray stated I believe they are going to give that to us it is just the level of detail that they would want to have something in the public record, that is why they are saying come on over and look at the detail.

Mr. Flint stated they are willing to roll the revenue number up into some larger categories but as far as the breakdown of what event, who paid what, that sort of thing, they are not.

Mr. Kane stated I am not looking for detail I'm looking for the amount.

Ms. Carpenter stated I'm just hearing pieces of this but we have had the same issue in another district with a management agreement and rather than them just providing a very overall summary where we don't know what's behind it, it sounds like they are willing to let someone come and look and make sure those numbers add up to what the summary shows. They just don't want us to show their cost per event so other competitors see what they are charging for certain events.

Mr. Oswald asked at the next meeting will you then since this is a public meeting disclose what the numbers are that they show you? That is going to be the question.

Mr. Flint stated we will talk about them in a rolled up fashion not in line item detail. I think there will be discussion about the revenue and rolled up categories but I'm not going to have the documents to show who rented what on what day and how much they paid.

Mr. Oswald stated we don't care about that.

Mr. Gray stated it will also have the number of usage units for the non-revenue side so we can say if we were going to assign revenue to that.

Mr. Kane asked when will you see the numbers and when will they be available?

Mr. Flint stated I just found this out yesterday so we haven't worked out the details of who is going to do the inspection and when that is going to take place.

Mr. Kane stated personally I don't have any time until the end of June and I won't be back until October 1st.

Mr. Oswald stated we will be able to furnish you through email with public information.

Mr. Pawlikowski stated my preference instead of you bringing it back next month because you may not have the information is when you have the information available then put it on the agenda.

Mr. Flint stated I will do that.

Mr. Kane asked does this also create an opportunity for review as a Board to assign a revenue value to rentals that should be charged to people who are using it?

Mr. Flint stated if we were managing and operating the facilities and renting the facilities then it would be appropriate for us to set the rate. I think right now under the structure of the agreement we are not the ones renting the facility it is the resort that is doing that.

Mr. Kane stated as part of what we were talking about when we rolling out this committee was making suggestions.

Mr. Flint stated that could be a recommendation. We didn't talk about that.

Mr. Kane asked is there a possibility to talk about that?

Mr. Flint stated okay.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Carpenter stated Trustee's Counsel gave me an update on where we are on the foreclosure on the Ginn properties. We received title work have taken a cursory review. Our understanding is the property owners have submitted a proposal to the bondholders and trustee. Trustee is acknowledging that they are hiring some experts and folks to work through that and they are still in the process of doing that so they haven't yet responded back to the property owner. They said their slowness to respond has nothing to do with the quality of the proposal it is just that they haven't had their folks together yet to take a good look at that. They are hoping to get that done ASAP. In the meantime we are holding off on the foreclosure but they have told me that they are working as quickly as they can to get the right people on board to review that

and give them the analysis they need. We have the foreclosure stuff we are ready to go but the trustees have received something that they are going to be looking at.

Mr. Oswald asked aren't the moneys these people owe similar generally to taxes? If I want to fuss about my taxes I don't see what there is, they owe the money. What is to negotiate? It doesn't make sense to us. As owners of property if we don't pay our CDD charges and our real estate tax charges there is a tax certificate issued. We don't have any reasonable way we can fuss about taxes.

Ms. Carpenter stated you are correct. That is what happens on platted lots. On unplatted lots the District has the option and the bondholders have given them the option in the bond documents to either put it on the tax roll to sell as certificates or to have a separate foreclosure. The issue is if you do foreclose you have the expense of foreclosure proceedings, you also have the value of the property today which in this market may not be a big enough value to pay off the various folks to get back what the bondholders have in it and sell the property. That is what the trustee has to look at. The value of the assessments have a 1% interest rate by statute so the bondholders would certainly be looking for having interest payments. Generally when they negotiate some sort of forbearance they also ask for all the costs of Counsel, CDD and everybody else to be paid. They do look at all of that and that is why it takes them a while to respond they have to have the analysis to know whether if they foreclose they will be made whole as well as the District or if they are better to talk about some sort of forbearance payment or some other way of operating it. That is the analysis they have to do.

Mr. Oswald asked do the bondholders then have the right to make that decision or is it the CDD's decision?

Ms. Carpenter responded the bondholders generally make the decision.

Mr. Flint stated regarding the debt service assessments not the O&M. Because they are the ones who stand to gain or lose by negotiating a forbearance or some reduced value.

Ms. Carpenter stated they take into account the O&M because they are the ones who would be on the hook for paying the O&M if we run short since they want to make sure it is paid and the property is maintained.

Mr. Oswald stated we are the ones on the hook if it is short on the O&M and that is what bothers us.

Mr. Flint stated it bothers us too. Believe me we have had conference calls and cash flow analysis and we are all very concerned.

Ms. Carpenter stated George and folks in his office have been working on that pretty much non-stop for the last couple of weeks.

Mr. Oswald asked is there a target time as to when this is going to be brought to a conclusion?

Ms. Carpenter stated we have been pushing them. They just called me on the way here to say that they think they have their folks lined up to do this analysis. It is a fairly specialized area to be able to analyze the property, the size and scope of Reunion is not a typical subdivision and they wanted to be sure they had the right people to give them the analysis they need. It has taken a while in other CDDs also but so far the ones I am involved with and I think George can say most of them are working to some conclusion or they go forward and foreclose. They are hoping to get something as quick as possible and they know and now being pushed on the operations and maintenance side.

Mr. Kane asked is there any way this forbearance can come back and bite the individual homeowner for the principal and interest on those?

Mr. Flint stated he is wondering if somehow the homeowners would be adversely affected by any forbearance agreement on the debt on property that Ginn Reunion Borrowers owes.

Ms. Carpenter responded no, your property once it is platted and on the tax roll that is the extent of the liability for that property.

Mr. Flint stated their recourse is only to the land the assessment is imposed upon.

Conveyances

Ms. Carpenter stated the next thing is more informational. In going through the CDD files there are a couple of things the developer has not conveyed property or finished the conveyance of property to the CDD. We are cleaning up all the bond files to make sure everything that has to be done is done which is generally what you do when you are finished with the build out. In this case because of the situation we are trying to get it done before build out is done since we don't know when that is going to happen. Developer's Counsel we spoke with them and it seemed like it may take them a while to do it so the developer has given us a

retainer to use to get these things done which would be done for the rest of the CDD. With the 2003 bond issue we have a couple of property transfers that were not complete due to layouts that were not done, roads that were going to move so we ordered the title work and we had the surveyor out there already retained by the developer to get that done. We are working on that and the developer will pay those costs not the CDD. We also have with the South Florida Water Management District and Fish and Game there are some conservation easements that were entered into before the development was built and some of the boundaries have changed a little through construction so again the surveyor has been retained and it looks like it will be slivers that will need to go from the CDD and back and forth and we are hoping it is going to be a quid pro quo that the CDD would be getting about the same value of what would have to be given back to clean up those boundary lines. Again, that is something we are working on that the developer will pay for because that is part of the development and this is fairly typical I think I have this in just about every CDD I have been on. When we get that swap that is something the Board will have to look at. The other things that are associated with the 2003 bonds or other bond issues those were already approved in the past by the Board so it would be appropriate for the chairman to be authorized once the District Engineer has signed off that everything is complete to be able to accept that on behalf of the District. Those have already been approved as part of the bond issues. The property swaps and those other slivers that will come back before the Board and we will have a map to show you exactly what and something from the Engineer certifying the boundaries. It would probably be a motion so that we can get those other ones done as soon as the surveys and title work is done would be appropriate.

On MOTION by Mr. Owen seconded by Mr. Pawlikowski with all in favor the Chairman was authorized to accept the property swaps the developer is completing pursuant to approvals under the bond documents and past Board action once the District Engineer signs off on everything being complete.
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Revised Engineer's Report

Ms. Carpenter stated on the Engineer's Report we gave the Board the Engineer's Report and again this is a bond clean up item, the Engineer's Report defines the project and the scope of what the bond moneys are being used for. The engineer was updating that and Judy Emens was

helping get that through, we submitted it to the Board, the engineer has incorporated the comments that we gave him. George has the revised version.

Mr. Flint stated we have that under the Engineer's Report. Steve was going to present that.

Ms. Carpenter stated we can approve it at this meeting if the Board has looked at it to their content or we can put it off until next month.

Mr. Flint stated this was handed out at your last meeting and then I followed-up that meeting with an email with a revised version of that and what I have handed out to you is what was emailed to you previously.

Mr. Boyd stated if you choose to adopt it today I will send you a final version with today's date.

Mr. Flint stated if you wouldn't mind on page 9 table 2 could you go through that real quick?

Mr. Boyd stated this table reflects what has been completed and then of the remaining funds work that still remains to be completed. Under roadways and drainage there is \$1,175,000 identified as work remaining to be completed. That is work associated with the turn lanes to be built on 545 at the Spine Road entrance and that work has not been completed yet because prior to that work being done additional fill has to be placed in the right of way as part of the work, the gas line that is currently there presently prevents that work from being done. That is work that will need to be performed at some point and we will reserve that much money for that. The \$1,250,000 on the next row, potable water, wastewater and effluent reuse that is the budget amount for the reclaimed water mains that is going to be built for the irrigation supply pond. There is miscellaneous of about \$69,890 remaining that we identified as contingency and estimated additional fees associated with engineering and other professional services of \$118,560 so the total cost to complete for the District is \$2,913,450.

Mr. Flint stated on the roadway and drainage you explained those are the turn lanes on 545. Can you briefly talk about the timing of that improvement and what is holding that up right now so that the Board understands?

Mr. Boyd responded what is holding that up is the gas line and gas easement that is on the east side and adjacent to County Road 545. The developer has been in negotiations with the pipeline owner to encroach on that easement and place some fill that will be required to build the

turn lanes. The gas line company has been fairly unresponsive and to date there hasn't been any resolution to that. The issue is the grade change, there is quite a bit of fill that needs to be placed to make it happen so we are not talking about 2 or 3 feet we are talking several feet on a slope. The concern there is providing adequate assurances to the gas line easement that their access won't be impeded or that issue be addressed and have an agreement to fill the line out.

Mr. Pawlikowski stated the gas company one of their biggest concerns about placing fill over the line was the additional cost they would incur should they have to service their line. They have a set proforma for a set business that they have to excavate and expose the line, and if we are going to put 8 to 12 feet of fill on it, who is going to cover that extra cost.

Mr. Flint asked didn't they want the District to enter into an agreement releasing them of liability and putting the cost on us in the event there was a break in that line they want the CDD to be responsible for any cost of excavation and repair.

Mr. Pawlikowski stated they were looking for a party to be responsible for the financial responsibility in that event. The CDD is not going to do that. We are going to turn that over to the county so the issue is who becomes the responsible party.

Mr. Flint asked was the county approached on that issue?

Mr. Pawlikowski stated it is not county property that is the issue. The gas line easement is on private property outside of the right of way.

Mr. Flint asked but it has to be filled as part of the construction of the turn lanes?

Mr. Pawlikowski responded no part of the fill for the right of way that was an agreement with the county when the tunnels were constructed for the golf cart crossing.

Mr. Boyd stated that remains to be completed as part of the berm was being built out of.

Mr. Flint stated yes.

Mr. Boyd stated this is gas line that was not present at the time the District was created and the budgets were established and the preliminary designs were done. It was placed concurrently with Reunion being developed.

Mr. Pawlikowski stated it is a long, long, long story.

Mr. Flint stated I know, I'm trying to get something on the record so we can talk about how we can move forward.

Mr. Boyd stated the turn lanes are currently on Reunion or CDD property. After the construction is that property going to be or stipulated to be donated or granted to the county for right way?

Mr. Pawlikowski responded actually the turn lanes themselves are within the county right of way and it would be county owned property.

Mr. Beekman stated but the subject area is not ever going to be county owned.

Mr. Pawlikowski stated there is such a grade change from the right of way falling away from the turn lanes that they had to have a grade increase or fill.

Mr. Hood stated the alternative is you have to build a retaining wall which is a very big retaining wall that is very expensive.

Mr. Flint stated the requirement to construct the turn lanes is part of the development order I suppose.

Mr. Pawlikowski responded yes.

Mr. Flint asked whose obligation is it ultimately?

Mr. Pawlikowski stated it is the developer's responsibility and ultimately what would happen is the county would stop issuing permits until it is constructed. The developer has to figure out how he is going to resolve it by either constructing a retaining wall or put up some type of cash money as an escrow account to offset what claims might arise in the future.

Mr. Flint asked what is the trigger to construction of the lanes? Is it a traffic count issue?

Mr. Pawlikowski responded it has already been done.

Ms. Carpenter stated we may be faced with dealing with it fairly quickly when the bondholders realize there is still cash.

Mr. Flint stated it is not as imminent in East as what we will talk about in the West.

Ms. Carpenter stated at some point either Bond Counsel for tax purposes or the bondholders will look to close out the construction fund and if it is not a direct obligation of the CDD prior to that time the CDD may end up losing those funds and become a developer obligation. They need to move quickly to get that resolved.

Mr. Beekman asked to limit the cost can an insurance policy be purchased in the event that it should ever occur to cover the cost of it?

Mr. Flint stated I guess you can buy a policy for anything it is just a matter of how much it would cost.

Ms. Carpenter stated and who will maintain it and pay it.

Mr. Flint stated you are talking about an insurance policy in the event there is a line break and then who would pay the premium on that.

Mr. Hood stated if that line breaks you are not going to have to worry about it. It is a 36" gas line. Gas lines have automatic shutoffs about a mile in each direction.

Mr. Oswald asked what kind of cost are you looking to incur if it should break?

Mr. Gray stated we don't know. We're at their mercy because they are the contractor that repairs it.

Mr. Hood stated our typical line takes 4 feet of fill. We have to service the line to see if there is a leak or other issues. Our costs is usually X amount of dollars, now we are have double the debt so whatever the cost to repair, we are not going to be able to cover it.

Ms. Carpenter stated it sounds like the break isn't the concern it is the repair cost.

Mr. Hood stated they say the line shouldn't require servicing for 20+ years but who is to say.

Mr. Flint asked when they got the easement to place the gas line how did they get the easement? Was it already in place?

Mr. Pawlikowski responded it was granted by the developer.

Mr. Flint asked for free or were they compensated?

Mr. Pawlikowski stated I'm sure there was some monetary consideration.

Mr. Boyd stated many times on a line like this when they do replace them they do a directional bore to replace those in difficult areas.

Mr. Pawlikowski stated then the cost you are going to pay is for directional bore which is more expensive than the excavation cost.

Ms. Carpenter stated I guess the point is the developer needs to push on that because there is a chance the CDD could lose those funds to complete that portion of the project.

Mr. Pawlikowski stated I can tell you prior to my departure we were pushing as hard as we could and the only solution that came up was the club would become the responsible entity since they were the only ones that would be there in perpetuity but there is no way to get the club to accept it.

Mr. Owen asked who is the owner of the gas line?

Mr. Pawlikowski responded Gulfstream.

Ms. Carpenter asked are there any other questions and if not then it would be appropriate to have a motion to accept the Reunion East Community Development District engineer's construction progress report revised as of June 10, 2010.

On MOTION by Mr. Owen seconded by Mr. Pawlikowski with all in favor the Reunion East CDD engineer's progress report revised as of June 10, 2010 was approved.

B. Engineer

i. Consideration of Requisitions and Pay Requests

Mr. Boyd stated requisition no. 1594 in the amount of \$546.44 payable to Woolpert for District Engineer services coming from the series 2005 bonds.

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor requisition 1594 was approved.

ii. Consideration of Updated Engineer's Cost Report

This item taken earlier in the meeting.

iii. Bridge Inspection Report

Mr. Boyd stated I will give a verbal report on a couple of items. We just received the bridge inspection reports from the consultant that performed the annual bridge inspection for the four vehicular bridges in the District. All the inspections came out satisfactory the bridges are in good shape. They noted minor wear and tear which would be expected and those will be incorporated in our annual facilities report which we also completed the fieldwork but did not complete the report. The annual facilities report will be in next month's agenda package. We have completed the fieldwork and the facilities are in excellent shape, the roads are in very good condition and we really didn't identify any conditions that needed to be addressed. The one area that I did see that will be in the report is the entrance to this facility. There is a curb that is glassy and is bringing some pavers down with it also some other minor paver settlement at this entrance and a small pothole. As part of the facilities report that will be one of the recommendations that we make areas that need repairs. Anticipating that I want to bring to your attention today and

with the Board's approval possibly solicit bids for these repairs and I will bring those to you next month.

Mr. Glasser asked at the corner of Grand Traverse and the road that comes from the gatehouse there is a lot of silt that washes into that road after every rain. Is there anything that can be done to avoid that because it is a bit of a problem?

Mr. Boyd stated that is on the West side, which we will be talking about in a minute. I will address that because a similar issue could happen here on the East as well. That is due to probably erosion control on those undeveloped lots that needs maintenance. We will be sure to point those items out. Those are actually the responsibility of the owner of the lot but we can identify them.

Mr. Glasser stated I don't think they are an owner's lot it is where the clubhouse is so it belongs to the developer.

Mr. Boyd stated whoever the owner of that property is needs to make those repairs but we can identify those and talk about action to be taken.

Mr. Flint stated we have to have that report by July 1st to file as part of our compliance. It is typically a one pager. If you have a couple of recommended items, the purpose of that report is just in general to disclose if there are any major issues with the infrastructure. I think these are probably minor.

Mr. Boyd stated these are the only significant items.

Mr. Flint stated if it is possible for us to get the report if we are underway in repairing these things if we can get the report in the next week or so that would be good.

Mr. Pawlikowski asked is he looking for a motion?

Mr. Flint stated we can get bids and bring them back to the Board at the next meeting if it is necessary.

Mr. Boyd stated I anticipate these being below the bidding threshold.

Mr. Flint stated we will go ahead and get quotes from at least three different contractors to do this work. I guess if you want the engineer to do that part of it there would be a cost associated with that. Do we want a work authorization for that? Do you have a ballpark not to exceed?

Mr. Boyd stated I don't have a work authorization today. Our services would be about \$1,000 to coordinate getting the bids and making sure the work is started.

Mr. Flint asked can the Board approve a not to exceed amount of \$1,000 and authorize the Chairman to execute the work authorization?

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the engineer was authorized to prepare a work authorization to coordinate getting bids and making sure the work is started for the paver repairs in an amount not to exceed \$1,000 and the Chairman was authorized to execute the work authorization.

C. Manager

i. Approval of Check Register

Mr. Flint stated you have approval of the check register for the general fund checks 1615 through 1629 in the amount of \$126,486.32 and the payroll in the amount of \$554.10 and the detailed register is behind the summary. If there are any questions on the register I will be happy to answer those.

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

ii. Balance Sheet and Income Statement

Mr. Flint stated we also provided you with the balance sheet and income statement through the end of April. 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.

iii. Status of Direct Bill Assessment

Mr. Flint stated the next item is the status of the direct bill payments. You can see there has been no change in Reunion East. The Ginn Reunion Borrowers direct bills are still outstanding in the amount of \$3,690,603 and that includes O&M and debt.

iv. Cash Flow Analysis

Mr. Flint stated just so we are transparent in keeping the Board informed of the financial situation with the District we have prepared a cash flow analysis and I want to hand those out. We have looked at the actuals by month through April as a result of these financials and then we tried to project through the end of the fiscal year and it is laid out a lot like the month to month

report is in the financials but if you flip it over you will see that the last line is tracking what the actual fund balance is so that we can get an indication of how much cash we have on hand for operations. We started the year with \$1,495,979 on October 1st and then on October 30th we had \$1,285,000 and you can see each month how that fund balance is changing. We are projecting that on September 30th we will have about \$1,145,864 in cash left and this is assuming that there is no direct bill payment from Ginn Reunion Borrowers. To the extent they are able to negotiate a forbearance agreement and the O&M assessments begin to be paid this picture will change but for purposes of this analysis we have assumed we are not going to receive that direct bill assessment revenue. The average monthly expenses if you look at the total expenditures which is the fourth line up from the bottom on the second page you can see that the first month is higher that includes some one time things such as insurance and that sort of thing but you can see the average monthly expenditures are probably around \$120,000 or so. If we end the year with \$1,145,000 and have an average monthly operating expense of \$120,000 we have probably got about nine months left after the current year. Next year we are going to impose O&M assessments again and those will start coming in as the tax bills are paid but we will end this year with about nine months left in revenue not counting any revenue we might collect next year. What I'm going to do is carry this analysis out into next year to show if these direct assessments continue not to come in what that looks like. We are in better shape in East than we are in West and I have the same spreadsheet for West.

Mr. Oswald stated if in fact there is some type of forbearance agreement reached with the resort they will owe the CDD O&M. That O&M is what percentage of the total that is owed?

Mr. Flint stated you can see on the direct bill summary that of the \$3.7 million \$960,000 of it is O&M so they owe \$960,000 in O&M and \$2.7 million in debt.

Mr. Oswald stated close to \$1 million.

Mr. Flint stated yes. If we get that money we are fine in East. West we will talk about it when we get to it, you have the K-Hill parcels which is a different picture there.

Mr. Oswald asked if a forbearance agreement is reached is the O&M an obligation that has to be paid before the forbearance goes into effect?

Mr. Flint responded it depends on how it is negotiated but I don't think the bondholders are going to approve an agreement where they are not going to be current on their O&M because the facilities have to be maintained.

Ms. Carpenter stated generally the bondholders are as concerned as the CDD with maintenance expenses.

Mr. Flint stated sometimes there are payment plans that are arranged that allow them to ramp up instead of having to pay that \$960,000 all at once. I have seen situations where a payment plan has been put in place where they will pay X dollars a month to catch up.

Ms. Carpenter stated that is part of why George does these cash flows so the trustee and the bondholders can see when the money needs to come in so they aren't negotiating against the actual needs of the District if they are being asked for that. We haven't seen what the proposal is so we don't know any details yet.

iv. Consulting Agreement

Mr. Flint stated another item that was not on the agenda as everyone I'm sure is aware Judy Emens is no longer with Noble Management her last day was June 2nd and I discussed with her the possibility of having a consulting agreement in place in the event that she needed to be contacted to provide any information to be fair to her that she would be compensated for doing that. We drafted a simple one page consulting agreement with terms and conditions attached that would in the event her services are needed this provides an hourly rate and it indicates that if there is any activity that she is requested that is estimated will take more than 3 hours that we would put the request in writing with a budget. I don't anticipate there is going to be a major expense associated with this but there will be situations where I may want to call her to get the historical knowledge on a particular issue on some of these capital items the turnover of property that sort of thing.

Ms. Carpenter stated it seems that it would be less costly for Judy who has the knowledge to be called and do it than have George or us or search down the developer and try to find an answer.

Mr. Flint stated this provides an hourly rate, it provides that if it is more than 3 hours that the task would be provided by written directive and with a not to exceed timeframe and it caps the amount associated with the task order.

Mr. Gray stated I want to read into the record so that everybody hears, there are two pieces what Judy did, the larger portion is the developer piece and the smaller portion would be

the CDD. This is not us having to pay for the developer's help this is only if George calls her and says I need you to do something that is a CDD matter not developer.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the consulting agreement with Judy Emens was approved as outlined.

Mr. Flint stated one of the things that the bondholders look at especially if they are being asked to subsidize any sort of operating costs of the District they want to look at the expenses and make sure the District has done everything they can do to control those expenses and make sure they are reasonable. The big ticket item that we have is the landscaping contract and we have discussed this before. There are some hurdles that would have to be overcome in bidding that out but I really believe that it is something we need to do. If the Board has no objection at the July meeting I will bring back a bid document for you to approve.

SEVENTH ORDER OF BUSINESS


Other Business

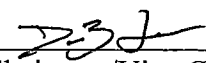
There not being any, the next item followed.

EIGHTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor the meeting adjourned at 2:50 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman