

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, August 11, 2011 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 Burman	Vice Chairman
Marty Pawlikowski	Assistant Secretary
Lee Beekman	Assistant Secretary
Duane Owen	Assistant Secretary

Also present were:

George Flint	District Manager
Colt Little	District Counsel
Steve Boyd	District Engineer
Jason Showe	Assistant District Manager
Alan Scheerer	Operations Manager
Brian Crumbaker	Hopping Green & Sams
Halle Alexander	Greenberg Traurig – by telephone
Darrin Mossing	GMS – by telephone
Several Residents	

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
and June 9, 2011 Meetings**

Mr. Flint stated the next item is approval of the minutes from your May 12, 2011 and June 9, 2011 meetings. Those minutes were included in your agenda packet. Are there any additions, deletions or corrections to those?

There not being,

On MOTION by Mr. Pawlikowski seconded by Mr. Burman with all in favor the minutes of the May 12, 2011 and June 9, 2011 meetings were approved as presented.

THIRD ORDER OF BUSINESS**Discussion of Memorandum Regarding
Compliance with ADA 2010 Standards**

Mr. Flint stated the next item is a discussion of a memorandum that was prepared by District Counsel relating to new American with Disabilities Act standards that are going into effect next March.

Mr. Little stated most of you are probably familiar with this by now from other districts. Essentially amendments to the ADA act were adopted designating new standards for accessible design and essentially these new requirements specify certain types of improvements such as District improvements that have to meet new guidelines for accessibility for people with disabilities. Some types of facilities are exempt, however, the ones that concern the District the most of course are specific types of facilities that are never exempt regardless of when they were constructed or their current state of construction. Essentially the ones that concern us the most are swimming pools and other recreational type facilities and as George mentioned in a prior meeting we talked about retaining a special firm to come in and do an audit of the District's facilities and determine whether or not any of them need to be retrofitted to be compliant with the 2010 standards. The amendments dictate that any remedial work and modifications have to be finished prior to March 15, 2012 so we are under a time constraint with respect to determining which facilities may not be exempt from these new standards, what types of modifications need to be made to these facilities to make sure they are compliant with the new standards and also completing that work in time for the March 15th deadline. If you have any questions I will be happy to answer those.

Mr. Flint stated the next item is related to this item.

FOURTH ORDER OF BUSINESS**Consideration of Proposal from McCranie &
Associates to Provide ADA Review Services**

Mr. Flint stated you will find a proposal in your agenda packet from McCranie & Associates, which is an engineering firm that specializes in doing these sort of ADA compliance reviews. We have dealt with this issue in other communities. We sought several bids in those other communities and McCranie we found to be very competitive in price and also willing to enter into the agreement with the indemnification and insurance requirements that we would expect for this type of work. You will see that they are proposing for a combined Reunion East

and West to cover the basic site review, the Seven Eagles pool, 2 spas, fitness room, Homestead pool, wading pool, Carriage Point pool, Heritage Crossing pool A and B as well as the wading pool and spa and the Terraces pool and spa. That is a total of \$4,510 and basically they will do a site visit, prepare a report and determine whether we are in compliance or not with the new guidelines and if they are not they will give us recommendations on what improvements or changes we would have to make to come into compliance. If there are any questions I will be happy to answer those. We know that with the pools and spas for example that there are requirements that there be handicap access to those so either you have to have the type of pool where you walk in or you have to have some sort of lift or other way to allow people that are in wheelchairs and otherwise to be able to access those facilities. We know with our pools we are going to have some issues where we are going to have to either install lifts or something else that would allow for that access. There are portable lifts and there are also permanent lifts that can be installed. The timing on this isn't great with the budget process because we don't have whatever improvements would need to be made taken into account in our budget because we don't know specifically what those would be and what the costs are going to be and we will have to deal with that issue once we get the report back and we get cost estimates. Right now we are just asking the Board to approve retaining this consultant.

Mr. Pawlikowski moved to approve the proposal from McCranie & Associates and Mr. Owen seconded the motion.

Mr. Glasser stated I have a question for purposes of clarity. Is this legislation only for public facilities or does it also have an implication for people who rent out their properties within Reunion for example?

Mr. Little responded it is applicable to public entities, I can't advise with respect to accessibility for rental properties.

Mr. Flint stated you are wondering if the water park would be subject to this. Is that the question?

Mr. Glasser responded personal water park and private homes that are rented out to the public.

Mr. Little stated the ADA act of 1990 in general prohibits discrimination by public entities so we only have control over the facilities that we own and we are not responsible for

any facilities that we don't own. From the District's perspective because we are a public entity we are governed by the ADA therefore we need to make sure our facilities are compliant.

Mr. Beekman stated I guess there was some discussion about this legislation possibly being scaled back, repealed, something to that effect. I assume that wouldn't take place until later this year or early next year. My thought is I would hate to spend \$4,500 and if the legislature reconvenes in September or November and does away with it we have spent \$4,500 that we didn't really have to spend and everybody kind of has a general idea of these are probably the issues. I'm not trying to put it off.

Mr. Flint stated I think it is better to do the study, be prepared and then if the legislation changes and we don't actually have to do all the improvements hold off. The actual improvements are going to have come back to you for action before they are done. You may want to decide to wait until closer to March 15th to carry out the improvements in case there is a last minute change but I think we do need to be prepared in the event there are no changes. These are in place and the Department of Justice has been told to enforce these guidelines. I don't think we can ignore it especially with as many pools and recreational facilities as we have.

Mr. Burman asked is it fair to say whether these things are repealed or not if we were to get a request for reasonable accommodation from a member of the public we would have to make the change anyway?

Mr. Little responded probably. It is not my forte with respect to disability access but that is certainly a possibility.

Mr. Burman stated that has been my experience is that there is two ways this gets done either through the legislative fiat or by a reasonable request in which case you have to comply with the ADA under this act.

Mr. Pawlikowski stated in response to Mr. Beekman considering the items that are on the federal government's docket of importance I just don't see them repealing this act in that timeframe. I can't believe that a federal government would give local governments a year to comply and it doesn't allow you to even get it into your budgetary process. All we can hope for is an extension.

On voice vote with all in favor the motion passed.
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FIFTH ORDER OF BUSINESS**Ratification of Facility Use Agreement**

Mr. Flint stated we have a facility use agreement in your agenda packet. These are agreements between the District and the resort for use of the linear park. There was a wedding in the linear park and we have an agreement in place where the resort pays a fee to utilize the linear park for purposes of special events. The Chairman has already signed this agreement and we have received payment and it is consistent with the agreements you have approved in the past.

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

SIXTH ORDER OF BUSINESS**Discussion of 2002 Bond Restructure and Related Documents**

Mr. Flint stated item six is related to the series 2002 bond bifurcation issue. Mr. Crumbaker, Trustee's Counsel, is here and there were a couple of items that were provided to you in your agenda packet and I will let Brian or Colt handle this issue.

Mr. Crumbaker stated Halle Alexander is Bond Counsel for the District and is the party that prepared the amended and restated supplemental indenture that you will find in your package and her firm will also ultimately render the tax exempt opinion for the bifurcation. In the agenda package you have three documents. I have been here a couple of meetings in a row, the basis for my coming to the meeting is twofold, one dealing with the enforcement issues related to the assessments and the enforcement of the collection of those assessments against the properties owned by Ginn. The second is bifurcation of the 2002A bonds, which the District issued in 2002. The purpose of the bifurcation is to in effect take those lands that have been effectively paying their assessments either by way of folks paying their tax bills on platted and developed land or as a result of tax certificate sales with the non-performing side dropping into I would say the bad portion of the debt. What you have in your agenda package are three documents, one of which I think came under separate cover. One is the resolution that would approve the form and authorizing execution and delivery of the amended and restated first supplemental trust indenture relating to this District's outstanding special assessment bond series 2002A. As I mentioned this was prepared by Halle Alexander who serves as Bond Counsel to the District. It also approves in substantial form the distribution of the information memorandum that was included in the agenda package and prepared by your District Counsel and that

information memorandum we spoke about will ultimately be posted so if there are any trades or whatnot there is disclosure out there as it relates to the bifurcation. Where we are right now is today asking for approval of the resolution and the two documents in substantial form along with some delegation to the Board's Chair or Vice Chair or the Assistant Secretaries in order to ultimately close the transaction. We are still working on the final number for purpose of the allocation. It looks like it is going to be approximately \$31.7 million in the good bond piece that is reflective of the properties that are currently platted and developed and have been in the past or at least this current year certified for collection pursuant to the uniform method less five property owners that I would consider risky in their continued payments. As stated by one of the holders the idea is that whenever we create the good portion or the good bonds that we are not back again on the good bonds. Because of the risk associated with these five landowners they will ultimately be in the non-performing portion of the debt. Collection will continue to remain the same, it is collected per the uniform method today but in the event that it lends itself to a higher risk of not being paid and tax certificates not issued. It resulted in approximately \$31.7 million being in the performing category and remainder of approximately \$18 million in the non-performing side. Currently there are \$49.14 million that is outstanding and that is the allocation of the two. Halle is on the phone, as I mentioned she is Bond Counsel and her firm will ultimately render the tax opinion. She can answer any questions you might have with respect to the amended and restated first supplemental trust indenture and Colt on behalf of District Counsel's office who prepared the information memorandum can answer any questions you may have in regard to that memorandum.

Mr. Little stated I handed out an updated version of the information memorandum to you to replace the one in your agenda package reflecting some updates from the latest version of the indenture that Halle prepared. They were pretty minor in nature. As Brian mentioned you would be adopting the resolution and approving the indenture and information memorandum in substantially final form subject to revision of finalization with authority delegated to the Chair, Vice Chair and other members of the Board and staff to finalize the allocation and the documents themselves.

Mr. Crumbaker stated once I receive final signoff on the allocation between the two we have a change agent, John Kessler with FMS Bonds and he will actually run new tables and once

you have that, that will serve for purposes of plugging in some of the numbers in the information memorandum. It is largely ministerial for administrative purposes.

Mr. Flint stated in an effort to have full disclosure before you take any action on this issue I think there is going to be another issue that is going to come up during the budget discussion that I want to make sure that we have that discussion now. It is not necessarily a related issue to this it is something that is going to have to be taken care of regardless of the bifurcation but I don't want the Board to feel like you were deprived of any information before you took action. I will argue with Brian that this is not necessarily a related issue to the bifurcation but since the Board is not aware of it I think you ought to be made aware of it before you vote. I'm going to bring it up under the budget issue but I will bring it up now. Again, it is not a related issue it shouldn't impact your action on this but I don't want the Board to somehow feel like you took a vote and didn't have background information. It is more environmental than it is dealing with the bifurcation issue. Recently as we were going through and working on this issue we were analyzing the unit debt service assessments that are in place for the debt service. We realized in the 2005 methodology that although in the text it references a 6% gross up for discount and collections when you run the numbers and the tables it was apparent that only a 4% gross up was included in there. Because of that it hasn't necessarily been an issue in the past because not everyone pays their bill on November 1 some are going to pay it on March 31st they are going to get no discount, some will pay on November 1 and they will get a 4%. There is also a 2% collection fee from the tax collector for utilizing the uniform collection method. For one reason or another the entity that prepared the methodology did not include 6% in their assessment amounts that we have been using in our budgets so going forward once this bifurcation takes place that is going to be amplified because the 4% gross up is probably not going to cover the debt on the performing bonds. This is something that came up within the last few days. As a result of that when we get to the budget hearing my recommendation would be we open the hearing take comment and then the Board continue the budget hearing to September so we can figure out what we need to do to address that 2% difference in what it should have been grossed up at and what it has been per the methodology. I just want to mention that to you again, it is not related to the bifurcation issue it was kind of realized it was an issue as part of the review of this.

Mr. Crumbaker stated I don't understand the implication issue especially if the allocation was as it is today meaning that you have on roll assessments and we were to include including those five risk factors you would still have the issue. It is not amplified one way or the other by the bifurcation. The only thing is in any given year for the last several years you could have ultimately ended up running short in any of those years for debt service and for the O&M for that matter because it affects your O&M as well because you are not collecting 2% on your O&M, your debt or whether it is on roll or off roll.

Mr. Flint stated I'm saying maybe not amplification maybe highlighted. I agree whether you do a bifurcation or not this is an issue that has to be dealt with and I'm not saying it has a bearing on your vote on this issue I just want to make sure the Board has all the information before you take any action. I'm not saying you shouldn't approve the bifurcation because of that 2% error I just don't want to get to the budget hearing, maybe we should have taken the budget hearing first and then done this but I don't want you to get to the budget hearing and have that information come out and the Board feel like you should have known that and why didn't you know that.

Mr. Crumbaker asked does everybody understand what the 6% is?

A resident asked has the proper discount rate been factored into computations for the bifurcation process am I correct in saying we would not be discussing this issue right now?

Mr. Flint responded no, it doesn't impact the bifurcation.

A resident asked what does it impact? You made the statement that you are 2% shortfall is basically an impact on the performing bond piece.

Mr. Flint stated no, it is going to be highlighted, that error would be highlighted in the performing piece because you are likely going to have everyone paying their tax bill on November 1 getting the 4% discount plus you are paying 2% collections, based on that you are going to end up being short at the end of the year because you are not including the 2% for collections. You might be able to get away with 4% in some districts just because there are enough of a mix of people that pay early and the people who pay late, that even worse case is 6% and that is what you should budget for, you may not have to have it. I'm not arguing that we shouldn't have 6% we should have 6% we don't and we are going to have to deal with that issue. I just want to make sure the Board knew about that before you voted on it.

Mr. Crumbaker stated my point with respect to what is on roll today if we didn't bifurcate anything and you went ahead and certified exactly what you certified for collection on roll last year you have the same, for instance we can take that for higher risk, we went exactly what the allocation was proposed by District management which is on roll versus off roll, you would have had that risk no matter what, whether it is bifurcated or not. It is not amplified, it is not increased, it is not because residential or non-residential, if we were to take the exact same composite of ownership from one to the other you would have the exact same issue whether you bifurcated or not which is you are looking for people not to pay on time in order to overcome the 2% which is whether there is bifurcation or not. I disagree that it is amplified because it is going if we don't bifurcate and 100% of the on roll collected folks you are relying on the same category of folks as you would in the bifurcation.

Mr. Flint stated I think we are arguing about something that we are not in disagreement about. If you bifurcate are you going to have two different revenue accounts?

Mr. Crumbaker stated if you bifurcate, if I were to stick to the allocation that Darrin sent me you would have direct collect and on roll collection period. It is exactly what you would have today. So it wouldn't amplify it one way or the other. You would either have a shortfall or you wouldn't because of the non-performing piece, which is direct collected which has in there 6% gross up, doesn't pay. It is whatever the outcome would be whether you do the bifurcation or not the outcome would be exactly the same.

Mr. Flint stated so you don't have separate revenue accounts.

Mr. Crumbaker stated it is irrelevant.

Mr. Flint stated I'm trying to bring information forward to you just so you have information before you vote and I'm not trying to argue with Trustee's Counsel maybe amplification wasn't the proper word to use. It has been brought to our attention because of this analysis that we have done as part of the bifurcation.

On MOTION by Mr. Burman seconded by Mr. Pawlikowski with all in favor the resolution approving the amended and restated first supplemental trust indenture and information memorandum was approved in substantially final form subject to revision of finalization with authority delegated to the Chair, Vice Chair and other members of the Board and staff to finalize the allocation and the documents themselves.

SEVENTH ORDER OF BUSINESS**Public Hearing****A. Consideration of Resolution 2011-04 Adopting the Fiscal Year 2012 Budget and Relating to the Annual Appropriations**

Mr. Flint stated there are two public hearings; the first public hearing is to consider a resolution adopting the Fiscal Year 2012 budget and that is provided to you in your agenda packet. The exhibit to that resolution is the proposed budget and you have substantially seen this budget in the past when you approved your proposed budget back in May when you set this public hearing. We did provide a copy of this to Osceola County and we also did two advertisements in advance of this hearing as required by statute. Because there are a couple of issues that are outstanding that we would like some additional time to address that may or may not affect the budget I suggest that you take public comment and to the extent you want to have any discussion on the budget have that but then we would ask that you continue this public hearing to September 9th and that you consider final action on the budget at your next meeting in September just to give us time to work through this issue of the 2% collections and also any other issues we may have with the assessment roll that we will need to address.

We will open the public hearing and ask for any public comment.

A resident stated about a year ago at a meeting we were talking about the master services agreement or whatever and the concept that the CDD is paying the club for management of resources as opposed to the club paying the CDD for the use of those resources. There was going to be some looking into what the exact cost of the District managing its own resources and I never heard anything back on it as to what that cost was or if anything was found out. The club is using the CDD assets for a commercial enterprise for profit and we are footing the bill for them to do that. I'm a little confused as to why we are paying them for them to use those assets. In the budget is \$125,000 budget expenses but I don't see any record of community involvement. There was also some comment last time about the use of the horse stables as a laundry room and I'm pretty sure we were told it was rented by a company. What happened to that?

Mr. Flint stated during the last budget process this issue of the management services agreement did come up, the fee used to be \$175,000 per year as part of that agreement and the Board had a number of discussions on that issue. We talked about some potential options and what the costs were to those options. I think the Board determined at the time that it was more cost effective based on everything that is going on to continue under a management services

agreement. The resort agreed to reduce their fee by \$50,000. If you look at the utilities alone on these buildings I think many of the options we looked at not knowing the potential revenue side of operating these on our own I think our exposure would be higher as far as costs goes than what we are paying the resort.

Mr. Burman asked using these facilities for what? If the CDD were to self operate these facilities both Seven Eagles and here what would we use them for? Is it open to the public? Is that the alternative?

Mr. Flint stated you have that issue and there is this thought that this is a potential revenue source for special events and other things and we talked about all the parking issues and everything else that may be a problem if we ran these facilities but the Board decided to continue under that management services agreement at a reduced rate. The agreement does come up on September 30th of this year and I have had some of the residents, primarily the advisory board of governors express an interest in providing comments on that existing structure and the agreement and some potential changes that could make that a more beneficial relationship for the residents of the community. What I suggest to the Board is that we have that discussion with the resort, seek some community input to the extent we can't get a new agreement or structure addressed by September 30th then we continue on a month to month under the existing arrangement. I have spoken with Mike Searles about this issue and he has indicated verbally that the \$125,000 that is in the budget is the worse case scenario and when we negotiate a renewal they are not going to try to increase that. From a budgeting perspective I think we are okay but there needs to be some discussion and probably that agreement needs to be brought back to the Board at a future date.

Mr. Burman asked do we know or can we find out exactly what it costs to operate these facilities assuming the club moved out tomorrow, what is the cost for the utilities and maintenance that sort of stuff, do we know that?

Mr. Flint responded we have the expense side they provide us financial reports under the agreement. We don't know if there is a revenue side what that would be but we do have the expense side.

Mr. Pawlikowski stated the thing that is difficult to project is if we take it over then we have to have a booking agent and we have to have janitorial staff to maintain it and we also have to have setup people to set the tables up and so forth because that all becomes part of it. You

start to put in those labor factors with benefits and so forth the burden easily climbs up over what we are paying.

A resident stated you guys are going in one extreme where we are paying a bunch of money to the completely opposite extreme which is all the things we can't do. It seems to me there is something in the middle here whereby the club will still manage it, I'm not advocating that we try to sell time and space but the bottom line is the CDD owns the assets the club is using them. Look at their website for the club they are advertising this as its key amenities. They don't pay. I can't imagine they are going to keep operating that club and let us walk away with our assets. There is something to be negotiated here. I agree with you 100% that trying to operate tables and all that, that is not the answer and that is not what I'm advocating. I think there is a better deal to be had while they still manage it. They are getting the most benefit out of it. It seems to me that the majority using the facility are guests of the resort anyway. If that is the case they should be footing the biggest part of the bill to operate it.

Mr. Greenstein stated the gentleman to my right set this subject up perfectly as far as the timing of it relative to the budget process. This individual is a member of the ABOG business committee and there has always been the concern that some of the CDD facilities were not necessarily being treated or managed in the same manner that the rest of the resort was being managed. I think we all mutually agree that it is in our best interests to have this arrangement and have a management services agreement with the resort. The resort and management company are in the best position to leverage economies of scale to help us manage the assets that belong to the CDD. Again, over time the resort has matured, the CDD process and the CDD experience under the agreement has been substantial and that was really critical. On behalf of the ABOG business committee we are prepared to provide you with, first we have some questions about the agreement that we would want to provide you to respond to or have the management company respond to as well as proposed language modifications. We think the agreement needs to be strengthened especially in the area of performance management, the annual reviews to tell us what is going on, address for the following year, basic performance management type of things. We are recommending that a formal review be done of the stables to basically determine some future use for that facility. There are access issues that we brought up, there have been discussions at the ABOG between Mike Searles as the management agent for the resort and the ABOG supporting the recommendations that we have been making relative to the

imposition of a non-resident user fee in order to control access especially with folks at Seven Eagles. There are a lot of folks who come in off the street and use the facilities and because it is CDD property the resort does not prohibit them from bringing in items from off the street and that could be discussed even though it is not going to fix it. There are lots of ways to improve that agreement so I would like to provide you with some input and hopefully with that as a launch pad we can come up with an agreement that makes sense as far as all aspects of the operation. I think people would definitely like to see some review of the stables because right now it is going nowhere.

Mr. Burman stated I think we probably split those two issues up, the stables is one thing but the MSA is a more immediate need because of the expiration of the contract. I know one of the other things in addition to what Mark said tends to be a point of discussion from time to time is what is a capital improvement, what is maintenance, what is repair, that might be able to be hammered down a little bit as well. Do you think it is appropriate to have a committee or a smaller group to sit down and talk about it?

Mr. Flint stated that is what I plan to do I don't know if the Board wants to create it because then we run into sunshine and other issues but as the manager I can seek the input of residents on that issue and come back to you with recommendations. I will also meet with the resort; Mike indicated he would make time available next week. I think that is an issue we need to work on in the next 60 days. I don't know that it has to be resolved by September 30th just because I believe the resort will continue month to month or however we need to do it.

Mr. Pawlikowski asked what does the agreement specify?

Mr. Little stated 60 days.

Mr. Pawlikowski asked is it automatically renewed for a year?

Mr. Flint responded no, it had an initial term of 12 months then it renewed for a period of five years so this September 30th is the end of six years.

Mr. Pawlikowski asked but it doesn't automatically renew?

Mr. Flint responded no. At the September 9th meeting I am going to have something to recommend to the Board whether it be a new agreement or a short term extension of the agreement we will have something on the agenda for the 9th depending on the discussions that we have.

My suggestion would be for the Board to consider a motion to continue this public hearing to September 9, 2011 at 2:00 p.m. in the same location.

Mr. Pawlikowski asked for a point of clarification do we need to extend the public hearing or since we had the public hearing can we close the public hearing?

Mr. Flint responded we have taken public comment and you are going to continue the hearing and to the extent on the 9th there is additional public comment they should be given that opportunity as well.

<p>On MOTION by Mr. Pawlikowski seconded by Mr. Burman with all in favor the public hearing to consider the adoption of the Fiscal Year 2012 budget was continued to September 9, 2011 at 2:00 p.m. in the same location.</p>

B. Consideration of Resolution 2011-05 Imposing Special Assessments and Certifying an Assessment Roll

Mr. Flint stated the next item is a public hearing to consider imposition of assessments, Resolution 2011-05. It has two exhibits; the first exhibit is the budget that would have been adopted by 2011-04 and then the assessment roll. My suggestion would be that we open the public hearing, we entertain any public comments on this and then continue this public hearing to September 9, 2011 at 2:00 p.m. in the same location.

Do any members of the public wish to comment on the imposition of the assessments? Since the Board hasn't approved the budget they are not going to be voting on this issue at this point but it is a public hearing and I am going to ask the Board to continue this public hearing as well.

A resident stated at the last meeting I attended a year ago we talked about the additional special assessment. Is that permanent?

Mr. Flint stated it is not permanent the proposed budget that is in their agenda packet that they are considering is basically level, there is a slight decrease in here of \$15. They are basically level from the prior year and until we get the foreclosure issue resolved and the direct assessment issue resolved there likely won't be a change. It is not going to go up this year but that is not projected to go down this year either, it is going to stay the same. Once we get the other issues resolved with the defaults there likely will be an opportunity where those will go

back down depending on the Board and how much they want to fund in reserves for renewal and replacement.

A resident asked do you know all the properties sold in the last year from foreclosures when we might start seeing a turnover?

Mr. Flint responded I can't say the litigation on the foreclosure has been ongoing and that takes time and once the property is foreclosed on depending on if it is foreclosed on and depending on how that gets structured and who takes ownership there is going to be some period before that property is sold and the revenue, we get an owner of that property who is actually going to be paying going forward so I can't tell you and I can't give you a timeframe.

A resident stated we as homeowners can see a lot of homes have changed hands this past year and when that has happened we are assuming that arrearages have been brought current.

Mr. Flint stated it is not the single homes that are the issue it is the larger undeveloped properties that are assessed that are the problem and those larger undeveloped properties are the ones the District is currently in the process of foreclosing on to enforce collection of the assessments. It is not the individual homes you see selling that is the problem because those are typically on the tax bill and if the taxes aren't paid a certificate is sold. It is the large undeveloped pieces that are the problem at this point.

A resident asked where are we in the process of foreclosing?

Mr. Flint stated under the attorney's report he will give a status of the pending foreclosure actions.

On MOTION by Mr. Burman seconded by Mr. Pawlikowski with all in favor the public hearing to consider the imposition of special assessments was continued to September 8, 2011 at 2:00 p.m. in the same location.

Mr. Flint stated let's go back and reconsider the motion on the continuation of the budget to the correct date of September 8, 2011.

On MOTION by Mr. Pawlikowski seconded by Mr. Burman with all in favor the motion to continue the budget hearing was amended to the correct date of September 8, 2011 at 2:00 p.m. at the same location.

EIGHTH ORDER OF BUSINESS**Staff Reports****A. Attorney****i. Status of Pending Foreclosure Actions**

Mr. Little stated the District filed foreclosure action in April of this year pertaining to parcels owned by Ginn Reunion Borrower, there are two defendants in that lawsuit, one is the actual owner of the property, Ginn Reunion Borrower LLC and the other is a mortgage holder on those parcels which is a Morgan Stanley Trust with Wells Fargo acting as trustee. Complaints were served and the defendants' answers were filed after some brief extensions were given to both those defendants, answers were filed. Affirmative defenses were asserted in both of those answers. We actually filed a motion to strike affirmative defenses in the answer filed by Wells Fargo/Morgan Stanley that motion was filed on Monday and a hearing for the motion to strike those affirmative defenses was set for September 14th. That is the quickest we could get a hearing it was over a month away they are so backed up with foreclosures and if we didn't take that date it was going to be October before we could get a hearing. That was the absolute soonest we could get in front of the judge for the motion to strike. With respect to the affirmative defenses asserted by the Ginn defendant in their answer they are more appropriately dealt with in a motion for summary judgment not necessarily a motion to strike. It is our intention to deal with the affirmative defenses of Morgan Stanley immediately at this hearing as soon as possible and we are still hopeful that these parties will enter into negotiations for settlement. We feel very strongly about our assessment lien on the property and I think with what looks to be a pretty good outcome in other foreclosure suits by other districts in the state we are hopeful that encourages them to enter into settlement negotiations rather than dragging out this litigation longer than it needs to. In the event that we don't hear from them we are going to be preparing motions for summary judgment in that case if neither of them choose to negotiate a settlement. As soon as we get past this motion to strike affirmative defenses we will be moving towards summary judgment if we can't work out some type of settlement negotiation. I know it is a slow process that is partly due to the nature of the litigation and partly due to the fact that the courts are simply overwhelmed with foreclosure cases right now. We were a little shocked that it took over a month to get a simple hearing for this particular motion we filed. We are trying to move along as best we can and I will hopefully have better news at the next meeting.

Mr. Burman asked is it fair to say that if the motion to strike fails that it will dramatically extend the life of the lawsuit?

Mr. Little responded not necessarily. We would probably still end up potentially moving for a motion for summary judgment in that case but I can't predict where the litigation may go.

Mr. Burman asked are you able to say whether you believe the merit of their affirmative defenses are, you think they are made up or you think they stand a chance?

Mr. Little responded we are moving to strike them because we feel they don't have any merit.

B. Engineer

i. Consideration of Requisitions and Pay Requests

Mr. Boyd stated there are two requisitions from the capital funds, 1608 and 1609 for a total of \$1,137.50 to Woolpert for services performed earlier in the year when we were getting the process of turning the irrigation system over from the developer. At this point we are waiting for the developer to finish the improvements and repairs that we agreed upon.

On MOTION by Mr. Pawlikowski seconded by Mr. Burman with all in favor requisitions 1608 and 1609 were approved.

C. Manager

i. CDD Action Items

Mr. Flint stated you have the action items list. The bridge repair work has been completed. What is the status of the insurance?

Mr. Little stated they actually finally made contact with the adjuster again about a week or two ago and we sent them all the invoices from the repairs as they requested previously. Once the repairs were complete we had hard numbers to send them. We did that and since have not been able to get in contact with them. They had told us on prior occasions that as soon as they had the numbers they are going to cut a check.

Mr. Flint stated the entrance to the nature trail on Watson Court I don't think there is anything new on that. I indicated that I would try to talk with Mike Searles to see if there was anything that could be done with that area and that is in process. The irrigation turnover Steve gave you an update on that.

Mr. Little stated I had a meeting with Mike Searles and some of the surveyors and environmental people about a week ago and the ball is in their court to prepare the necessary documentation relating to that conveyance because of the encroachments. They need to do some cleanup on the permit side before the CDD will take those parcels. I feel that we have better action on that than we have had in months.

Mr. Flint stated the bridge striping has been completed. There have been concerns about the condition of the fitness center and I understand the walls have been painted but there is still the issue of the floor covering and they need to be replaced. The cost of the replacement of the floor covering exceeds the \$2,500 threshold that is in the management services agreement, which would dictate whether it is the resort's expense or our expense. We have gotten three or four different proposals for options of replacing that floor covering. There are some concerns that have been expressed to me from residents about why the District would be paying for the floor covering replacement that it seems to be a wear and tear item and it seems like the resort should pay that cost. Under the agreement we currently have in place we have agreed to pay any repairs over \$2,500. We do have some proposals for that and I don't know if the Board wants to address that issue at this point.

Mr. Burman asked is it true that the club put that carpet there in the first place?

Mr. Flint stated yes, my understanding is Rene Andreatta when he was the facility director they were the ones who put in the existing carpet that is in the fitness center it was not installed by the District. I'm going to meet with Mike Searles next week and why don't we defer any action until the September meeting.

ii. Approval of Check Register

Mr. Flint stated the next item is the check register for check numbers 1846 through 1861 in the amount of \$106,440.40 and payroll register in the amount of \$758.80 and the detailed register is behind the summary.

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 the balance sheet and income statement through June 30th is in your agenda packet. There is no action required by the Board but if you have any questions I will try to answer those for you.

iv. Status of Direct Bill Assessments

Mr. Flint stated we also included a status of the direct bill assessments and that has not changed since the previous schedule you have seen.

v. Approval of Fiscal Year 2012 Meeting Schedule

Mr. Flint stated we included a proposed notice in your agenda indicating the Board would meet on the second Thursday of each month in this location at 2:00 p.m. You can change that if you like or we can advertise that on an as needed basis. If you are comfortable continuing the same date and time then a motion to approve would be in order.

Mr. Beekman asked do we have public comment? Are they content with the 2:00 p.m. time?

A resident stated I would offer that it is not a great time for the residents. There are a lot of people who work and can't attend.

On MOTION by Mr. Pawlikowski seconded by Mr. Owen with all in favor the Fiscal Year 2012 meeting schedule was approved as presented.

NINTH ORDER OF BUSINESS

Other Business

There not being any, the next item followed.

TENTH ORDER OF BUSINESS

Supervisor's Requests

There not being any, the next item followed.

ELEVENTH ORDER OF BUSINESS

Audience Comments

Mr. Glasser stated this is for Reunion East and West and I would like to address these comments to Mr. Gray. There is a document on your site, which is the Reunion West and East Community Development District disclosure of public financing and maintenance on

improvements to real property undertaken by Reunion East and West Community Development District. The Board of Supervisors has as its Chairman Ralph Zeigler, Charlie Hardiman Assistant Secretary, which means that one of these things is very out of date.

Mr. Flint responded that document is a static document it is not a living document. That document was prepared and recorded in the county records and does not get updated every time the Board members change. It is a static document that is included. The only time that document would be revised or changed is if there is something in it and may be as a result of the bifurcation we will go back and amend that document because it will no longer be accurate about the debt service assessments. Even the O&M assessment numbers that may be in there may not be accurate at this point because that was for information purposes at that point in time and is meant to be recorded so that if anyone buys a home within this District that will show up in the title search and the people that are interested in purchasing a home will have some idea about the existence of the District, the assessments, what the money was used for and that sort of thing.

Mr. Little stated I believe there is a provision that states that we can't guarantee the accuracy of this information going forward as things may change please contact the District manager and there is a phone number provided for any interested parties who may want to get updates of that information.

Mr. Glasser stated the point I really want to make is a sentence in there, which says, the District is here to serve the needs of the community and we encourage your participation. That to me is a very salient and important issue. The budget pack I'm not sure whether Board members get the pack but on the internet it only arrived in the last 48 hours so that is when I picked it up. It certainly wasn't there on Friday. To try to read 280 pages of which 177 are for the East and 103 are for the West before the meeting makes it very difficult for us to participate in the spirit in which the District wants the community to participate. If you want to have meaningful comment from us then we need to have an opportunity to read the documents timely when there are 280 pages worth of documents to read. The Board has approved the Fiscal Year 2012 meeting schedule. There is a fiduciary responsibility as I understand it from the Board to the District. What I find quite offensive is the fact that meetings are canceled by 48 hours beforehand. As a paying member of the community I find it quite unacceptable that Board meetings are canceled, that we approve in August the minutes from May, which nobody can recall whether those discussions took place or not because in fact the May minutes when we tried

to approve them in June those minutes had errors, which were not approved at the July meeting because that was canceled and now we are into August. I think that we are trying as members of this community to be supportive, to be constructive and to assist in the development of the CDD activities we have going forward. What is gone is gone but I ask now through the Chairman that for 2012 if these are the meeting dates that you have tabled can we please stick to them? There is an anticipation there is a level of requirement from the members to work towards an understanding and getting things happening within Reunion that we feel very let down by when meetings are canceled on an ad hoc basis. Those are my comments.

On MOTION by Mr. Pawlikowski seconded by Mr. Burman with all in favor the meeting adjourned at 3:08 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman