

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, November 10, 2011 at 2:50 p.m. at the Heritage Crossing Community Center, 7715 Heritage Crossing Way, Reunion, Florida.

Present and constituting a quorum were:

John Gray	Chairman
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
Alan Scheerer	Operations Manager
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 October 13, 2011 Meeting

Mr. Flint stated the next item is approval of the minutes of the October 13, 2011 meeting, which were provided to you in your agenda packet. Are there any additions, deletions or corrections to the minutes?

Mr. Gray stated I have a couple changes that I will give to you after the meeting rather than going through them now.

Mr. Flint stated if they are minor that is fine and the Board is comfortable approving it subject to the minor corrections from the Chairman.

On MOTION by Mr. Pawlikowski seconded by Mr. Owen with all in favor the minutes of the October 13, 2011 meeting were approved subject to minor corrections by the Chairman.

THIRD ORDER OF BUSINESS**Consideration of Resolution 2012-01
Initiating Rule Development and Rule
Making Regarding the Creation of Rate
Structure for Non-Resident Use**

Mr. Flint stated at the last meeting the Board authorized staff to advertise a public hearing and that public hearing is going to be scheduled for the January 12th meeting date. I have amended the agenda and added a new item three. We have a draft of the resolution that would initiate the rule development and rulemaking and create a rate structure for non-residents. I have copies of the resolution and proposed rule to hand out to you. You are not going to be asked to vote on it today but it is for discussion purposes and in preparation for the public hearing in January.

Mr. Little stated the reason we are not concerned about getting the rule to you far in advance is because it is only in draft form and cannot be adopted until the public hearing. The purpose of having a draft rule in place now and approved for publication by the Board is because the administrative procedures act requires that if the District is going to adopt a rule we have to publish the proposed rule prior to the public hearing so that we can allow the public time to review and comment on the rule prior to the hearing. The proposed rule as we talked about at length at the last meeting establishes a non-resident user fee for use of the District's amenity facilities. The one thing you will need to decide on is a number for that annual membership and we talked a little bit about what that number might be and how it is often tied closely to a resident's annual assessment payment because tax attorneys have given opinions that that is reasonable and a fair basis to charge an outside user, a non-property owner, that amount to put them on equal footing with a property owner. Obviously, the property owner pays their assessments, those assessments are used to construct, acquire, finance, operate and maintain all the amenity facilities and appurtenant facilities and it is only fair if another member of the public decides to utilize those facilities that they are paying for the operation and maintenance of those facilities as well. Again, we have had statements made by tax counsel stating that that is fair and reasonable in their opinion. I will caution you again like I did at the last meeting, we have never had anyone challenge one of these I can't tell you that if someone sued because they thought the

number was unfair what the court might say but it seems to be a reasonable way to calculate the fee to put them on equal footing with residents.

Mr. Flint stated my recommendation to the Board would be for purposes of noticing and the rule to place \$3,000 in there. I think you talked at the last meeting about \$2,961 we took the highest debt assessment and added the O&M to it. I think it was just shy of \$3,000 and I believe the conversation was to round it to \$3,000 and for purposes of advertising the public hearing that would be a reasonable thing to do because you can always lower it if you decide that you want to do something less than that but you can't increase the number at the hearing. The blank if the Board was amenable to it could be filled in with \$3,000, that has to be included in the notice that is published and you can always if you decide to do something less than that you can decrease it but you can't go higher.

Mr. Little stated that is a good point it is better to set that number higher now and if you decide to lower it later at the public hearing that is certainly within your power.

Section 1 talks about the fact that residents pay an annual assessment that goes towards the operation and maintenance of these facilities. It talks about non-resident users, which are defined as people who do not own property within the District that pay assessments. For anyone here that lives in Reunion West there is actually a clause in here that makes it clear that people who do own property in Reunion West aren't considered non-residents even though they don't own property in Reunion East because of the interlocal agreement that allows reciprocal use. We do account for that in here. It defines what a non-resident user would be, it talks about their ability to use the amenity facilities subject to the rule that is being proposed. It sets the annual membership fee that we just discussed. It talks about how the Board may increase it in accordance with fluctuating operating and maintenance costs of the facilities but no more than once a year. It talks about some administrative matters relating to a non-resident user requiring them to fill out an application information sheet, sign a waiver and indemnification form, be issued some type of identification by the District. It talks about them being subject to the same type of expectations with regard to any regulations, rules or policies the District might have in the amenity facilities. It talks about the interlocal agreement saying that if a non-resident does pay the fee and becomes like a resident with respect to the amenity facilities they are now part of the interlocal agreement or anything as well if there were ever any facilities in Reunion West they would get the same reciprocal use that a resident does. It has a caveat stating that not

withstanding the rule property owners in Reunion West are not to be considered a non-resident user because of the interlocal agreement and the status they have been given thereunder.

Section 2 is definitions, pretty straightforward.

Section 3 is an effective date upon its adoption it becomes effective and allows District staff to begin implementation and enforcement of the rule.

That is the draft rule and I encourage you to take it home and mark it up provide suggestions, you have 60 days to do so. Feel free to provide any comment you want. The resolution we would be required to adopt today. It allows us to initiate the process of rule development and rulemaking, which are required under Chapter 120 Administrative Procedures Act. Whenever we want to adopt a rule we have to follow those procedures. It allows District staff to publish the required notices for rule development and rulemaking and for the public hearing that is going to be set January 12th and it also approves this proposed rule in draft form for publication to allow public comment prior to the public hearing.

Mr. Pawlikowski stated the first comment I have with regard to the rules I would add a severability clause so that if there was a suit and one part was declared illegal it wouldn't necessarily affect the rest of it.

Mr. Little stated I will add that.

Mr. Pawlikowski stated another one is more or less a question to George. For some reason I can't remember, my recollection is that there is a difference in the fees between East and West.

Mr. Flint stated there are different debt and O&M amounts.

Mr. Pawlikowski asked is West higher than East?

Mr. Flint responded yes.

Mr. Pawlikowski asked would it not be better for us to then use that number? Is it under \$3,000?

Mr. Flint responded I would have to check on that. I think the O&M is about \$100 higher.

Mr. Greenbaum stated it is under \$3,000 it is close.

Mr. Pawlikowski stated then we are fine.

Mr. Little stated we would ask that you adopt the resolution today allowing staff to move forward with the necessary notice and publication of the proposed rule and setting of the public

hearing. Do you want to take a motion on the amount and then another motion to adopt the resolution?

Mr. Flint stated however they want to do it. You could include it in the motion adopting the resolution that exhibit A includes the dollar amount of \$3,000 and also that we need to complete the description of the facilities under 2.1, which we would do before we advertised it.

On MOTION by Mr. Pawlikowski seconded by Mr. Owen with all in favor Resolution 2012-01 was approved subject to \$3,000 being inserted into exhibit A and the description of the facilities under section 2.1 be completed.

FOURTH ORDER OF BUSINESS

Staff Reports

A. Attorney

i. Status of Pending Foreclosure Actions

Mr. Little stated with respect to updates on the foreclosure action just to briefly reiterate what I said in West about Ginn Reunion Borrower foreclosure we are currently in the discovery phase and working on setting a date for opposing counsel to inspect the records of the District to satisfy the requirement to produce the documents and it is our hope that the discovery phase will not languish but if it does we will try to move the process along as best we can with the help of the court in setting some deadlines for that. I will keep you posted on that.

I mentioned last month that BB&T had brought a foreclosure against an individual lot in Reunion East. I had a conversation with their counsel the other day and tried to reiterate to him and explain the superior lien position of the District's assessment lien because of the governmental nature and I think he understands. Because of some property transfers that were done I think an over zealous title agent who wrote his foreclosure commitment saw a quit claim deed that was to the District he didn't quite like and threw that on the foreclosure commitment as well so there is actually an issue of they think the District is claiming some real property interests in the lot when we are not and we are making sure our assessment lien doesn't get wiped out in the foreclosure that we protect that interest. We obviously don't have a real property interest in the lot itself only the assessment lien. We are working through those issues. It should go away hopefully rather soon it is just a procedural issue at this point there is not really any legal questions there.

B. Engineer

Mr. Boyd stated following up from last month's report I did contact FDOT and let them know that we were interested in turning over the bridge inspection program to FDOT as they had offered. Earlier this week they got back in touch with me and said they weren't sure that they could after all because we are behind a gate and I explained to them that it is a CDD gate and they are still public facilities so they are looking at it again. We are still trying to get them to take the bridge inspection program over but they waffled a little bit on what they originally offered. I will let you know as soon as I get a firm answer from them.

The only other item is following up from audience comments last month regarding the crosswalk at the water park. Following the meeting Mr. Glasser and I went together and looked at that area. There is a proper crosswalk coming off the parking lot to the water park, the problem is the people who park in the parking lot don't always use it. Unfortunately because of the land to the north and south, the parking lot and the water park itself aren't CDD facilities there is not a way to reconfigure or add a crosswalk to make that work any other way than it does today. The only thing I can offer that the CDD could do independently and this is something Colt and I just discussed in passing prior to the meeting would be to look at some additional speed control signage to make drivers aware as they come down the road or off the overpass that their speed may be excessive. That could be done without having to work off the CDD property at all. As you look at the photos there is no way to add sidewalk, move the crosswalks without going beyond the limits of the CDD property. One additional thing we can look at is a flashing yellow light or a light that indicates your speed. Before I spend too much time going down that path I would need the Board's authorization to do that.

Mr. Little stated I mentioned to Steve before the meeting that in Celebration they are purchasing two or three portable speed indicator signs that can be moved around but are actually strapped to light poles, they are not the trailer mounted ones. It has a radar detector on it and indicates anybody's speed but also excessive speed and they are really effective because you can move them if you are having trouble spots in your neighborhood. As I recall they may have been a few thousand dollars or a little bit less and it may depend on what software they came with but I told Steve I would forward that proposal to him and he could take a look at it. It might be an

alternative the Board wants to consider at some point. There may be cheaper alternatives with non-speed sensing signs with just flashing lights but I will send that to Steve.

A resident asked do speed bumps not work?

Mr. Boyd responded speed bumps traditionally don't do a good job of slowing down traffic. You see them a lot but they really don't function like you intend them to.

Mr. Flint stated they slow it down where the bump is but then they speed up to 50 then down to 20.

Mr. Pawlikowski stated what works best is buying an old police car and leaving it parked there with the window tinted.

Mr. Flint stated if the Board is okay then Steve can do a little work to bring back options under his general consulting contract.

A resident stated we live in the community and outside of here speed bumps the cars come to a stop and it works. They have them on the main roads.

C. Manager

i. CDD Action Items

Mr. Flint stated you have the action items list. The first one is the entrance to the nature trail on Watson Court.

Mr. Scheerer stated I spoke with Mike about the nature trail and he has offered a couple of suggestions but we are still working on that. Rather than tear it down maybe try to actually do something with it. I'm in conversations with the developer on that right now.

Mr. Flint stated irrigation turnover, you are still working on that.

Mr. Boyd stated still staying in touch with Austin and when we get word from them that the work is complete we will be able to start the turnover process.

Mr. Flint stated the turnover of the conservation areas is next.

Mr. Searles stated it is moving.

Mr. Flint stated you have hired a consultant to assist in that process. Review MSA with developer. I did meet with Mike on the management services agreement and obviously with the changes with Salamander and some of the changes that are going on the timing of the negotiation of that agreement with them coming in on November 1 it is going to take a little while for them to get their feet on the ground and get established before we are going to be able to sit down and

negotiate any changes to that agreement. We still are going to keep that on our list and it is something that is going to be on our radar to take care of but I don't have anything to report as far as that agreement goes today.

Reviewing options for facility access control, my understanding is that Garold is reviewing some options and we are looking at getting this non-resident user fee in place and I think options for facility access control might be a next step after this is put in place so we will keep that on our action items list. Ideally it would be nice to have a seamless access control system where you don't have four or five different cards and clickers but we will see how that goes and we will continue to keep that on here and report to you on that.

ii. Approval of Check Register

Mr. Flint stated next is approval of the check register for the General Fund in the amount of \$170,114.27 and payroll in the amount of \$943.50. The detailed register is behind the summary. If there are any questions I will try to answer those for you and if not I ask for a motion to approve the check register.

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

iii. Balance Sheet and Income Statement

Mr. Flint stated you have the unaudited financial statements through September 30th.

iv. Status of Direct Bill Assessments

Mr. Flint stated you have a summary of the direct assessments and you will see Ginn LA Orlando has paid their full year of assessments but Ginn Reunion Borrower has not made their November 1st payment.

FIFTH ORDER OF BUSINESS

Other Business

Mr. Flint stated the previously authorized us to retain an ADA consultant to review the recreational amenities because there are new ADA guidelines that are going into place in March. We received the report on that and unfortunately I don't have a copy of it with me to go over with the but I believe we provided it to the . We can place that on the December agenda if you

would like to discuss it. My thought would be that we wouldn't actually do anything until closer to March in the event that the legislation is changed. Sometimes at the last minute they will either extend it or go back and change it so I don't think we are under the gun necessarily to do anything today but we can bring that back for discussion in December.

Mr. Pawlikowski asked would postponing and talking about it be consistent with what you heard in other community development districts?

Mr. Flint stated we are in a wait and see posture. What we have done is gone out and done the analysis to know what our potential exposure is and we are getting bids. With pools for example the new guidelines are going to require you to have a lift at every pool and it can either be a portable lift or a permanent lift and if you have a portable lift you have to have somebody available during the hours of operation of the pool to operate that lift otherwise you have to have a permanent lift in place. We know we have some exposure with our community pools as far as the lifts go and also with the spas and wading pools. We are getting prices so we know the costs associated with installing either a permanent or portable lift but we are not actually putting them in anywhere right now.

Mr. Gray stated this also applies to hotels and motels and right now the current production facilities in the United States to secure the equipment has about a 12-year backlog.

Mr. Pawlikowski stated there are other options, one is to build a ramp and retrofit the pool. A community I work for we have a wading pool and swimming pool and they will be taken 100% out of service they are not going to spend the money to do it.

SIXTH ORDER OF BUSINESS

Supervisor's Requests

There not being any, the next item followed.

SEVENTH ORDER OF BUSINESS

Audience Comments

Mr. Murray stated I think we are all very excited about the non-resident user fee and look forward to proceeding with that. I also think that is really the first step of some other steps such as access control and being able to ID people because I think that gives Garold, our security people a tool by which they can control things better in terms of determining whether people should be here or should not be here. Hopefully, the Board takes action. I know Mike and Garold are working on access control cost and devices and so forth. I encourage the Board to

continue with that and hopefully get that passed down the road. I presume if somebody does by chance apply for the non-resident user fee of a cost somewhere around \$3,000 that they would probably have an ID card or something they could show they are a non-resident user.

Mr. Flint stated yes the rule contemplates we would issue an ID card.

Mr. Murray stated having a universal card and also maybe for guests to be able to show identification that they belong here as guests is something that will need to be done. It would provide a lot better control and a more secure community in my opinion.

Somebody brought up about buying property across from the water park and we talked about that once before. Doug Oswald has a client who might be interested and we are not exactly sure where the bifurcation of the bond is but is that a possibility down the road that somebody could purchase that as a separate parcel across from the water park?

Mr. Little stated I think that is one of the parcels in the foreclosure and the District doesn't own that property.

Mr. Flint stated if the District actually ended up foreclosing on it there may be an opportunity to market it to somebody. If they purchased it now the negotiation would be with Ginn Reunion Borrower. If they bought it then all the assessments and taxes and everything would have to be cleaned up.

Mr. Greenstein asked has the bond bifurcation been booked?

Mr. Flint responded no, I meant to mention that. I did speak with Brian Crumbaker this morning and it looks like we are going to be closing on either the 28th or 29th of November. I have to get with the Chairman because the Chairman and Secretary have to sign the documents to do that. That is not a public meeting or anything it would be probably in District Counsel's office in Orlando but with Thanksgiving around the corner it looks like it is probably going to happen after Thanksgiving before the end of the month.

Mr. Greenstein stated maybe you can briefly explain what if any adjustments, reallocations can be made to the assessment structure for tax purposes across the Ginn Reunion Borrower property once the bifurcation takes place.

Mr. Little stated the District doesn't have the authority to alter the repayment schedule for the debt service on the bonds. That is something we have already entered into that arrangement. If any type of adjustment is going to be made it comes from the bondholders. The District doesn't have the authority to change the terms of the bonds or restructure them in some

way so that is a top driven issue with respect to any restructuring that might occur. Just so we are clear and keep these issues separate, a restructure of the non-performing bonds is a separate issue from a potential refunding of the performing bonds. If a refunding opportunity of the performing bonds at some point in the future that is something within the framework of the current bond documents that the District can avail itself of if the opportunity presents itself financially speaking for the right rate. That is separate from a restructure of non-performing bonds in which we can't control that situation.

Mr. Greenstein stated I mislead you I wasn't clear enough in the question. What it really boils down to is I'm familiar with the refinancing or restructuring of the performing bonds. But totally within the non-performing side totally within the Ginn Reunion Borrower what can be done legally to make the properties that constitute the Ginn Reunion Borrower entity more viable for sale because the original EAUs that were assigned are kind of pie in the sky numbers based upon building condos doing all kinds of crazy things and I know the bond offerings were based on that structure but to what extent can that structure be modified to make the properties more viable?

Mr. Little stated normally the District since we don't have the authority to unilaterally alter the terms of the bonds are not necessarily involved in the early stages in any negotiations that may occur between a delinquent owner and the bondholders or trustee on behalf of the bondholders. We just completed a restructure in another District in Fort Myers, the closing is happening today, where there were adjustments made to the terms of the bonds with respect to the repayment structure and interest rates and there were some true up calculations that were done with some minimum sales prices on lots because it just depends very specifically on what the situation is on the ground in that District. This was a community where they had buyers ready, willing and able and they had lots to sell and it just depends on the circumstances that are unique to that District.

Mr. Flint stated some changes can be approved by a majority of bondholders other changes require unanimous consent of the bondholders. If you are going to do a forbearance you can do that with a majority but if you are going to restructure then it takes unanimous consent. By unanimous consent of the bondholders they can agree to just wipe it out. But they are not going to agree to that they are typically going to agree to maybe a forbearance for a certain period of time with some guarantee that either there is a deed in lieu that is held in escrow in the

event they don't perform at the end of the forbearance, there is not a foreclosure they just take title to the property. There is a whole bunch of different things they can do but it is driven by the bondholders because they have the control on that restructuring because they are the ones that are ultimately going to be giving something up. Our duty is to make sure that we take every tool that we have to enforce collection and pay them but we don't have the ability as Colt said to change the terms.

Mr. Greenstein stated it is clear on debt service but when it comes to ongoing carry cost, I think there were events that occurred that were beyond the control of the developer such as the nature trails that whole area they have built, the stables, that was based upon being able to go forward and cut trails and have some amenity. Things changed and we were prevented from doing that and it had an impact on the developer. I would think there would be a way of reassessing the carry cost because the land is no longer worth what it was to me beyond a business situation but because the planned use for that land changed and is no longer even if economic conditions were viable it is no longer an achievable goal because we have the government whether it is the State of Florida or the county or federal government telling us we can't do that with the land. That is just one example but there should be some way to make properties for viable for sale.

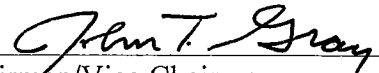
Mr. Beekman asked are you talking about from an assessment standpoint?

Mr. Greenstein stated from an assessment from an ongoing carry cost.

Mr. Flint stated from the bondholders' perspective they want to make that property as viable as they can because that is their collateral. In regards to O&M every settlement or restructuring I have seen includes a guarantee that the owner pay their taxes and they pay their assessments. If they don't pay their taxes or assessments they are in default of the settlement agreement, which means usually there is a title held in escrow that they would immediately take ownership of the property. It is in the bondholders' best interest to make sure whatever settlement is negotiated that the owner is going to pay their O&M and pay their taxes going forward otherwise the property doesn't have value and they are going to want to do something different. I can't comment on the other items but what I can say is typically these settlements will include a requirement that they pay their O&M. That would be some help if that happened.

On MOTION by Mr. Pawlikowski seconded by Mr. Burman with all in favor the meeting adjourned at 3:30 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman