

MINUTES OF MEETING
REUNION WEST COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Reunion West Community Development District was held Thursday, February 11, 2010 at 3:45 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
Judy Emens	Ginn Company
Alan Scheerer	Operations Manager
Dan Haughton	Aegis Community Management Solutions
Residents	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the January 14, 2010 Meeting

Mr. Flint stated the next item is approval of the minutes of the January 14, 2010 meeting. The location of the meeting needs to be corrected and there is a reference on page 7 under item B i to \$4,500 and that should be \$3,500. Are there any other comments or corrections?

There not being any,

On MOTION by Mr. Owen seconded by Mr. Pawlikowski with all in favor the minutes of the January 14, 2010 meeting were approved as amended.

THIRD ORDER OF BUSINESS

**Consideration of Resolution 2010-02
Authorizing Actions to Collect Delinquent
Assessments**

Mr. Flint stated the next item is consideration of Resolution 2010-02 authorizing the District to take certain actions to collect delinquent District assessments. Are there any questions on the resolution?

There not being any,

On MOTION by Mr. Pawlikowski seconded by Mr. Owen with all in favor Resolution 2010-02 was approved.

FOURTH ORDER OF BUSINESS

**Consideration of Default Expenditures Fund
Requisitions**

Mr. Flint stated the next item is consideration of the default expenditure fund requisitions. You have requisition no. 19 in the amount of \$318.62, requisition no. 20 in the amount of \$322.02.

On MOTION by Mr. Beekman seconded by Mr. Owen with all in favor requisitions 19 and 20 were approved.

FIFTH ORDER OF BUSINESS

**Discussion of Authorizing the Issuance of
RFP for Landscaping**

Mr. Flint stated the next item is discussion of authorizing the issuance of RFP for landscaping. We prepared a combined proposed RFP document between East and West. In this document there are recommendations for reductions in service levels and also adjustments to the annuals that are planted in the community. Our recommendation at this point rather than issuing this RFP would be to authorize staff to approach the current landscape contractor and negotiate an amendment to their contract to reflect these service levels and reflect the replacement of a portion of the annuals with perennials.

Mr. Gray stated I know the people in the West CDD are not necessarily the people in the East CDD. In order to have all the discussion we had on this placed into the West CDD can we

just authorize you to put all the discussion points that we had that are on that tape from the East side to the West side?

Mr. Flint responded it may be better to reference the fact that a detailed discussion took place at the Reunion East meeting and then rather than moving the text into this meeting have the person refer to the Reunion East minutes.

Mr. Gray asked can they get to it?

Mr. Flint responded yes.

Mr. Gray stated I would like the information to go to everybody so that they are aware of it instead of having to repeat it.

Mr. Flint stated the record will reflect that there was a very detailed discussion on this issue at the Reunion East meeting and because it is an agreement that is allocated between both districts the nature of that discussion is relevant to this meeting.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor staff was authorized to approach the current landscape contractor and negotiate an amendment to their contract to reflect the changes in service levels and reflect the replacement of a portion of the annuals with perennials.

SIXTH ORDER OF BUSINESS

Discussion of Security Services

Mr. Flint stated again we had a detailed discussion on this issue at the Reunion East meeting. The recommendation of staff to the Board would be based on the agreement between the CDD and the POA we would recommend that the Reunion West Board consider amending the security budget for Reunion West down to the minimum that is reflected in this agreement which is \$1.

Mr. Pawlikowski moved to reduce the security budget to \$1 which is the minimum reflected in the agreement.

Mr. Gray asked how much is it now?

Mr. Flint responded it is 43% of \$300,000 which is \$129,000.

Mr. Gray asked what was it on the East side?

Ms. Emens responded on the East side it was \$171,000.

Mr. Flint stated we are basically reducing the East by \$30,000 but we are reducing West by \$129,000.

Mr. Hood seconded the motion and with all in favor the motion passed.

SEVENTH ORDER OF BUSINESS **Discussion of Proposed Cost Saving Measures**

Mr. Flint stated there are a number of different cost saving measures that staff is going to be looking at and implementing. There was detailed discussion of this issue in the Reunion East meeting. I don't know if there is a motion necessary by the Board but if you would like to make a motion to authorize staff to implement various cost saving measures it might be appropriate.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor staff was authorize to implement various cost saving measures as detailed in the discussion at the Reunion East meeting.

EIGHTH ORDER OF BUSINESS **Discussion of Amendment to Default Expenditure Budget**

Mr. Flint stated discussion of amendment to the default expenditure budget I have as a separate item. Were you going to incorporate that into your resolution?

Ms. Carpenter responded yes I did and I was able to and it is Resolution 2010-02. I have a new version and I am going to ask you to reconsider what you just approved. The only change on this is in paragraph 3 you have the resolution authorizing the foreclosure against the developer. Since in Reunion West we already have an amendment to the indenture that is set up for the Fourth Quarter, the two foreclosure actions, we don't need to have another amendment to the indenture. However, we do have to add a budget line item for this foreclosure. Rather than doing a separate resolution we just added the second sentence under paragraph 3 that says, further the District Chairman is authorized to approve on behalf of the District any modifications to the default expenditure budget established by the first amendment to the indenture. That way the Chairman can authorize that change. Trustee's Counsel has already said that he would agree to do it that way rather than having to incur the cost of doing another amendment to the indenture, it didn't make any sense to do that. This was a quick, easy and inexpensive way of

allowing a budget amendment and as soon as the bondholders agree to a new budget that the Chairman can authorize that budget change. I recommend you adopt Resolution 2010-02.

Mr. Flint stated the motion would be to reconsider your action in adopting Resolution 2010-02 and then readopt the amended 2010-02.

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor adoption of Resolution 2010-02 was reconsidered and Resolution 2010-02 as amended was adopted.

NINTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Carpenter stated the only thing to report this month is on the two foreclosure suits against Fourth Quarter. The reason there are two suits is that there are two different property owners, Fourth Quarter 57 and Fourth Quarter 58. The suits are essentially identical. We filed back and forth some motions and there are discovery requests that have gone back and forth. The property owner itself filed a motion to dismiss. We don't believe the grounds have any basis. We set it for hearing to try to dispose of that fairly quickly. They feel that both suits should be together along with the bank and we feel it is just a lack of understanding that these governmental suits are totally independent from any bank loans. We hope that will be taken care of and we will move quickly on that side. We have not had any discussions with the Fourth Quarter attorneys. We provided them some information about how these foreclosures work but they have not responded at all. We are just going forward on that litigation.

Wachovia is the lender they have made a request to talk with trustee and the bondholders and the CDD to see if there is any potential for a resolution. The Trustee's Counsel had initially not been inclined to speak with them as he said the CDD can foreclose why did they want to talk. We just received a fairly intensive set of interrogatories and discovery which in our mind would be expensive to produce all the documents and respond so we have asked again if they would talk with Wachovia. Wachovia has said they would love to talk. Their lead counsel is in Atlanta and they requested that principals actually participate in the call rather than attorneys. Again this is sort of an awkward request because we have several bondholders and I'm not quite sure who would actually do that but I do think it makes sense to talk as there are all kinds of ways to resolve these and in many cases of CDDs it is in the best interest for the lender to actually do the

foreclosure and become the property owner and the CDD doesn't have to get involved. I think it would be appropriate for the Board to delegate one person to be that representative if we do have discussions where a CDD representative is requested to be there along with counsel or by themselves. If we can get the trustee to get his bondholders together to sit down whether it is a conference call or however else they want to talk to see if there is a possibility of coming up with a solution short of foreclosing and the District or some sort of special purpose entity of some sort taking title to the property. I would like to have someone be appointed as representative for discussions with Fourth Quarter and Wachovia if Fourth Quarter ever does come to the table and needs to discuss this with the CDD.

Mr. Flint asked can the Chairman and District Manager both be appointed?

Ms. Carpenter stated I think Chairman and/or District Manager, that way if they allow the District Manager it is probably easier because George has a lot of the information and we wouldn't have to bother the Chairman but sometimes they would request an actual person on the Board to be there so that would probably be appropriate and between them they can decide who is the right one.

On MOTION by Mr. Pawlikowski seconded by Mr. Owen with all in favor the Chairman and/or the District Manager were appointed as representatives for discussions with Fourth Quarter and/or Wachovia and the bondholders.

Mr. Gray asked if those meetings are held what are the regulations about the person who goes informing the Board?

Ms. Carpenter stated you cannot talk to them under the sunshine law. What it really would be and I really think it would probably be more appropriate to have a call with counsel to talk about the possibilities and what other districts have done. The real key to this will be the property value which is something I know that Wachovia has done appraisals so they have more information than the CDD or developer or anybody has about this property at least in the current market. It is really going to be a matter of some fact finding and the bondholders will be the one who will probably have to make a decision whether they will agree to a forbearance of any of their debt because operations and maintenance has to be paid. It would be the bondholder debt that is the only place you could actually see any kind of savings forbearance change. It wouldn't

be any decision making it would be more fact-finding and then coming back to the Board. For purposes of settlement negotiations there is an exception in the sunshine law and there is a special way to notice that kind of a meeting. We could have a closed discussion about settlement discussions.

Mr. Gray asked what is the general mood of Wachovia's counsel? Do they seem to be aggressive in moving forward on the foreclosure? Are they talking about a work out?

Ms. Carpenter stated I think most banks that have counsel that have been involved in CDDs have an understanding that they can be wiped out completely. When we filed the suit they asked if they could talk with the bondholders immediately without even answering the suit. It is really a negotiation tactic from the CDD and the bondholders how far to push it and whether they want to talk. It appears that they are willing to talk and want to have principals talk, they are interested in talking. Bondholders have gone every way and George may have some experience on being willing to talk or not. A year ago the bondholders said they would not talk to anybody I think the mood may be changing a little bit. The particulars in this situation are very different from most CDDs. I think every situation is one of a kind we will just have to see what the bank is looking at and what the bondholders are willing to take right now.

Mr. Oswald stated since I am an attorney I do have a couple of questions. You have no response from Fourth Quarter, have you entered a bulk against them?

Ms. Carpenter responded they have responded, they have filed an answer but they filed a motion to dismiss and we tried to discuss why it really wasn't appropriate and why there was no reason to go to court on it and we have gotten no response back from them. Our attorney spoke with the associate handling it and sent a follow-up letter explaining why under the statute there was no need and they didn't respond so we have called it for hearing and it is set for sometime later this month.

Mr. Oswald stated I looked at the docket sheet and from last meeting until this meeting I didn't see anything new at all.

Ms. Carpenter stated they filed a motion to dismiss and we set it for hearing. I don't believe they have filed any memorandum or anything on that point.

Mr. Oswald asked are the bondholders parties to this lawsuit at this point?

Ms. Carpenter responded no the bondholders aren't. The CDD files and the Trustee's Counsel is acting on behalf of the bondholders. He is reviewing the pleadings as we file them to protect the bondholders' interest.

Ms. Oswald asked but they are not a party to this suit?

Ms. Carpenter responded no they are not.

Mr. Flint stated the bondholders are paying for it.

Ms. Carpenter stated they are paying for it and the CDD under the bond document could not agree to settle for less than what they have to be paid. That is where they get involved if we couldn't resolve it unless somebody is willing to pay what they are owed.

B. Engineer

i. Consideration of Requisitions

Mr. Boyd stated there is one requisition, requisition 614 from the series 2004 bonds in the amount of \$981.20 for water quality testing.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor requisition no. 614 was approved.

C. Manager

i. Approval of Check Register

Mr. Flint stated we have approval of the check register, checks 425 through 432 in the amount of \$313,929.18 and payroll register of \$554.10. You can see that \$307,000 of it is a transfer from Reunion West to Reunion East to pay the allocated cost of the General Fund expenses.

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

ii. Balance Sheet and Income Statement

Mr. Flint stated you have the balance sheet and income statement through the end of December. There is no action required by the Board but if you have any questions I will be happy to answer those.

iii. Status of Direct Bill Assessment

Mr. Flint stated you also have a status of the direct bill assessment collections and you will see that there have been no payments on the Ginn or the Fourth Quarter Property direct bills.

TENTH ORDER OF BUSINESS

Other Business

There not being any, the next item followed.

ELEVENTH ORDER OF BUSINESS

Supervisors Requests and Audience Comments

Mr. Oswald stated I have a question concerning the extension of Sinclair Road. We have been told that there is \$10 million of bonds that have been issued for the extension of the road. I gather that some of that money is what is going to be used for purposes other than the road for litigation. Is that correct?

Mr. Flint responded when the trust indenture was amended to create the default expenditure account they took \$100,000 from the construction fund and put it into the default expenditure account. There is about \$15.8 million in the construction account so \$100,000 of that so far has been allocated to the cost of the foreclosure action.

Mr. Oswald asked as far as the extension of the road has the road right of way been acquired at this point where if the road is built the road right of way is already there?

Mr. Pawlikowski responded the right of way has been dedicated to the county under the current alignment. The issue is the county has after they approved the alignments on which the construction plans are based and the plans were submitted for final approval which they were the county then reversed their decision with regard to the alignment in the corner that is just south of the Sinclair Road Reunion entrance. They wanted to flatten the curve out and by doing so requires a taking of land.

Mr. Oswald asked if the road went forward and was built it would be a public road that was built by bond money that Joe and I are paying back.

Mr. Kane stated outside of the Resort actually.

Mr. Oswald stated outside of the Resort and that is what is extremely strange to those of us who don't really understand what is going on. If you took a tract _____ which I'm sure would be required there is no way in today's circumstances that road is needed.

Ms. Carpenter stated under Chapter 190 anything outside the District can be funded by the District as long as it is part of the development order which it is required as part of the development order for this development which is why it is funded with bonds through the District.

Mr. Flint stated to be able to develop Reunion part of the requirements to develop Reunion was to build these off site improvements.

Ms. Carpenter stated otherwise you couldn't have built Reunion without that agreement with the county.

Mr. Flint stated that is why the CDD can fund it, it is an off site improvement required in the development order. It happens fairly often there are intersection improvements, signalization, road widening it is not uncommon.

Mr. Oswald asked if a determination is made to not build that road can those moneys be paid back to the bondholders and get rid of that debt?

Ms. Carpenter responded generally construction funds that aren't used do go back to pay down bonds. That would be what would happen if for some reason the county said that didn't have to happen but it would be a development order change.

Mr. Flint stated there are issues there with benefit and that sort of thing if we were not to construct those improvements there may be a problem with the benefit that certain parcels are not going to receive by not constructing the road. If the improvements were not constructed the development order requirements were not met there would be issues there too.

Ms. Carpenter stated significant issues in the whole development.

Mr. Oswald asked is there a target time as to when the road is going to be built?

Mr. Flint stated the problem with that road is there was an alignment that was designed and approved by the county. The District issued bonds to construct the two-lane road on that alignment then the county came back later and said we don't like the alignment and also we may want to go ahead and four-lane it now rather than having you guys build a two-lane road and have to come back later and add two lanes to it. As a result of those discussions we have been in a holding pattern for quite some time. We tried to negotiate an interlocal agreement with Osceola County where we told them we will give you the money that it would have cost to construct the two-lane road in its current alignment, you do whatever you want to do, if you want a realignment go ahead if you want to four-lane it go ahead but we are only going to pay you


what was required under the development order for the approved alignment. That has been a year at least.

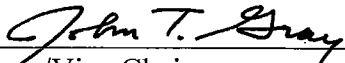
Ms. Carpenter stated almost two years of discussions with the county in trying to resolve the issue with no additional expense to the District but still complying with the order to allow the number of units.

Mr. Oswald stated speaking for the owners we are paying interest on bonds that are at 6% and I assume that money is sitting in an account somewhere generating 1% at best. That as an overview of the owners is a concern.

Ms. Carpenter stated we have been working on trying to come up with a resolution satisfactory to the county for quite some time. Right now it is probably not the county's top priority.

On MOTION by Mr. Hood seconded by Mr. Pawlikowski with all in favor the meeting adjourned at 4:12 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman