

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, March 11, 2010 at 2:45 p.m. at the Heritage Crossing Community Center, 7715 Heritage Crossing Way, Reunion, Florida.

Present and constituting a quorum were:

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| John Gray | Chairman |
| David Hood | Vice Chairman |
| Marty Pawlikowski | Assistant Secretary |
| Rocky Owen | Assistant Secretary |

Also present were:

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| George Flint | District Manager |
| Jan Carpenter | District Counsel |
| Dan Osterndorf | Latham Shuker |
| Jeff Einhouse | District Engineer |
| Judy Emens | Ginn Company |
| Brian Crumbaker | Hopping Green & Sams by telephone |

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the February 11, 2010 Meeting

Mr. Flint stated the next item is approval of the minutes from your February 11, 2010 meeting. I have been provided a couple of corrections to those minutes from Judy that we can incorporate into the minutes. Does anyone else have any comments?

There being no further comments,

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| On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the minutes of the February 11, 2010 meeting were approved as amended. |
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THIRD ORDER OF BUSINESS

Consideration of Default Expenditure Fund Requisitions

Mr. Flint stated we have some default fund requisitions in your agenda packet, requisitions 21 and 22, 21 is in the amount of \$827.56 and 22 is in the amount of \$1,714.37.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor requisitions 21 and 22 were approved.

Mr. Flint asked at this time do we want to talk about the default expenditure account budget and that issue?

Ms. Carpenter stated so that the Board knows we have Scott Clark as the Trustee's Counsel and with the change in trustee the majority of the bondholders have the right under the indenture to change the trustee and they have changed from Regions Bank to U.S. Bank which is the trustee on Reunion West, we have the same trustee now on both East and West and they also now decided to change Counsel to Brian Crumbaker so they will have the same counsel handling both East and West. It makes sense since there will be litigation against the Ginn Borrowers in both East and West and Scott Clark has left and we now have Brian Crumbaker as Trustee's Counsel. The one issue we had raised with Scott before he left as Trustee's Counsel was the fact that we had a budget for the Fourth Quarter foreclosures in the amount of \$100,000 which was the initial starting point for litigation and for title work and management and the Bond Counsel expenses associated with that. That amount will need to increase as well as the increased costs for the Ginn default lawsuits. Brian is working with George to come up with a new budget and to increase the budget under the former indenture and even though we talked about it last month it is probably appropriate for the Board to approve that and delegate to the Chairman the authority to approve that once the bondholders have come to agreement on what that amount should be so we can fund this new foreclosure. Brian, do you have anything to add?

Mr. Crumbaker responded no, I look forward to working with you on this and George if you are available on Monday we can try to get together then.

Mr. Flint stated okay.

Ms. Carpenter stated just so the Board knows Brian Crumbaker is with Hopping Green & Sams in Tallahassee. Their firm has a lot of CDD experience. I have worked with him as he has

been Trustee's Counsel on other CDDs and has done a very good job so I think that will be a good thing for the CDD.

Mr. Flint asked do you think a motion is necessary?

Ms. Carpenter responded I think we should have a motion to increase the budget and delegate the authority to approve the amount to the Chairman.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the increase for the foreclosure budget was approved with the amount of the increase delegated to the Chairman.

Mr. Crumbaker left the conference call at this time.

FOURTH ORDER OF BUSINESS Ratification of Legal Representation Agreement

Mr. Flint stated the next item is the same issue that was previously discussed regarding legal representation for the District. In your agenda packet you will see the legal representation letter authorizing the transfer of the file from Shuffield Lowman to Latham Shuker Eden and Beaudine. There is also an assignment of the professional services agreement and that assignment of the agreement indicates that the agreement with the new firm will be under the same terms and conditions as under Shuffield Lowman.

Ms. Carpenter stated I do have one change to that. I failed in the copy that is in the Board book to include the foreclosure expense engagement letter so I have an updated version for this meeting. In this case we already have an engagement letter for the default expenditures and default representation.

Mr. Flint stated the motion the Board would consider would be to ratify the legal representation letter and approve the assignment of the professional services agreement that has been provided by District Counsel.

Ms. Carpenter stated under the same terms as the prior engagement.

Mr. Gray stated I would like all the discussion we had on the other side put here so we have consistent minutes.

Mr. Pawlikowski stated I think the way we handled it last time was to refer to the discussion we had in the East.

Mr. Flint stated that would be better than to try to reproduce the text of that conversation.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the legal representation letter was ratified and the assignment of the professional services agreement was approved.

FIFTH ORDER OF BUSINESS

**Consideration of Resolution 2010-03
Amending the Fiscal Year 2010 Budget**

Mr. Flint stated the next item is consideration of Resolution 2010-03 which amends the general fund budget for Reunion West. This is dealing with the same security issue. At the last meeting the Board voted to reduce the security budget to basically \$1 on an annual basis for Reunion West and that is what this amendment does.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor Resolution 2010-03 was approved.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Carpenter stated I will say the same as on Reunion East we will begin the change in Trustee's Counsel and Dan has been looking at the Fourth Quarter lawsuits. There were two separate lawsuits because two different legal entities owned property. Dan will get the information from my old law firm and all the pleadings and make sure we are up to speed.

Mr. Osterndorf stated I am a partner with Jan's new firm. I initially looked at the two pending suits as Jan mentioned there are two foreclosure suits against Fourth Quarter Properties 57 and 58, one is two parcels the other is one parcel. The lawsuits are essentially in their infancy stage meaning they have just been filed. In response to that the defendant Fourth Quarter in each of the suits has filed a motion to dismiss and/or motion to consolidate. Essentially the motion to dismiss has been dismissed the case because on 57 they failed to include 58 and on 58 they failed to include 57 so they are trying to argue that they are related entities that own separate real estate should be involved in each others lawsuit which makes no sense to even to non lawyers. From my perspective it is a delay tactic. It is set for hearing in April we plan to attend and I have every confidence that the court will hold that position. There has been an answer filed by Wachovia Bank the lender on the property they submitted some discovery requests which essentially for them to be on notice demand information which is all publicly available records

anyway. If we have to respond it could be cumbersome and time consuming but on the other hand the hope is we can talk to the bank about the appropriate way to get the response. The hearing is set for early April and we have every reason to believe we are going to prevail in that. It will compel the defense to file an answer and then shortly thereafter we can move for summary judgment on the case and try to get a summary adjudication.

Ms. Carpenter stated on the Wachovia position the Wachovia attorneys locally have asked if they could talk to the bondholders or the bondholder representative. Brian as new Counsel is contacting his bondholders and will need to talk to them. It makes sense and we tried to delay responding to the various discovery requests to save costs if we can to see if there is a possibility of Trustee's Counsel meeting with the various entities responsible on the Wachovia side so we are still trying to work through whether to see if that is an advisable thing and see if the bondholders are interested in talking to Wachovia at this point. We will work on that negotiating part at the same time as the litigation.

B. Engineer

i. Consideration of Requisitions

Mr. Einhouse stated we have one requisition in the agenda book. It is requisition 615 from the series 2004 bonds in the amount of \$253.75.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor requisition 615 was approved.

C. Manager

i. Approval of Check Register

Mr. Flint stated the check register in your agenda packet, general fund checks 433 through 438 and the payroll register total \$149,862.38. If there are any questions I am happy to answer those. If not I ask for a motion to approve the check register.

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 from the tax roll 100% which we assume the same experience we had last year and hopefully we have the same experience with the tax certificate sales, etc. that we would still realize 100%.

Mr. Kane stated I thought there was a slow down on people buying those at this point.

Mr. Flint stated there has been a slow down but instead of having one sale they have ended up having two and three sales and eventually they have sold and we hope that would continue to happen in the future.

Mr. Kane asked so the real key then is to get something working on these foreclosures we are working on.

Ms. Carpenter stated we have also put Trustee's Counsel on notice and I asked him to advise the bondholders that if we do run short since they after these foreclosures would be an extremely large landowner that the CDD may at some point request them to help fund the O&M.

Mr. Flint stated in other districts where we have a large percentage of the properties that are direct billed and not being paid once the District is actually in default often the bondholders have a vested interest in making sure the properties are maintained so we will set up an O&M just like we have a default expenditure account an O&M account will be set up and we would submit funding requests to the trustee to be paid out of the funds from the bondholders. Hopefully, we won't have to do that but that is always the backstop.

Ms. Carpenter stated we have had success in a couple of districts having to do that when foreclosures haven't come through yet.

Mr. Oswald asked to the extent the foreclosure in the Fourth Quarter results in Fourth Quarter walking away and Wachovia walking away I would assume our ability to recover attorneys fees and costs would be somewhat negligible. Is that correct?

Ms. Carpenter responded that is probably correct.

Mr. Oswald stated we are going to spend a couple hundred thousand dollars on these lawsuits.

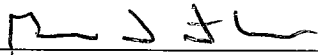
Ms. Carpenter stated which is why it is important to have the bondholder's counsel involved in settlement negotiations and discussions and how to proceed on these lawsuits because the bondholders have to decide what is the best avenue for recovery. In some cases the bondholders are well prepared to pay the O&M that would be missing for the number of months it takes to sell the property and get it turned around to another owner. In one case we actually

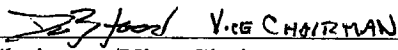
had the bondholders retained a management company who had contracts in place so as soon as the District got title or the District's entity got title they could start selling lots immediately. The Trustee's Counsel will be very active in the foreclosure proceedings to make sure however it is, there are funds to maintain the property because it is really all they are going to get more difficult for all parties if we have to resort to actually foreclosing.

Mr. Oswald asked is Trustee's Counsel being paid by the trustee or are we paying the counsel's fees?

Ms. Carpenter stated they are paid by the bondholders.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor the meeting adjourned at 3:05 p.m.


Secretary/Assistant Secretary

 VICE CHAIRMAN
Chairman/Vice Chairman