

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, June 10, 2010 at 2:55 p.m. at the Heritage Crossing Community Center, 7715 Heritage Crossing Way, Reunion, Florida.

Present and constituting a quorum were:

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

Also present were:

George Flint	District Manager
Jan Carpenter	District Counsel
Steve Boyd	District Engineer
Alan Scheerer	Operations Manager
Maxine McChesney	Ginn Company by telephone
Chirag Kabrawala	Latham Shuker Eden & Beaudine

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the May 13, 2010 Meeting

Mr. Flint stated the next item is approval of the minutes of your May 13, 2010 meeting. Are there any additions, deletions or corrections?

There not being any,

On MOTION by Mr. Beekman seconded by Mr. Pawlikowski with all in favor the minutes of the May 13, 2010 meeting were approved as presented.
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THIRD ORDER OF BUSINESS

Consideration of Default Expenditure Fund Requisitions

Mr. Flint stated the next item is approval of the default expenditure fund requisitions. You will see requisition 32, 33 and 34. Requisition 32 is for \$82.50, 33 and 34 are \$948.80 and \$940.00.

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor requisitions 32, 33 and 34 were approved.

FOURTH ORDER OF BUSINESS

Consideration of Travel Reimbursement Policy

Mr. Flint stated the travel reimbursement policy if there is no objection we will defer that to the July meeting.

FIFTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Carpenter stated my report for Reunion West is primarily on litigation matters. On the Ginn developer non-payments the same report as in Reunion East there is discussion of a potential forbearance agreement underway between the trustee and the developer and we will hopefully know something soon. The trustee is currently pursuing some consultants to give them some values and work through the feasibility of the proposal from the developer. In the meantime we have title work to begin foreclosure proceedings so we are prepared to go forward if that is necessary.

On the Fourth Quarter foreclosures we have a motion for summary judgment, which we plan to file shortly. A copy of that went to Trustee's Counsel so they can review and agree. They have asked us to push that as quickly as we can so I would say that should be filed in the next day or so.

Mr. Oswald stated once you file a motion for summary judgment there will obviously be a hearing of some sort on that. Will that hearing occur 30 days or so after the motion?

Ms. Carpenter stated it has been running more like 90 days and in Orange County we are hoping 60 days. We are hoping before the end of the summer and as quickly as possible we will have that motion. Several courts in the state have granted motions for summary judgment stating that we are in the position of a government and there really are no factual issues. We have

Wachovia who is the intermediate lender so they may certainly raise some issues as may Fourth Quarter Properties. That will be final and we hope the judge takes the position that we all agree as a government just like a county judge this is a senior lien and there should not be any factual dispute. We are pushing that as quickly as possible to get to a resolution of that.

The third matter we have the District was served with an eminent domain matter it is a small slice of land going through the Fourth Quarter Properties and we have been named since the District has a lien of record has an assessment lien. We will file an answer stating that as a lien holder and government we have an interest from our record of lien but also due to the foreclosure proceedings that if any moneys do come in those moneys will be put in the court registry until it is determined who the actual owner is to avoid Fourth Quarter getting paid for any of their property. That answer will be filed shortly. My firm is working on that now.

B. Engineer

i. Consideration of Requisitions

Mr. Boyd stated I have one capital requisition, No. 618 payable to Woolpert in the amount of \$122.50 for District Engineer to provide services.

On MOTION by Mr. Pawlikowski seconded by Mr. Hood with all in favor requisition no. 618 was approved.

Mr. Boyd stated we completed our fieldwork for the District facilities and it is in good condition and we will finalize the report before the July 1st submittal. There is nothing that requires action just normal and customary type issues. One comment we had related to erosion off of developer owned land I will take a look at that and make a recommendation as to what needs to be done.

C. Manager

i. Approval of Check Register

Mr. Flint stated you have the check register for checks 456 through 461 in the amount of \$28,270.28 and payroll register in the amount of \$554.10.

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

ii. Balance Sheet and Income Statement

Mr. Flint stated we have also provided you with the financials through April 30, 2010. There is no action required but if you have any questions on those I will try to answer them.

iii. Status of Direct Bill Assessment

Mr. Flint stated we have provided you with the status of the direct bill payments and you can see for Reunion West that the Ginn Reunion Borrowers and the Fourth Quarter Properties direct bills for O&M and debt are still outstanding.

As far as the on roll assessments the last page of the financials you will see that we are 74% collected at this point. It does not reflect any results of the tax certificate sale. We anticipate that in July that we would receive additional revenue that will increase that. Last year we ended up being 100% collected after the tax certificate sale.

iv. Cash Flow/Budget Discussion

Mr. Flint stated I have a prepared cash flow for Reunion West. This is set up like the cash flow for Reunion East. We have taken the actual through April and then we projected the last five months of the year based on our historical experience from last year. You can see that we had a beginning balance on October 1st of \$646,647 and we are projecting an ending balance on September 30th of \$107,820. This assumes no revenue from direct assessments. If the scenario continues with Ginn Reunion Borrowers and Fourth Quarter Properties not paying their direct bills we will basically be out of money in October.

Ms. Carpenter asked what is the amount of the on roll assessments?

Mr. Flint responded the on roll is \$470,829. I'm reflecting being fully collected on the on roll after the certificate sale takes place. If you were to put a total column on the far right and add up you would come to \$470,820. There is \$1,078,000 in direct O&M assessments, which are not being paid.

We had discussions as late as yesterday afternoon with Trustee's Counsel on this issue. They are aware of this situation they have asked for copies of the cash flow, they have asked for other information. We are running through different scenarios on O&M assessments that we are

going to bring back to the Board at the July meeting and they have asked to be provided copies of the different options. There is no guarantee but we are hopeful that the bondholders will understand it is in their best interest to make sure the District continues to operate and maintain its facilities. There was some indication during the course of the discussion that I think he was somewhat optimistic that the bondholders would step up and participate but we don't know at this point.

Ms. Carpenter stated George and his office did a nice job of presenting. I was on one conference call with the Bondholder's Counsel and the one thing we tried to have the CDD impose on them that not only do we need to keep up the facilities for resale but with Fourth Quarter Properties if the District takes to that the bondholders certainly have an interest in making sure the assessments are kept at a reasonable level for future development. They have many of the same interests as you do.

Mr. Flint stated we have talked about the timing of the potential forbearance agreement, the timing of the foreclosure on Fourth Quarter Properties and also the timing in the event the District has to make any adjustments to their operating and maintenance assessment levels, the timing associated with that so we are hopeful at the July meeting we will have some additional information regarding some of those issues and we will also be bringing additional information forward to the Board regarding the assessments and any adjustments you may need to consider for purposes of advertising and mailed notice.

Mr. Oswald asked in the event there is assessment as a result of what happened on the West side do the owners on the East side in any way be affected?

Mr. Flint stated the East side we have some of the same scenarios we are running but it is not as dire as it is in this situation because of the Fourth Quarter Properties comprising about half of the assessment generating capability. There are going to be some discussions on East also about potential adjustments to assessments and I forgot to mention that at the Reunion East meeting but we will be talking about that in July as well. We also just to let everyone know we are looking at the method we are allocating costs between East and West as well. Right now we are allocating based on the number of planned units in East and planned units in West and that is where we come up with that 57% and 43% allocation of costs but there are situations where you allocate based on platted lots for example and if you were to look at that scenario it would

change the cost allocation between East and West. It is something we are looking at and is something we are going to be talking more about in July.

Mr. Oswald stated it seems like the reserve in Reunion East could last a few more years but for West it looks like will run out.

Ms. Carpenter stated that is why the trustee has asked us to pursue the Fourth Quarter Properties foreclosure quickly now and get that moving because they are understanding now the cash flow issues.

Mr. Flint stated the issue in West is that Fourth Quarter hasn't paid. It was on the tax roll they didn't pay their taxes no one bought the tax certificate because it was a \$1.3 million certificate so there are not many people out there buying tax certificates over \$1 million. Then we made the decision to take it off the roll because it is unplatted and direct bill it. We direct billed it for two years now and it hasn't been paid so what is happening is any reserve that was built up has been depleted over time because of the K-Hill property and now because of Ginn Reunion Borrowers.

Mr. Oswald asked is this shown on the tax bill as special assessment or something different?

Mr. Flint stated any adjustment that will be made to the assessments will show up the same way it has always shown up. It shows up as a non ad valorem assessment on the tax bill down at the bottom.

Ms. Carpenter stated this is not a special assessment this is just the annual O&M. Every year the Board adopts a budget and that amount is set for the year and that will go on the tax roll along with the debt assessment. That would just be the amount that would be for next year whether that will go up and how much.

Mr. Flint stated the reality of it is if after next year the circumstances change it would be brought back.

Mr. Glasser asked how aware is this group about the current financial situation?

Mr. Flint stated I can't answer that because I don't communicate with Lupert Adler but all this information is available. Mike Searles is aware of this information with Reynolds who is Lupert Adler's development arm in this situation. They are aware of it and that information works it way up to Lupert Adler.

SIXTH ORDER OF BUSINESS

Other Business

There not being any, the next item followed.

SEVENTH ORDER OF BUSINESS

Supervisors Requests and Audience Comments

Mr. Oswald asked assuming a successful foreclosure, assuming that title to the Fourth Quarter property is sold I understood from today that the O&M is still paid by someone?

Mr. Flint stated they would be made out of the proceeds of the sale.

Mr. Oswald stated that assumes the property is sold.

Mr. Flint stated right.

Mr. Oswald stated consequently if the property isn't sold then there is no money available?

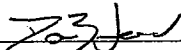
Ms. Carpenter stated generally there is not. In that case the CDD would end up taking title or the trustee would take title and some special purpose entity and then try to negotiate the sale and somehow recoup this.

Mr. Oswald asked assuming the sale of the property best case scenario the bondholders do they take the proceeds of that sale? Do they make any of the proceeds available for O&M?

Ms. Carpenter stated it is not explicit in the bond documents how that would happen but since they are still owning other security they have the same interest that you do as a property owner in the District. They would have to ensure there is enough assessment money to keep the District running. No one is going to take the money and run because everyone is tied into the project whether it be the new owner who has to figure out if they are going to come in and keep it running or the bondholders if they are not made whole, they have to keep the project up and running for the balance of their bonds.

On MOTION by Mr. Pawlikowski seconded by Mr. Owen with all in favor the meeting adjourned at 3:17 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman