

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, August 11, 2011 at 3:10 p.m. at the Heritage Crossing Community Center, 7715 Heritage Crossing Way, Reunion, Florida.

Present and constituting a quorum were:

David Burman	Vice Chairman
Marty Pawlikowski	Assistant Secretary
Lee Beekman	Assistant Secretary
Rocky 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
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 and June meetings. Are there any comments on the minutes?

There not being any,

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.
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**THIRD ORDER OF BUSINESS**

**Consideration of Default Expenditure  
Requisitions**

Mr. Flint stated the next item is consideration of default expenditure requisitions. Requisition 69 in the amount of \$214.95, 70 in the amount of \$1,885.95, 71 in the amount of \$1,830.33, 72 in the amount of \$775, 73 in the amount of \$1,297.60, 74 in the amount of \$2,696.41 and 75 in the amount of \$2,640.27. These are remitted to the trustee for payment out of the trust funds for costs associated with the foreclosure.

On MOTION by Mr. Pawlikowski seconded by Mr. Burman with all in favor requisitions 69 through 75 were approved.

#### **FOURTH ORDER OF BUSINESS**

#### **Discussion of Memorandum Regarding Compliance with ADA 2010 Standards**

Mr. Flint stated the next item is the memorandum regarding compliance with ADA 2010 standards.

Mr. Little stated certain portions of the Americans with Disabilities Act were amended and the U.S. Department of Justice issued new standards for accessible design. In most cases the existing structures are exempt from these new standards for accessibility, however, specifically some facilities of certain types and nature are affected. Essentially these facilities will have to be retrofitted or modified in order to comply with accessibility standards prior to March 15, 2012. Therefore, based on these changes and this new requirement we are recommending that the District seek advice from a qualified professional to review the District facilities and recommend any necessary actions to keep in compliance with these new standards.

#### **FIFTH ORDER OF BUSINESS**

#### **Consideration of Proposal from McCranie & Associates to Provide ADA Review Services**

Mr. Flint stated the next item is consideration of the proposal from McCranie & Associates. This was approved by Reunion East it is a shared cost it is not an additional \$4,510, it would be split between both districts based on the allocation of O&M expenses to each district. Because both districts will be paying a portion of these costs it is in the Reunion West agenda as well and I ask for a motion to approve.

On MOTION by Mr. Pawlikowski seconded by Mr. Burman with all in favor the proposal from McCranie & Associates was approved.

**SIXTH 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 the next item is a public hearing to consider adoption of Resolution 2011-04 which is a resolution approving the Fiscal Year 2012 budget. The Board previously approved a proposed budget in May that was transmitted to Osceola County at least 60 days in advance of today and the public hearing was advertised two times in the Orlando Sentinel. The attachment to the resolution is the proposed budget. Because this budget is tied with the Reunion East budget and there is an allocation of costs to the extent that Reunion East has continued their budget hearing and any changes are made it may affect this so we suggest that we open the floor to public comment and continue this public hearing as well.

We will open the floor for public comment on the 2012 budget.

Mr. Glasser asked could you explain why in the combined figure the gatehouse expenses are going up from \$7,000 to \$15,000? It is a 100%+ increase.

Mr. Showe stated if you look at the projections for 2011 when we first looked at it we weren't sure what the costs were going to be and in looking at 2011 we are projecting that we are going to spend nearly \$14,500 so we thought to do a prudent budget we would budget that amount for next year.

A resident asked why did it go up over the budget?

Mr. Scheerer responded most of that is expense related whether it is gate operators, we have all the expenses for the gatehouse so there is maintenance on it, air conditioners have broken down, we lost motors on the gate operators, we have units that have been hit and in some of these locations there are no camera systems on the gates so we get a call from security indicating that the gate has been hit and we respond to that and these aren't cheap costs. I'm not saying we are expending the entire \$14,500 but to take actual figures from this year and project them into next year is all we have done based on the current expenses for this fiscal year.

Mr. Glasser stated it seems to have come out of the contingency expense, which goes down from \$25,000 to \$4,000. Does that mean there is no money for contingencies? Again, I'm combining the two budgets.

Mr. Showe stated it does draw it down. We try to do the best we can and keep the assessments level without increasing assessments. There is a decrease in the contingency.

Mr. Glasser stated the contingency proved through to September looks as though you are going to spend nearly \$20,000 and next year there is only \$4,000. The contingencies are always there it is a question of how you are going to keep with the budget.

Mr. Flint stated we are going to do the best job we can of managing our budget. Sometimes as Alan indicated there are expenses that come up that are unanticipated. Reunion East has \$1.5 million in reserves Reunion West has \$85,000 to the extent that money is not adequate in the contingency fund there are other available funds that could cover those expenses. We have tried to balance this budget by keeping the assessment as level as we could and throughout the year we produce monthly financials if it appears there is going to be an issue we will bring it to the Board's attention.

My suggestion would be that the Board consider continuing the public hearing to September 8, 2011 at 2:00 p.m.

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 8, 2011 at 2:00 p.m. in the same location.

**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 Resolution 2011-05, which is a resolution imposing special assessments.

I will open the public hearing and ask if there are any public comments and then I will ask that this hearing be continued to September 8, 2011 at 2:00 p.m. and at that point if there are additional public comments they can be taken at that time as well. Hearing no public comment we will bring it back to the Board.

On MOTION by Mr. Pawlikowski seconded by Mr. Burman 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.

**SEVENTH ORDER OF BUSINESS**

**Staff Reports**

**A. Attorney**

**i. Status of Pending Foreclosure Actions**

Mr. Little stated there are two in Reunion West, one pertaining to Ginn Reunion Borrower parcels and the other pertains to Fourth Quarter parcels. The status on the Ginn Reunion Borrower parcels is exactly the same in West as it is in East, those two pretty much track each other simultaneously. The same thing I said in East, currently complaints have been answered by both defendants in the Ginn Reunion Borrower suit, that is Morgan Stanley Trust with Wells Fargo as trustee and the actual owner Ginn Reunion Borrower. They both filed an answer with affirmative defenses we filed a motion to strike the affirmative defenses asserted by Morgan Stanley and a hearing has been set for September 14<sup>th</sup> to hear that motion to strike with respect to their affirmative defenses. The ones asserted by Ginn Reunion Borrower is better dealt with a summary judgment which assuming we don't get any settlement negotiations cropping up any time in the near future we will be moving in that direction and file a summary judgment in that action.

With respect to Fourth Quarter parcel the good news is it appears we have a tentative settlement agreement in place as of today. We don't have a document yet I can't go into any details with the Board but it looks as though they have reached an agreement with respect to that litigation and between the District and the mortgage holder on that parcel, which is Wachovia/Wells Fargo the actual owner has never really participated in that lawsuit and does not appear to have mounted any defense whatsoever in that lawsuit. Our intent once we have a settlement arranged with Wachovia is to move forward seeking summary judgment against the owner which we don't anticipate there will be any resistance there and then we complete the foreclosure hopefully relatively soon. The big hurdle was getting Wachovia/Wells Fargo to settle which they have and after it appears there won't be any more impediments to completing that lawsuit.

Mr. Flint asked could you provide information to the Board members independent of this meeting under attorney/client privilege since there is active litigation?

Mr. Little responded yes. Eventually it will come to the Board in a closed session for settlement negotiations and we can approve it then. If you have any questions you are welcome to contact me individually and we can discuss that in a privileged environment.

Mr. Glasser asked is there interest component of the settlement of all these bad debts?

Mr. Little stated when you foreclose you don't collect the money you take the property. You are not getting any money back. There is interest that runs with respect to what is outstanding that you are owed but that only goes towards your credit bid in foreclosure sale. That is why we are hopeful in all of these suits that the people want to settle and work on some type of arrangement to generate cash flow. We, of course, prefer not to take the property, we will if we have to which is the recourse of the District under its assessment lien but as far as interest being generated there is but it only goes towards increasing your credit bid at the foreclosure sale. As soon as a foreclosure sale occurs we enter our credit bid. If anyone outbids us we get paid our judgment but if no one does we get the property so essentially there won't be any cash flow if we end up taking the property. We have the property as our security and then we will enter into an arrangement to market and sell that property and that will generate cash to cover those back due assessments.

Mr. Glasser asked what is the rate of interest?

Mr. Little responded under the original assessment resolution it was 1% a month on outstanding unpaid delinquent assessments. I haven't kept up with calculating the interest all these months that will be done for the final judgment.

A resident asked will you clarify for me where this property is?

Mr. Little pointed out the Fourth Property parcels on the map.

## **B. Engineer**

There not being any, the next item followed.

## **C. Manager**

### **i. CDD Action Items**

Mr. Flint stated we have the action items list. Davenport Creek there was an effort to do some cleanup and I have been told that Austin Outdoor has completed that work. We can change that from in process to complete. The issue of street lighting on Grand Traverse Alan has been communicating with Progress Energy about the costs for installing streetlights on that section of roadway.

Mr. Scheerer stated we met on site with Progress Energy and their staff to get a cost estimate for installing lights along Grand Traverse Parkway from Traditions Boulevard. One of

the suggestions was that we go with the standard type plain concrete pole with a regular highway light on it up to the bridge and then from the bridge back to the Twin Eagles Loop area where the lights begin that we go with the Victorian pole with the Flagler head. That was option no. 1. The upfront cost of that is approximately \$36,260.31 and that would include running all of the underground, all the wires, all the trenching, all the directional drilling just to get the electrical in place. The total amount of lights is 15 light fixtures is what they deem appropriate for that road and the estimated monthly cost to the District would be \$350 a month with a \$700 deposit which appears to be just two months rent in advance.

The other option was to keep everything consistent, we all have pretty much a 16 foot Victorian pole with the Flagler head, 100 watt bulb and 15 of those fixtures as well the upfront cost for the utilities is \$33,757.79, the monthly rental is \$520.80 and deposit of \$1,042 would be required.

Typically the developer has always paid for the installation of these lights and the contracts were turned over to the District. There is a significant upfront cost involved in getting the lights going. The monthly cost isn't too extreme.

A resident asked did I hear correctly that the hybrid approach is more expensive than the custom approach?

Mr. Flint responded the upfront is a little more but the monthly is less it is \$350 versus \$520.

A resident asked there is a \$3,000 difference upfront?

Mr. Flint responded we have the proposals.

A resident stated personally I would go with the Victorian and everything stays the same and we will recoup the \$3,000 on the O&M side.

Mr. Pawlikowski stated I think the difference is that the money you are paying upfront is wiring and the physical installation and the pole. Because of the fixture type that is why you pay higher for the one that is more consistent with what we have because that is how they are getting paid. None of it includes the actual pole and light fixture and bulb, that is the monthly rate.

Mr. Flint stated I don't know if there is any action the Board wants to take today. We don't have the \$30,000 in the budget at this point. We will provide these to the developer and see if there is any interest in contributing to that.

A resident stated I hope as a resident of Reunion they recognize the importance of lighting that area. Under normal conditions you can survive but in inclement weather you cannot see anyone walking or bicycling in that area without some kind of illumination so hopefully we will get that.

A resident stated you said that the developer typically pays for the installation so the developer will typically pay the \$30,000. Is that right?

Mr. Scheerer stated I would say that back in the day when the District assumed the maintenance contracts the cost to install those was done by the developer. Will he do that I don't know and that is the reason I made that statement. We never had any upfront cost come to the District it was usually just the monthly invoices that we had for the rental.

Mr. Glasser asked isn't it a statutory requirement that the roads are lit?

Mr. Little stated the land development code is not there.

Mr. Boyd stated I can't recall anything in the land development code that requires it be lit.

Mr. Glasser stated this is a chunk of street in the middle of the rest of the lights it is not as if you go to the end of the road and there is a dirt track. This is right in the middle. I think it should be presented to Mike Searles with a legal defense that it is a statutory requirement or it isn't.

Mr. Boyd stated I can look into that. The reason that got left out was the development schedule they were going on with a permanent planard and when that development never happened the lightings fell through.

Mr. Glasser stated the real problem is the bridge, the real problem is the approach on both sides of the bridge there is no lighting and it is a danger.

Mr. Boyd stated I will look into what rules may apply that can be shared with Mr. Searles when you meet with him.

## **ii. Approval of Check Register**

Mr. Flint stated the next item is approval of the check register from June 1 to June 30<sup>th</sup> in the amount of \$10,362.28 and from July 1 to July 31 for \$19,710.12.

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

**iii. Balance Sheet and Income Statement**

Mr. Flint stated next is the balance sheet and income statement through the end of June. There is no action required but if you have questions we can discuss those.

**iv. Status of Direct Bill Assessments**

Mr. Flint stated you have the status of the direct bills, which has not changed since the last time you saw that report.

**v. Approval of Fiscal Year 2012 Meeting Schedule**

Mr. Flint stated the next item is approval of the meeting schedule for Fiscal Year 2012. The suggested meeting schedule is consistent with the current practice of meeting on the second Thursday in this location.

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

**EIGHTH ORDER OF BUSINESS                      Other Business**

There not being any, the next item followed.

**NINTH ORDER OF BUSINESS                      Supervisors Requests**

There not being any, the next item followed.

**TENTH ORDER OF BUSINESS                      Audience Comments**

A resident asked what happened with the extension of Sinclair Road?

Mr. Little stated we talked about that at length at the last meeting. You can see some of the conversations in the minutes. The details escape me but essentially it was a DRI requirement of the developer. Either there hasn't been a trigger to that yet or they haven't fulfilled it, whatever the case is they haven't constructed it. There was money set aside in the CDD's capital

construction account for the construction of that road but it is not a CDD obligation. There was one attempt to negotiate an arrangement whereby the CDD would use the money it had set aside for that improvement in lieu of the developer constructing the road but that broke down in a disagreement between the county about plans they had already approved that had a certain price which they approved our plan and we said okay we will build it in accordance with those plans. Then they changed their mind, the plans were changed some modifications were made and the price went up and they wanted us basically to sign up to pay for the cost no matter what it was. Considering it wasn't our obligation to begin with the District didn't sign up for that because who knows what the cost overruns might have been. Right now it is in limbo until there is more development in that area I suspect would be the main driver behind that.

Mr. Flint stated the bondholders also have control of the funds.

Mr. Little stated because of the default the bondholders have control over the construction account money. Considering it is not an obligation of the District I don't see the District or bondholders allowing those funds to be spent on that.

Mr. Pawlikowski stated the only caveat I would put to that is that if the bondholders and the CDD gets the property through the foreclosure process it would be in the best interest of the CDD as the property owner to put the improvement in because a building permit would probably not be issued for any of the properties the CDD would inherit in the foreclosure proceeding and in addition to that you would have a very difficult time selling the property and it going through a substantial due diligence where somebody knew what they were doing to get to a closing table.

Mr. Little stated the parcels in foreclosure are adjacent to that proposed roadway and that may be the driving force when and how it gets developed may dictate when the extension is put in place. Marty makes a good point it is in the bondholders best interest to make sure that property is viable.

A resident asked what does continuing that down through there affect the value of the property?

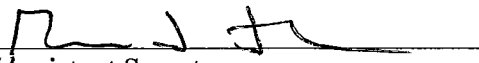
Mr. Pawlikowski responded it is not a question of affecting the value it is a question of being able once you closed on it to develop it.

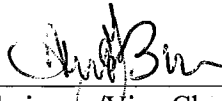
Mr. Burman stated I think you are talking about the extension of Sinclair extension down through Happy Trail we are talking about the Sinclair extension on the north side.

Mr. Pawlikowski pointed out on the map the section of Sinclair extension he spoke of.

Mr. Flint stated the traffic counts generated by that property require that improvement to be made so if that improvement is not made you won't be able to develop that property because you won't have the capacity on the roadway system.

On MOTION by Mr. Burman seconded by Mr. Burman with all in favor the meeting adjourned at 3:40 p.m.

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman