

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, September 8, 2011 at 2:45 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
Alan Scheerer	Operations Manager
Jason Showe	Assistant District 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 August 11, 2011 Meeting

Mr. Flint stated the next item is approval of the minutes of the August 11, 2011 meeting. Are there any additions, deletions or corrections to the minutes?

There not being any,

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor the minutes of the August 11, 2011 meeting were approved as presented.

THIRD ORDER OF BUSINESS

Consideration of Default Expenditure Requisitions

Mr. Flint stated the next item is consideration of the default expenditure requisitions. We have requisitions 76 for Latham Shuker for \$950.32, 77 for Latham Shuker for \$950.42, 78 for \$1,214 for Latham Shuker and 79 invoice from Reunion West CDD for \$750 for reimbursement.

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor requisitions 76, 77, 78 and 79 were approved.

FOURTH 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 the continued public hearing to consider adoption of the Fiscal Year 2012 budget and imposing assessments for Fiscal Year 2012. I ask for a motion to open the continued public hearing.

On MOTION by Mr. Pawlikowski seconded by Mr. Burman with all in favor the public hearing was opened.

Mr. Flint stated this is a public hearing so I ask if there are any members of the public that have comments on Resolution 2011-04 or the attached proposed budget for Fiscal Year 2012. This budget was in the previous agenda and has also been posted on the website and available.

Hearing no audience comment is there any discussion from the Board on the resolution or the budget?

There not being any,

On MOTION by Mr. Pawlikowski seconded by Mr. Owen with all in favor Resolution 2011-04 was approved.

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor the public hearing was closed.

B. Consideration of Resolution 2011-05 Imposing Special Assessments and Certifying an Assessment Roll

Mr. Flint stated the next item is the continued public hearing to impose special assessments. There are two attachments to that resolution one is the budget that was just approved and the other is the assessment roll reflecting the per unit amounts that were contained in that budget.

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor the public hearing was opened.

Mr. Flint stated the public hearing is open. Are there any members of the public that would like to provide comment on the resolution or the assessments? Hearing none we will bring it back to the Board for consideration of the resolution.

On MOTION by Mr. Pawlikowski seconded by Mr. Owen with all in favor Resolution 2011-05 was approved.

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor the public hearing was closed.

FIFTH ORDER OF BUSINESS

Staff Reports

A. Attorney

i. Status of Pending Foreclosure Actions

Mr. Little stated two updates to the litigation, one being with respect to Ginn Reunion Borrower foreclosure suit. This one tracks parallel to the one in the East so I will reiterate what I said in the East meeting and that is that we have a hearing on our motion to strike affirmative defenses set for next Wednesday set forth by the defendant Morgan Stanley in that suit again so as soon as we begin a hearing on that motion depending on the outcome of that we will be in a position subsequent to that to move for summary judgment against both the defendants in that particular lawsuit. The other foreclosure lawsuit in Reunion West is with regard to the Fourth Quarter Properties the one that has been going on for quite some time. I think I reported at the last meeting that there were some negotiations with respect between the District and the lender on this parcel, which is Wachovia/Wells Fargo. It appears that they have at least agreed on substantial terms of that settlement agreement and is currently in the process of being reduced to

writing, the negotiations with respect to the settlement agreement itself. We made the terms of that settlement and assuming that goes forward we would then be in a position to move for summary judgment against the remaining defendant, which is the actual owner of that property, Fourth Quarter 57 and 58. They have not been active in this lawsuit, we don't anticipate that there will be any push back from them in particular but we won't know until we move for summary judgment, which again will come soon after we achieve a settlement with Wachovia, which is imminent it appears. I will keep you posted on that with respect to that lawsuit and we will know a lot more after next Wednesday on the Ginn Reunion Borrower suit.

Mr. Greenstein stated relative to the settlement that is achieved with Wells Fargo that settlement that dollar amount I am assuming is, you are shaking your head.

Mr. Little stated you have to understand they are just the lender on the property so they had previously contested the litigation. I'm not at liberty to speak about the particular terms of the settlement but our recourse as a District is against the property so whatever arrangement we made with them won't necessarily have an immediate impact. It is not like we are in a situation where they are going to be paying us money. Our security for those assessments is the real property itself so we will continue our foreclosure to essentially foreclose on the property if in fact no one comes to the sale and purchases it, etc.

Mr. Greenstein asked so let's talk theoretically since you can't talk about the specific case. Of what interest is it to the District to enter into some form of agreement with one of the lien holders, which in this case is the bank?

Mr. Little responded first and foremost clearly this litigation has gone on for an extended period of time because of Wells Fargo's position they were going to challenge it every step of the way and drag it out, etc. Having them remove themselves from the suit is certainly an advantage to the District.

Mr. Greenstein stated so basically it is a huge plus for a strategic or jurisdictional or logistical type of arrangement not necessarily a monetary one.

Mr. Little stated I don't want to characterize it at this point but I think that someone who has been litigating heavily a lawsuit agrees in some way to not continue to do that is certainly an advantage.

Mr. Flint stated the Board is going to have to approve the settlement so it will be public as far as the terms go but right now because of the ongoing litigation it can't be. Oftentimes

districts or bondholders will negotiate with a lien holder to take them out of the process either by purchasing the note from them or getting them to agree not to contest or some other arrangement, even though they have a loan against the property we have a priority position over them. It doesn't mean that there aren't costs that we would incur if they contest, etc.

Mr. Greenstein stated so hopefully the settlement will remove an obstacle and put the District in a position that a court could ultimately render summary judgment.

Mr. Little responded yes. Based on the fact that they haven't been active in this lawsuit it doesn't appear that they are going to contest it. The settlement with Wachovia would appear to remove the major impediment to the solution.

Mr. Greenstein stated I think several of us in the audience may have been led to believe and it wasn't based on anything you said maybe because it was not said that since Wells Fargo has an interest in the property at one time they were talking about a forbearance agreement and other things and maybe it was back in those days at least personally I thought we were talking about some kind of payment of arrearage in order to possibly get the Board to try to back off on the foreclosure or anything along those lines.

Mr. Little stated that was presented to them as an option, the whole time we would rather have somebody pay the assessments than foreclose on the property and we had hoped for a long time that Wachovia would step into the shoes of the owner and repay those delinquent assessments rather than us having to continue a foreclosure suit because we and the bondholders just want the money. That didn't happen for whatever reason they elected not to do that so that is where we are now.

Mr. Greenstein stated so Wachovia is walking away from the deal. Is that a way of looking at it both as to Fourth Quarter and the CDD.

Mr. Little stated I really don't want to get into specifics of what Wachovia may or may not be doing or what they want to do.

B. Engineer

Mr. Boyd stated on your status report there is an item. There is a question regarding streetlights on a portion of Traverse Parkway where there aren't any. Following up from Mr. Glasser's question during audience comments last month I went back and looked through Osceola County rules and land development code and also spoke with the public works director

and Osceola County does not have a requirement that subdivision streets be lit. Their only requirements pertain to bus stops and intersections where the speed limit is 45 mph or greater. That request to look into that was made for the purpose of seeing if there is a regulatory reason that the CDD could somehow move forward with getting the bondholders or the developer to complete the street lighting at that location. Unfortunately, there is nothing regulatory that we can use for that purpose.

Mr. Flint stated at the last meeting we had provided the Board with a couple options and costs associated with installing the street lights in those areas and as you recall the one had an upfront cost of \$33,757 and a monthly rental of \$520 for the Flagler 100 watt black and 1600 watt and the 16 foot Victorian singles. The less expensive poles there was a potential of the combination of the Flagler/Victorian and then some concrete poles and the upfront cost was actually higher at \$36,000 and the monthly cost was slightly lower at \$350 per month. I think the Board talked about whether there was a regulatory requirement to install those lights and also you had asked if we would deal with the developer to see if the developer had any interest in contributing to the cost of the installation of those. I haven't ascertained the interest of the developer in participating in that. I do think that it wouldn't hurt to try to access the construction funds and see if there is any willingness. It doesn't hurt to ask we could always submit a requisition for the installation and see if the bondholders would release the funds for the installation of the poles. The only thing they could say would be no and then we would have to carry the monthly rental cost is not significant and could be absorbed within the current budget.

On MOTION by Mr. Burman seconded by Mr. Pawlikowski with all in favor staff was directed to request the bondholders to release construction funds sufficient to install the lighting along Traverse Parkway.

C. Manager

i. CDD Action Items

Mr. Flint stated that is the only action item I had.

ii. Approval of Check Register

Mr. Flint stated the next item is the check register in the amount of \$10,838.02 and the detail is behind the summary. If there are any questions I will answer those for you and if not I would ask for a motion to approve the check register.

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 I also provided the balance sheet and income statement through the end of July. There is no action required but if you have any questions on the financials I will try to answer those for you.

iv. Status of Direct Bill Assessments

Mr. Flint stated we also provided a status of the direct bill assessment, which have not changed since the last meeting.

SIXTH ORDER OF BUSINESS

Other Business

There not being any, the next item followed.

SEVENTH ORDER OF BUSINESS

Supervisor's Requests

There not being any, the next item followed.

EIGHTH ORDER OF BUSINESS

Audience Comments

Mr. Greenstein stated I'm not going to replace anybody who is in absentia today. I know that you all recognize the importance of putting in the Grand Traverse street lighting. Whatever you can do to make that happen as quickly as possible you need to do it. We just don't want an accident there, with the crazy 4:00 p.m. rains it gets real dark and you can't see.

Reunion West pays 30% of the management services agreement so it is an expense item in the Reunion West budget. I'm still stewing personally over the resort as represented by Mike Searles in not being willing to at least meet us 50/50 on the cost of that. Everyone is affected by the floor, the floor has needed replacement for a year at least. They are taking a position and I am recommending to the Board that we don't replace the floor that we will live with it until we

have a new management services agreement in place but we didn't do that. I'm just saying for the record that I am personally disappointed and this is on behalf of the advisory board that I sit on the ABOG business committee that it seems like I am going to have to put on my old legal relations hat and have my bartering chips in my back pocket and not that I'm sitting at the table because it is the Board that is working on the agreement or your firm, George, representing the Board assisting in management and developing that new agreement but there should be no circumstance in the future where a wear and tear item where 95% of the folks who go in there are resort guests where the CDD has to pick up the tag for replacing a wear and tear item. Again the opportunity to be a mench come forward do the right thing and it wasn't done. That is just the way it is and we will go forward. We will again recommend that what we proposed would be put in that document that a lot of us could see the light of day I would hope that we could get some feedback from the Board in that we don't want this thing going on infinitum. We are hoping this next quarter coming up we could work it out so effective January 1 we have a budget in place that represents and includes a new management services agreement. We also have ideas, we have been discussing things relative to the use of this facility, how it is used, it is a community room, a community facility but we know it has some banquet business here, not as much as it used to have, it does not have a full kitchen but as members of the club as members of the community we do not have all the amenities that we were told we would have in the first place and the things that we would like. We don't have a members only facility. They wanted to put up a temporary facility over on the West side down the dirt road behind the toilets. We have this facility here and I'm not saying it is the ideal facility but it is owned by the CDD maybe we should give it some thought to using this facility for members only events and members only activities. Not a resort business model the CDD would operate. This facility is underutilized and we pay to maintain it and the stables is another story that needs to have someone look at it and come up with a way to utilize that facility short of bringing in a bulldozer. We should do that within a short period of time or we will live with it for another six or seven years and use it for a laundry and storage facility unless we do something about it.

Mr. Gardner stated I haven't been to your meeting before. I may be going in the wrong direction but we had some talks last year about the possibility of building a clubhouse a temporary facility over on the West side on the piece of land that sits next to the putting green. I was told on several occasions, I am on the golf committee, and was told they were looking at

purchasing or renting some double wide trailers and setting them over there and then the whole thing got stopped because we were told that was CDD land or couldn't find out who owned that land. Is there any way I can get a clear understanding of why we can't go forward with putting the trailers there?

Mr. Burman stated I don't think that has anything to do with the CDD. The resort may have talked about that.

Mr. Gardner stated I was specifically told by the resort that the CDD put a stop to it because it was your land. Is that wrong?

Mr. Flint responded it has not been brought in front of the Board. I am not aware of that issue.

Mr. Gardner stated I just want to know which direction to pursue.

Mr. Burman stated that is not CDD land, there is nothing over there significant enough to build a clubhouse on that is CDD land.

Mr. Gardner stated there is a pad that sits over there that was for the building of a clubhouse early on before Ginn left.

Mr. Burman stated there is A6 parcel there that is supposed to be the low rise condominiums and the West side clubhouse and all that but that is developer land, that is part of the Ginn Reunion Borrower issue.

Mr. Gardner stated in other words we can't touch it because we don't own it.

Mr. Flint stated it is not a CDD issue.

Mr. Gardner stated I'm just trying to get an understanding of it.

Mr. Pawlikowski stated if the land as a generic overall view if it is not within the right of way of the roadways it is not CDD owned land, except for the pool and the building and the stables.

Mr. Gardner stated then I will pursue it in another direction.

Mr. Pawlikowski stated which would be an issue because Ginn LA Borrower is the current title holder of it, it is under a foreclosure proceeding by the CDD and it is also in default with the lender Morgan Stanley and whoever else is involved in that. I think resolving that and trying to put something out there you might as well get in line.

Mr. Staskiel stated it appears that Mike Searles didn't have the opportunity to get the comments that Don and Mark and the rest of the business committee put together until immediately before the meeting and maybe didn't even happen yet. Is that correct?

Mr. Flint responded I would have assumed that Mark or Don would have provided those to Mike. I didn't provide them to Mike. Mike is not on the Board or related to it. I did talk with Mike earlier today and I emailed him while I was sitting here. I didn't realize he hadn't seen it.

Mr. Staskiel stated the bottom line in Mr. Searles defense for the first time today he heard about the issue and that there was an expectation that was never presented to him. In his defense that was never but the overriding issue is I hope that the CDD aggressively does look at it, I know it is the management services company but look at pressing Reunion to look at the management services agreement in a way that (1) reflects responsibility better like David said, there are four different ways to describe ordinary wear and tear and it really applies to that carpet, you have to think most is past the \$2,500 issue but you can go to court a long time arguing over that \$2,500 applies there which was poorly drafted and I would hope while we are going through this month to month that somebody in the CDD takes it on to push this thing forward as with Mr. Searles. I'm sure if they want the help of Mark or Don or anyone of the ABOG in that process they will gladly do so. To hear that it was an agreement for him too and he hadn't seen the comments from the homeowners was a little disappointing.

Mr. Harding stated I guess our approach was to say the CDD Board you are in control as far as Reunion Resort and they work for you in a sense as far as this whole contract is concerned so our approach was give it to you and hope that most of the Board has read some of the recommendations.

Mr. Flint stated they have all read it.

Mr. Harding stated a lot of good management, common sense practices that are in that thing that that would be pushed on and to some extent Mike Searles shouldn't have a vote.

Mr. Flint stated he is a party to the agreement.

Mr. Harding stated essentially you go to another outfit.

Mr. Greenstein stated the only thing that is surprising and we all know it has to be soon but before we had the last meeting and I submitted that document in advance and I indicated our intention to share it with the Board and get the Board to evaluate it and move in that direction I know you indicated you had a conversation with Mike before that meeting as well as getting

back to me and the summary of that discussion was that the resort's concern was with the revenue stream.

Mr. Flint stated I don't think that is fair.

Mr. Greenstein stated what I walked away with was the idea that if we were proposing something that specifically said we think the payment should be zero or they should be paying us or anything inflammatory that we probably wouldn't get off square one we would just walk away and out the door. We deliberately did not put anything in there that was inflammatory. We left it up to negotiation so we had a little discussion and I would have thought that meant he had seen the document over the past month that had to do with some behind the scenes discussion.

Mr. Flint stated I think you handed the document out at the meeting so I didn't have it before the meeting when I had the conversation with Mike. When I talked with Mike the intent of talking with Mike was to make sure that on October 1 all of a sudden the doors don't get shut on the facilities and we don't have anyone operating it. My conversation with Mike was will you agree to extend this on a month to month until we get it renegotiated and the issues addressed and he said he would and I said will you do it at the same cost as we are currently paying and he said yes he would. That is the extent of our conversation and I didn't realize you guys hadn't in tandem because the ABOG you guys communicate with Mike and the resort, you were created by them.

Mr. Greenstein stated we were in-between meetings.

Mr. Flint stated you were created by them so I was under the assumption that you were having a separate discussion with Mike about your concerns and then we would all sit down and work through it. The reality of it is there is a lot of gears in this machine, we have bifurcation, we have a lot of issues going on and my intent was let's not have the wheels fall off the thing let's get a little breathing room, not extend it out infinitum forever but let's make sure we have a mechanism in place to at least keep the doors open while we have the discussions.

Mr. Greenstein stated I thought John Gray as a Board member would receive a copy of the document and through that connection.

Mr. Pawlikowski stated there is no longer any connection between Mr. Gray and the resort. He is no longer employed by them, resides here on the property.

Mr. Greenstein asked when did that take place?

Mr. Pawlikowski responded prior to the last meeting.

Mr. Flint stated he is still on the Board, he is actually traveling right now.

Mr. Greenstein asked if it has not already been adjusted on the site he is not sitting in the position he did?

Mr. Pawlikowski stated that is correct. The other thing I would like to say and I don't speak for the rest of the Board members and I can only speak for myself based on what progressed today in the meeting I even see something now in the agreement that needs to be tweaked from the perspective in relation to the \$2,500. \$2,500 may be a maintenance issue as it relates to what I would call capital improvements related to the mechanical facilities as opposed to maintenance of the overall building so that we aren't making adjustments when it becomes a resort issue there is a shared process and then on mechanical things like the air conditioner failure that obviously would seem to fall within the CDD. I think it is fair to say that the original document when it was drafted no one ever thought the situation would be the way it is.

Mr. Burman stated I know you guys know this but Reunion Resort is not the entity. There are very few other entities out there that you would want running these facilities.


Mr. Harding stated the services agreement should favor the best interest of the CDD not necessarily the developer, certainly the resort has a vote in the process but the way the document is written and maybe at the time it was written it certainly favors the developer.

Mr. Burman stated the good news is that there are talks and we will go forward.

Mr. Greenstein stated I hope we have reached the point and we have said this before where the resort has matured we have matured, they put in these facilities for various reasons, it helped them get off the ground and now we need to see how we can invest better, to the mutual benefit of the resort and the membership of the resort and the owners of property within the resort during these tough economic times. If money were flowing nobody would be looking at the MSA and nobody would question how much we are paying and who is paying who. The foreclosure has caused us to become more involved. It is a good thing to be involved in government and not just let it happen. We should be aware of what is happening around here and be interested in the process. I think you guys do a good job, it is a tough job and you are only paid while you are sitting behind that table right now and all the other time that goes into it you basically throw in.

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor the meeting adjourned at 3:18 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman