

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, October 14, 2010 at 3:04 p.m. at the Heritage Crossing Community Center, 7715 Heritage Crossing Way, Reunion, Florida.

Present and constituting a quorum were:

John Gray	Chairman
Marty Pawlikowski	Assistant Secretary
Lee Beekman	Assistant Secretary
Rocky Owen	Assistant Secretary
David Burman	Supervisor

Also present were:

George Flint	District Manager
Chirag Kabrawala	District Counsel
Alan Scheerer	GMS
Residents	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order.

SECOND ORDER OF BUSINESS

**Acceptance of Resignation of David Hood
and Appointment of Individual to Fill the
Board Vacancy with a Term Ending
November 2012**

Mr. Flint stated the next item is acceptance of David Hood's resignation that was provided to you in your agenda packet. Is there a motion to accept that resignation?

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor David Hood's resignation was accepted.

Mr. Flint stated a majority of the remaining Board members would appoint the replacement for Mr. Hood with a term ending November 2012. Are there any nominations to fill that vacancy?

Mr. Pawlikowski nominated Mr. David Burman and Mr. Gray seconded the nomination and there being no further nominations Mr. Burman was appointed to fill the unexpired term of office.

Mr. Flint being a Notary Public of the State of Florida administered the Oath of Office to Mr. Burman.

Mr. Flint stated I previously provided you with Form 1. You don't need to file a separate one you can put both entities on that same form. If you have any questions on any of the other information I provided you contact District Counsel or my office.

THIRD ORDER OF BUSINESS

Approval of Minutes of the August 26, 2010 Meeting

Mr. Flint stated the next item is approval of the minutes of the August 26, 2010 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 26, 2010 meeting were approved as presented.

FOURTH ORDER OF BUSINESS

Review and Acceptance of Fiscal Year 2009 Audit Report

Mr. Flint stated the next item is review and acceptance of Fiscal Year 2009 audit report. The report was transmitted to the state prior to September 30th as required by statute but we are providing it to you for ratification of that action and acceptance. On pages 28 and 29 there are current year findings and recommendations. Under financial condition assessment it indicates that the District's financial conditions are deteriorating and major landowners in the District failed to pay their share of the current and prior assessments subsequent to fiscal year end, approximately 70% of the Fiscal Year 2010 assessments levied remain delinquent. As a result debt service payment due on November 1, 2008 and 2009 were made in part by draws on the

debt service reserve and additionally November 1, 2009 and May 1, 2010 series 2004 interest payments were made in part by draws on the 2004 debt service reserve. In addition the District did not have sufficient funds to make the May 1, 2010 principal payment and as a result the payment was not made. The District's failure to make its scheduled debt service payment when it was due is considered an event of default. The District should continuing pursuing available remedies to ensure funds are available to make the debt service payments and management's response is the District is continuing to pursue all available remedies to ensure funds are available to make debt service payments which include foreclosure on properties of delinquent assessments as described in note 13 of the financial statements. There is also a finding that the debt service requirements were not met and that is associated with the statements that were made in the prior finding. I think that information is not new information to the Board. Are there any questions on the audit? If not, is there a motion to accept the audit and ratify its transmittal?

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor the fiscal year 2009 audit was accepted and its transmittal to the State of Florida was ratified.

FIFTH ORDER OF BUSINESS

Consideration of Default Expenditure Requisitions

Mr. Flint stated the next item is consideration of default expenditure requisitions. You will find requisition no. 42 in the amount of \$55 to Latham Shuker Eden & Beaudine, no. 43 in the amount of \$1,959.30 to Latham Shuker Eden & Beaudine, no. 44 in the amount of \$1,943.25 to Latham Shuker Eden & Beaudine, no. 45 in the amount of \$470 to Latham Shuker, no. 46 in the amount of \$2,526.53 to Latham Shuker, no. 47 in the amount of \$2,180.44 to Latham Shuker. These requisitions would be submitted to the Trustee for payment out of the trust funds as expenses associated with the enforcement of collections and foreclosure activities.

On MOTION by Mr. Pawlikowski seconded by Mr. Gray with all in favor default expenditure requisitions 42 through 47 were approved.

SIXTH ORDER OF BUSINESS

Ratification of Distribution Easement

Mr. Flint stated the next item is a Progress Energy distribution easement for tax parcel no. 35-25-27-4881 TRACLD 60. This was provided to District Counsel to review as to form and

also to District Engineer and both the District Engineer and District Counsel were comfortable with the distribution easement and because last month's meeting was canceled the Chairman executed the easement agreement because of timing issues. We are asking the Board to ratify that action.

On MOTION by Mr. Pawlikowski seconded by Mr. Owen with all in favor the execution of the distribution easement was ratified.

SEVENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Kabrawala stated with respect to the items we discussed during the Reunion East meeting in addition on Fourth Quarter we received a discovery request from Wachovia Bank pursuant to the foreclosure action that we filed against Fourth Quarter 57 and 58. We are responding to that discovery request at this time. We will proceed with our foreclosure action after that discovery request.

B. Engineer

i. Consideration of Requisitions

Mr. Flint stated we will delay the requisitions for the engineer until the next meeting.

C. Manager

i. Approval of Check Register

Mr. Flint stated under District Manager's report for the General Fund you have checks 485 through 496 in the amount of \$46,241.68 and payroll register in the amount of \$554.10. If there are any questions on the register I will be happy to answer those if not I ask for a motion to approve the check register.

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

ii. Balance Sheet and Income Statement

Mr. Flint stated you have been provided financials through the end of August. There is no action required but if you have any questions on those I will try to answer them for you.

iii. Status of Direct Bill Assessments

Mr. Flint stated the status of the direct bill assessments has been provided to you and the Ginn Reunion Borrowers and Fourth Quarter Properties direct assessments still remain outstanding.

EIGHTH ORDER OF BUSINESS Other Business

There not being any, the next item followed.

NINTH ORDER OF BUSINESS Supervisors Requests

Mr. Owen asked does the Ginn Reunion Borrowers properties are they platted or unplatted?

Mr. Flint responded they are unplatted that is why they are direct billed.

Mr. Pawlikowski stated they are platted tracts.

Mr. Flint stated they are considered bulk parcels.

TENTH ORDER OF BUSINESS Audience Comments

Mr. Harding asked will you explain the Wachovia thing a little bit?

Mr. Kabrawala stated Wachovia is the mortgage lender on that so they would get foreclosed out if we foreclose on that property. Obviously, as a party of interest they have filed a request for discovery on us for any of our files that would foreclose out their interests including any communications we have had, any loan documents, any bond documents, etc.

Mr. Gray asked would this be considered standard?

Mr. Kabrawala responded yes whether it is viable or not unfortunately unless it is privileged information we have a technical and legal obligation to turn it over to them. It would be considered standard and that motion came in a little less than 30 days ago so we are right up on the cusp of our deadline to turn it over so we have been collecting those items. I'm not sure if we are going to have to get an extension or not because some of those items are actually located with Trustee's Counsel.

Mr. Gray asked who is funding that effort? Is that the special kitty that was set up?

Mr. Flint stated to the extent there are expenses associated with that the bondholders would be funding it through the default expenditure account. We haven't been billing for any of that work.

Mr. Gray asked is there a number just so there is something out there on the record that might say the legal effort to perform this discovery was \$1, \$600,000 or something in between that?

Mr. Flint stated I don't know what the number would be. It depends on whether the engineer and other consultants have to produce documents and typically if they do then they charge an hourly rate based on how much time it takes them. We will often get an estimate from them prior to them doing it. We will let Wachovia know this is the estimated cost of responding.

Mr. Kabrawala stated for instance the invoice that was supplied in this month's meeting book do reflect some of that time that was incurred in responding to discovery but as far as putting a range or number out there unfortunately, we don't control, we are in a responsive capacity at this point.

Mr. Gray stated so this is the first step in a three step dance where they are going to respond with additional discovery requests just because that is the way things are done. Every time that happens our kitty is being decreased.

Mr. Flint stated the kitty is really not applicable any longer. When the Board initially adopted that resolution and amended the trust indenture and set up the default account that was before we were in default and basically the District and the bondholders were agreeing we are going to set this money aside and then we are going to draw against that. When the District declared default the bondholders now have control of those trust funds and that budget is not really there anymore. We are not drawing against that budget we are drawing against the trust funds so we are not limited by that amount that was initially set. The bondholders can decide whether they are going to pay it or not.

Mr. Glasser asked can we know the reason for Mr. Hood's resignation?

Mr. Flint responded he left employ at Reynolds and has another job in Charleston.

Mr. Glasser stated at some of the previous meetings issues related to the widening of Old Lake Wilson Road were discussed. Are there any updates on that or has everything been resolved and is there any implication on Reunion on the widening of the road?

Mr. Kabrawala stated I know we have engaged a surveyor to identify whether any of that condemnation will affect any of the properties, I think it was Fourth Quarter Properties, and obviously if any money came in that would come to pay their back assessments first. Again, the surveyor hasn't identified whether any of that proposed widening at this point will affect even Fourth Quarter.

Mr. Flint stated there is some conflicting information we are trying to sort out.

Mr. Glasser asked could that be retained on the agenda for discussion so that we can be updated on a regular basis?

Mr. Kabrawala stated absolutely.

Mr. Glasser stated there is also some valuable turf and sod that I presume is going to be pulled up and thrown away that exists on either side of the road. The state of play in Reunion there are a lot of bare pieces of ground. Why can that not be reused as it is pulled up to re-sod or re-turf empty pieces of land?

Mr. Kabrawala stated that is a good comment. Unfortunately, I think the DOT who is doing the widening pays compensation and I think the understanding is either they are going to reuse it or hopefully, it doesn't get torn out but I would recommend that we probably contact the person in charge of that project and see if they would consider reusing that.

Mr. Glasser asked whose responsibility is that?

Mr. Kabrawala stated I will find out.

Mr. Flint stated we can look into it. There would be a cost obviously it wouldn't be free to relocate it and install it and irrigate it and it would have to be put in a place where there was irrigation.

Mr. Burman stated we found it is actually more expensive to cut it first, roll it up, transport it then lay it back down than it is to buy it off the truck.

Mr. Harding asked is Jan going to answer is Ken's letter?

Mr. Kabrawala stated this is the first time I have heard about it. As soon as I get back in the office I will look into it.

Mr. Glasser stated at previous meetings there were comments on either engineer's misdemeanors or miscalculations to the extent that the water pipes, irrigation on the West side did not quite meet where they should be placed and water could not be delivered for all the public roads and irrigation couldn't be put down because of that particular problem. Judy Emens

was the person who spoke to that problem. Can we have an update as to what the story is now that it appears as if we have an adequate supply of water?

Mr. Flint stated I think you are referring to the reclaimed water line. The consumptive use permit is in the process of being renewed and as part of that there is a groundwater allocation and there is a reclaimed water allocation. We are trying to maximize the groundwater allocation as much as possible and minimize the reclaimed water allocation because the reclaimed water is 85¢ per 1,000 gallons from Toho and there is also a requirement that there is a capital investment to have access to that reclaimed water. That issue has not been resolved at this point. There is an existing line that was constructed for Reunion East for reclaimed water however, the location of the line which was approved by Toho is not able capacity-wise to generate the amount of water that South Florida Water Management District would like to allocate to us under that permit. One of the potential options is that another line would be constructed elsewhere that would tie into Toho's line that would produce a higher volume of reclaimed water. What we are trying to do at this point is negotiate an allocation that could be accommodated with the existing line. That issue is up in the air. There is money that was set aside in the construction account to construct that line. The same with Reunion West there is money in that construction account to construct that line but the absence of those lines is not limiting the amount of water that the District is getting at this point but it is possible depending on the renewal of the consumptive use permit and based on the allocation for reclaimed water that that would have to be constructed to be able to get that reclaimed water.

Mr. Glasser stated again this matter has taken now some 18 months or 2 years.

Mr. Flint stated it is not the District that is controlling the renewal of the consumptive use permit. It is the developer that is doing that and the consumptive use permit is not in the District's name at this point. What we are sitting and waiting for is once the developer has renegotiated the consumptive use permit at that point the District would be willing to take over the permit and operation and maintenance under that.

Mr. Glasser stated I would like to ask Mr. Gray on the developer's side even though he is not on the developer's side whether we could please have a report back because as far as we know we heard that more than sufficient water is available to Reunion but again it seems to be the issue of playing games that water is available but it is not available. It has taken 18 months to be available but once it is available you can't use the pipes because the pipes are in the wrong

place so it is a conundrum that only the people here can solve by making a decision and saying by December 31 this is the flag we go ahead and we do it. Because the implication now moves to my third point which is on the West side there are a lot of areas alongside the roads where no homes are going to be built and there are no landscaping issues at all, it is barren land and there is no point in putting in trees until we have a water line down with irrigation in exactly the same way as if you come down Reunion Boulevard every six inches there is a tree, there are flowers, there are shrubs, there is grass, etc. It is barren land on the West side and we have been very patient for a number of years living there waiting for these things to happen and they just don't seem to find their way onto the agenda and once that happens we don't know whether they are being dealt with and again the matter is just shuttled under the sheets. I ask again for this to be brought onto your agenda and for a report at the next meeting to let us know what is happening on all of these issues.

Mr. Harding stated we heard everything was going to be fine at the end of September as far as water supply.

Mr. Flint stated to my knowledge there is not an issue. I don't think Reunion West is adversely impacted by this situation at all right now.

Mr. Glasser stated it is just barren.

Mr. Flint stated that is a different issue. You are talking primarily about private property that has not been developed.

Mr. Glasser stated no I am not talking about private property that is not being developed. I'm talking about areas which are for want of a better term common areas, where there is zero landscaping. For example on Grand Traverse where the post boxes are if you compare that area to any of the other areas it is barren land. At the end of Desert Mountain Court it is barren land and there are no homes to be developed there. Again there is a post box. If you look at the little dam alongside the road that goes to the gatehouse down at the bottom there is a dam there but not a single shrub never mind a tree. I think the West side deserves at least 2 trees this year. I'm no asking for much just 2 trees. We have asked for these in a letter to you. You said along county road 432 or whatever it is there are 800,000 trees enjoyed by large trucks in the main and we would like you to pull out every third tree and just take two of them across here and plop them on that side.

Mr. Flint stated I think you will find with that scenario it is the same as with the sod, it is more expensive to relocate a tree than it is to buy a new one.

Mr. Burman stated all the streetscapes over there the developer is going to put the reclaimed line has to be put in we didn't want to install expensive landscaping and dig a big trench and rip it all out again. Maybe I'm wrong.

Mr. Glasser stated that is right, the water has to go in. We understand the water line has to go in either prior to or at the same time as the streetscape is going in. This is a whole delay issue again and it is 18 months or 2 years since it was raised by Judy Emens and we have been very patiently waiting for nothing to happen.

Mr. Pawlikowski stated knowing what I know about the situation I am not the most up to date the only thing I can say is that this Board is not the driver of it or the funding of most of it, it is all driven by the developer. We cannot exert any pressure on the developer to get these things done.

Mr. Glasser stated the roads are a CDD issue. I understand in front of the private residences that is for the resident to do but the general streetscape between the sidewalk and the actual road that is for the CDD to look after because that is where the funding comes, you cut the grass there.

Mr. Beekman stated I think the landscaper you are talking about is on the back side of the sidewalk.

Mr. Harding stated he is between the sidewalk and the road.

Mr. Beekman stated there is no landscaping between that area on the east side either.

Mr. Glasser stated there is.

Mr. Flint stated I think that is typically installed by the developer when they develop the area then we will maintain it if it is between the sidewalk and the road but I don't know that the District has installed that in the other area. That is the issue. We have a maintenance responsibility but I don't believe the District was the one that funded the installation.

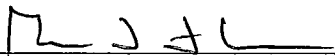
Mr. Glasser asked who would fund the water line?

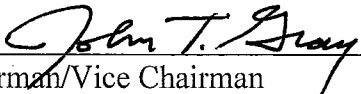
Mr. Flint stated it could be the developer and then they could turn it over to us or it could be the District.

Mr. Glasser stated we would like that information as up to date as possible at the next meeting so we can understand where we are going. If it is the CDD then can we have some sort

of plan that we can get the streetscape in as well at the same time as the pipe work goes in because one is just holding back the other. It is ridiculous that we have to live and pay more CDD fees with a disparity of environment. We are not asking for the whole area we are asking for certain areas and certain identifiable areas that make it much more pleasurable to go home opposed to having to struggle through the desert.

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor the meeting adjourned at 3:34 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman