

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, December 8, 2011 at 3:15 p.m. at the Heritage Crossing Community Center, 7715 Heritage Crossing Way, Reunion, Florida.

Present and constituting a quorum were:

John Gray	Chairman
David Burman	Vice Chairman
Marty Pawlikowski	Assistant Secretary
Lee Beekman	Assistant Secretary
Duane Owen	Assistant Secretary

Also present were:

George Flint	District Manager
Colt Little	District Counsel
Steve Boyd	District Engineer
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 November 10, 2011 Meeting**

Mr. Flint stated the next item is approval of the minutes of the November 10, 2011 meeting. Those were provided to you in your agenda packet. Are there any additions, correction or deletions to the minutes?

There not being any,

On MOTION by Mr. Burman seconded by Mr. Pawlikowski with all in favor the minutes of the November 10, 2011 meeting were approved as presented.
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**THIRD ORDER OF BUSINESS**

**Consideration of Default Expenditure Requisitions**

Mr. Flint stated we have the default requisitions, requisition 86 for \$777.15 and requisition 87 for \$936.85 and these are approved by the Board and submitted to the trustee for payment out of the trust estate.

On MOTION by Mr. Pawlikowski seconded by Mr. Beekman with all in favor requisitions 86 and 87 were approved.

**FOURTH ORDER OF BUSINESS**

**Review and Discussion of ADA Report**

Mr. Flint stated on this item I think what we should do for purposes of the minutes is refer to the Reunion East minutes if the Board is amenable to that. We had a lengthy discussion on the ADA report in the Reunion East meeting, which applies since Reunion East and West have reciprocal use of the facilities.

**FIFTH ORDER OF BUSINESS**

**Staff Reports**

**A. Attorney**

**i. Status of Pending Foreclosure Actions**

Mr. Little stated covering the Ginn Reunion Borrower suit I will briefly reiterate what I said in the East meeting and that is that we received a satisfaction of mortgage from the lender on that real property, which we are trying to determine with the title company whether or not it encompasses all the property named in our foreclosure suit and if it does and that lender no longer has any interest in that real property they would presumably and eventually be dismissed from the suit as a defendant since they would no longer be a necessary party. The other defendant, the actual owner of the property Ginn Reunion Borrower, had served us with a request for production. We told them we are willing to provide the records at the District office for them to go through at their leisure. They have not yet responded with a date and time when they would like to do that and if we continue to not receive a response we will most likely set a case management conference to try to put some deadlines on the discovery actions and the pleadings and things of that nature. Right now the ball is in their court we are waiting for them to respond and if not we will take the necessary action to hopefully move the process along.

With respect to the Fourth Quarter litigation we have been informed that a new bondholder has come in and purchased the outstanding bonds on Reunion West. These things are traded obviously and they can be bought, sold at any time on the market it doesn't affect the District directly but with the new holder they are obviously now the stakeholder in this litigation as the holder of the bonds. Trustee's Counsel informed us of this several days ago I think that new bondholder is getting up to speed on their options with respect to the litigation with Fourth Quarter. I don't think we are starting from square one I think that optimistically we are still going to have some sort of settlement as we had discussed last month but unfortunately with the short timeline between when this new bondholder came into play and the potential change I don't know that there will be any change in the settlement agreement but I didn't want to bring a document to you that was not approved by the bondholders and/or by opposing counsel. In light of that and all the changes that have occurred recently with respect to discussions and the new bondholder, etc. we held off on bringing that agreement back to you today. Obviously, they are aware of this of course, they know exactly what is going on with the litigation and they are I suppose sizing up their position. I can't speak for the bondholder but we were just made aware of that recently so I don't have any closure for you today and I don't have a settlement agreement to present because I don't want to bring you a document that hasn't been approved yet by opposing counsel or by the bondholder. That is where we are with that. If they do decide in the next month they want to finalize that and go forward with the settlement then we will have a settlement agreement for you next month. Other than that the foreclosure is alive and well as a lawsuit and the District's position is not impaired by this in any way it does not affect us negatively in some way in the litigation it is just that if the settlement had occurred then we would have one party that would have settled out of the lawsuit. That may still happen I can't speak on behalf of those parties.

A resident asked has the bond transaction closed?

Mr. Little responded all I was told was informally in a phone call and I don't even know who the new bondholder is that is something we may track down through DTC in the near future but I don't even know who they are at this point. All I was told was that the outstanding bonds are now held by a single entity or individual whichever it is.

Mr. Staskiel asked what percentage of the bonds were outstanding, what stake does the new bondholder have?

Mr. Little responded all the outstanding bonds they apparently acquired everything, the outstanding amounts that have not been redeemed at this point so everything that is outstanding. That is what I have been told I don't have independent confirmation.

Mr. Staskiel asked back to the Ginn suit you mentioned the lender presented satisfaction of mortgage?

Mr. Little stated we were sent a copy of it and verified it through an updated title search and we are working with the title company now to untangle the metes and bounds descriptions and try to determine because this mortgage was spread over multiple properties not just Reunion we are trying to determine whether or not they released their interest in all the Ginn parcels.

Mr. Staskiel stated if that pans out as you are saying technically there is no remaining lender on the Ginn property.

Mr. Little responded correct.

Mr. Greenstein stated I'm still trying to digest as I'm sure you a new holder of the bonds for the Fourth Quarter Properties. At this point in time could you view it as a legal maneuver? What would be attractive to a true new third party to acquire those bonds when along with them comes all the headaches of a lawsuit that to me the last thing we heard was that the CDD had gone forth with a request for summary judgment.

Mr. Little stated one had been granted previously last March and no order has been entered on that summary judgment.

Mr. Greenstein stated basically with the idea that some agreement was going to be reached so that they didn't lower the boom on the summary judgment they kind of held it in abeyance. It seems peculiar.

Mr. Little stated we both have to speculate as to what that party's motivation is in consolidating.

Mr. Flint stated it would be conjecture on our part. We don't even know who the new holder is and the terms of that deal.

Mr. Greenstein stated so we may see some point consolidation.

Mr. Little stated hopefully we will learn a lot more about who it is and what their plan is if they have one and if they want to share it with us but the main thing that they will do sooner rather than later is determine what their strategic approach is with respect to the ongoing litigation and then in participation with them we will figure out how we go forward and possibly

settle a portion of that Fourth Quarter suit with Wachovia as we had originally thought. We will have to take that in stride and see what kind of direction we get and where to go. It has changed whether it is good or bad I don't know yet.

Mr. Greenstein stated the satisfaction of mortgage on the Ginn Reunion piece is very interesting.

A resident stated an interesting coincidence with a new bondholder.

Mr. Little stated recognizing those are two separate properties. The Wachovia suit is the Fourth Quarter property but it is the same district.

**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. One of the items that we talked about previously was the streetlights on Grand Traverse and we had presented two options to the Board. One option was the monthly rental cost is slightly higher but the capital cost is lower and that is for 30 poles and those are all decorative and then there was an option with a higher upfront capital cost but a lower monthly rental cost and it included basically downgraded poles in certain areas. The Board asked me to approach bondholders to see if they would fund the capital cost associated with these proposals and I have been pestering Trustee's Counsel on this issue and finally got a phone call yesterday afternoon and he indicated that the bondholders have agreed to fund the capital cost. I provided them with a map of the location and that sort of thing so they have agreed to fund the \$33,757.79 associated with the one proposal that has all the decorative poles and slightly higher monthly rental. If the Board is amenable with that I would ask for a motion to approve the agreement with Progress Energy subject to the funding of the upfront CAIC from the bondholders.

Mr. Burman moved to approve the agreement with Progress Energy for the 30 decorative light poles subject to the funding of the upfront CAIC from the bondholders and Mr. Owen seconded the motion.

Mr. Gray asked they pay the upfront cost and the monthly rental gets paid by us?

Mr. Flint responded as part of our utility costs. We have a line item in the budget for Reunion East and we allocate it out through the cost share agreement. The total is in excess of \$300,000 for electric a large portion of which are streetlights. This would increase that number by about \$500 a month.

Mr. Gray asked the electric on top of that?

Mr. Flint responded there are three portions to it, there is a rental and maintenance and fuel and energy portion and the total of those three add up to \$520 a month. That expense would increase the budget by \$6,000.

Mr. Scheerer stated that will be prorated.

Mr. Gray stated if we look at our financial statement as we did in Reunion East meeting we were talking about budgetary constraints and additional funds coming from the budget, this is \$6,000 that is not anticipated per se within the original budget.

Mr. Burman stated Alan brought up a good point these lights won't go in for many months probably, I would imagine five or six so it prorates out to the end of our fiscal year it will probably end up more like \$2,000 in net impact.

Mr. Gray stated I just want to make sure that we are recognizing that it is \$6,000 per year but only X amount for this fiscal year.

Mr. Flint stated I misspoke we do budget the streetlights separately, we have \$165,000 in electric in Reunion West and a major portion of that is streetlights. This would be included in that line item.

Mr. Gray asked do you know where we ended up last year with our year to date versus budget for this particular line item? If we used the same threshold last year would we again be under so that we actually do have some money in the budget this year?

Mr. Flint responded I don't have September 30<sup>th</sup> financials with me to know what that was. If you look at the prorated versus actual for the first month we are \$630 under our 1/12 if that was to carry through the rest of the year that would fund these streetlights. This is a situation where we have a match of the capital piece of \$33,000 by the bondholders. It is a little different maybe than the speed bump issue because we have the bondholders agreeing to fund that capital portion out of the trust estate.

On voice vote with all in favor the motion passed.

Mr. Flint stated we will contact Progress Energy and try to get a timeframe for the installation of these and inform the Board of that as soon as we get a better idea.

**ii. Approval of Check Register**

Mr. Flint stated the next item is approval of the check register through November 30<sup>th</sup> in the amount of \$136,986.04 and the detail is behind the summary. If you have any questions on the register I will be happy to answer those for you and if not I ask for a motion to approve. You can see that a significant amount of that are transfers to the debt service fund. There is a \$58,000 and \$64,000 transfer to the debt service fund. The assessment revenue comes into the District in one check and we have to write a check moving that money to the debt service fund.

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

**iii. Balance Sheet and Income Statement**

Mr. Flint stated the next item is the balance sheet and income statement through October 31<sup>st</sup>. There is no action required by the Board but if you have any questions on the financials I will try to answer those for you. We are under the prorated budget amount for our administrative expenses and maintenance expenses.

**iv. Status of Direct Bill Assessments**

Mr. Flint stated you also have the summary of the direct assessments, which again has not changed since your previous meeting.

**SIXTH ORDER OF BUSINESS**

**Other Business**

There not being any, the next item followed.

**SEVENTH ORDER OF BUSINESS**

**Supervisors Requests**

Mr. Gray asked will you draft a letter so the Board can thank the bondholders for spending that \$33,000 for the streetlights.

Mr. Flint stated I will do that.

## **EIGHTH ORDER OF BUSINESS**

### **Audience Comments**

Mr. Glasser stated not so much on Reunion West but involvement of the CDD as we come to the end of the calendar year I think there was a failure from the start and some tumultuous debate during the course of the year I would like to thank John and the Board and yourself in terms of how I think we have progressed to take cognizance of the member's concerns for the development of Reunion and the progression of the CDD over this past year. I hope we are able to continue this dialog between us so that 2012 will also be a productive year and that we will overcome some of the legal issues. Thank you very much for that. I hope everybody has a good holiday.

Mr. McLatchie asked I'm sorry if this has been asked before but what are the long term plans for completing Sinclair Road? I understand you are sitting on some funding for this.

Mr. Flint stated in the construction account before the default there was between \$10 million and \$15 million for that road construction and after the default the bondholders gained control over the bond funds including the construction account. Going forward that is going to be an issue of discussion as far as if there is a restructuring what is going to happen with those construction funds. There has been a lot of discussion on the Board about this issue. There was an original two lane design that was approved by the county we were prepared to construct and then the county said hold off we may want to four lane that we may want to change the alignment so we stepped back and said if you are going to change the alignment it is going to include condemnation that is your issue not ours. There was a significant delay about that and we finally said we will give you the money you take responsibility for constructing the road and we started negotiating an interlocal agreement with them. That fell apart because of staff turnover and other items so we sit here. There were provisions in the documents that trip when that has to be done, we are no where near the traffic counts that require that road to be extended so at this point we don't know what the future of that road is going to be.

Mr. McLatchie asked what happens when the county comes along and asks the CDD to fulfill its obligation to build the road?

Mr. Boyd stated if that happens the developer is the one that is harmed because they won't be able to continue building units. When that day comes in the future, which is going to be quite a ways off the developer will be the one who will step up and have the incentive to make something happen because it affects the number of units he can get built. Once the traffic threshold gets reached that is when the improvement has to happen.

Mr. Gray stated in other words they wouldn't ask somebody to build it until there is a need to have it. The past is what drives the tripping of the threshold for the requirement for the road and at that point in time theoretically if this has happened then more houses are going to be done and the developer would have to step in, whoever the developer is at that point.

Mr. Pawlikowski stated technically speaking the trips are at that level on paper because when the DRI was done based on the ID standards the number of trips that each unit generates is what is used to calculate the trips so the next piece of property that will come in for development under the DRI would have to put the road improvements in. However, back a number of years ago when the monitoring and modeling was being performed the actual trip generation is much lower but the developer never finished the study so since it was never done and submitted and agreed upon by the county it still defaults to what the original DRI is, which means that the next piece of property that comes in for development approval will be held up or be required to put the road in.

Mr. Little stated as I understand it the construction of that road as an obligation was a developer obligation of the DRI it was never an obligation of the CDD. We were going to fund it as part of our capital improvement plan but as a legal obligation it is a developer obligation of the DRI.

Mr. Boyd stated that is correct, the CDD has no legal obligation to build it.

A resident asked is this CDD responsible for Sinclair Road?

Mr. Boyd stated the CDD constructed Sinclair Road but it has been turned over to the county.

A resident asked the CDD has no relationship with Sinclair Road?

Mr. Boyd responded no longer.

Mr. Flint stated we maintain landscaping.

A resident stated I was just asking because I'm not sure who the entity is but it seems funny to me because we have guests who told me the easy way to get to 429 is Sinclair Road but

to find out 429 has a full interchange and has been there a number of years now there are no signs that tell you that that is 429 so someone who doesn't know the road goes out on Sinclair and there is not a sign that tells you this is 429. I thought maybe they built the road and forgot the sign.

Mr. Flint stated that signage is probably the Expressway Authority.

A resident asked the lack of streetlights on Sinclair Road who is responsible for that?

Mr. Flint responded that is the county. We maintain the landscaping.

Mr. Glasser asked when Old Lake Wilson Road is completed in terms of the extension that is currently underway will the CDD have any responsibility for the landscaping there?

Mr. Boyd stated that is purely a county project.

Mr. Glasser asked the landscaping going from a two lane to a four lane freeway?

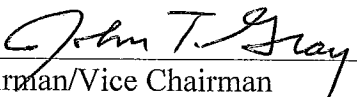
Mr. Boyd responded the portion south of I-4 there will be a need to landscape and mitigation when that happens but I don't know when that is programmed because it is pretty far off.

Mr. Glasser stated they are just past Sinclair Road.

Mr. Boyd stated that project stops at I-4.

On MOTION by Mr. Burman seconded by Mr. Pawlikowski with all in favor the meeting adjourned at 3:45 p.m.

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman