MINUTES OF MEETING
REUNION EAST
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Reunion East Community Development District was held Thursday, January 10, 2019 at 1:00 p.m. at the Heritage Crossing Community Center, 7715 Heritage Crossing Way, Reunion, Florida.

Present and constituting a quorum were:

Mark Greenstein	Chairman
Don Harding	Vice Chairman
Steven Goldstein	Assistant Secretary
John Dryburgh	Assistant Secretary
Trudy Hobbs	Assistant Secretary

Also present were:

George Flint	District Manager
Andrew d'Adesky	District Counsel
Jan Carpenter	District Counsel
Steve Boyd	District Engineer
Alan Scheerer	Operations Manager
Rob Stultz	Yellowstone Landscape
Gary Perko	Hopping Green & Sams
Vivek Babbar	Straley Robin Vericker
Daniel Baker	ACP Communities/LRA Orlando

FIRST ORDER OF BUSINESS **Roll Call**

Mr. Flint called the meeting to order and called the roll.

SECOND ORDER OF BUSINESS **Public Comment Period**

Mr. Lester: We bought a house here in 2005, I'm a runner and do a marathon and I run up and down the streets of Reunion and the traffic on Reunion Boulevard has gotten out of hand. I don't think it should be going 45 mph. They had the same concern at the water park and put up the radar signs. I ask that you consider putting that up on Reunion Boulevard.

Mr. Scheerer: You asked me to purchase an additional radar sign and you can put it wherever you want and we can relocate the one on Excitement Drive to some point at the beginning of Reunion Boulevard from 532 to the traffic circle and one from the traffic circle

towards 532 when the new one comes in we can facilitate that if that is the direction the Board wants us to do.

Mr. Flint: If there is no objection we can just give Alan direction.

Mr. Harding: I will ask my contact at Osceola County Sheriff's Department to step up patrols.

THIRD ORDER OF BUSINESS **Approval of the Minutes of the December 13, 2018 Meeting**

Mr. Harding: On the first page it should be Mr. Dryburgh versus Mr. Harding who got with Oraine on the parking situation at Carriage Point.

> On MOTION by Mr. Harding seconded by Mr. Goldstein with all in favor the minutes of the December 13, 2018 meeting were approved, as amended.

FOURTH ORDER OF BUSINESS **Discussion of Heritage Crossing Community Center Management Services Agreement (MSA)**

Mr. d'Adesky: George, myself, Mark and Daniel Baker have been working diligently on the MSA. We came up with some revisions based on what Tax Counsel said. Daniel had sent additional comments and I reviewed those today and they look fine and Tax Counsel said we did a much better job of reconciling it. She had three more suggestions of terms we have to tweak a little bit, but I think we should be able to get this to the finish line by the next meeting.

FIFTH ORDER OF BUSINESS **Ratification of Use Agreement for Amenity Facilities with Reunion Club of Orlando, LLC**

Mr. Flint: Item five was ratification of the Use Agreement for Amenity Facilities with Reunion Club of Orlando. I sent an email to the Board that the Resort had contacted us and they had two special events that they wanted to use this facility for. Because we didn't go through the rate making process and set rental rates historically we entered into a use agreement for here and Linear Park and they made a voluntary contribution. There were two different events that they held here and I am asking the Board to ratify.

> On MOTION by Mr. Harding seconded by Mr. Dryburgh with all in favor the Use Agreement for Amenity Facilities with Reunion Club of Orlando, LLC was ratified.

SIXTH ORDER OF BUSINESS **Discussion of Special Events Policy**

Mr. Flint: At the last meeting Andrew had provided a draft based on Celebration's policy and we need to scale that to what Reunion needs and we need additional time on that. It is not ready for action or ratification today.

Mr. Harding: As far as the number of people and so forth any number of people can sign up for this if they want to but I would like to stipulate that any more than a 25-person group would be required to submit a request to have the amenity use.

Mr. Flint: Anything under 25 would be first come first served?

Mr. Harding: Yes. I think we need to designate the hours of use on Fridays and Saturdays possibly any event would have to end at 11:00 p.m. and during the week it would have to end at 10:00 p.m.

Mr. d'Adesky: We will make it consistent with the ordinance.

Mr. Goldstein: John Cruz called me today and he basically agrees with this the way it is right now. He said something needed to be put in there so there is a mechanism in place so that security is notified as to how many people are going to be there, when they are going to be there and a good contact.

Mr. Flint: We can do that administratively. We also provide the people reserving it with a letter, that way if security goes out there the person reserving will be required to have that letter.

Mr. Harding: Are we trying to assume that if someone reserves it that it is exclusive to that group? Isn't that the intent?

Mr. d'Adesky: Yes.

Mr. Flint: We are primarily talking about the pavilion where if they reserve it they have it but if it is less than 25 people they can't reserve it, it is first come first served.

Mr. Goldstein: I think 15 is a more reasonable number.

It was the consensus of the Board to make it 20 people rather than 25.

Mr. d'Adesky: We will make the time consistent with whatever the law is.

Ms. Hobbs: We need to mention the areas that can be reserved.

Mr. Flint: I think it is better to define what facilities are eligible. I don't think you want pools being a part of this because then you are excluding people from using the pool. I thought the discussion was the pavilion and Terraces and I don't know if there are any others.

Mr. Scheerer: There is a gazebo that is physically on the pool deck that I think should be omitted.

Mr. Dryburgh: I disagree, the person who came here and complained the loudest was talking specifically about the gazebo. They were having big parties.

Mr. Flint: If they are having big parties in the gazebo and they are non-residents then security already has the ability to enforce that. We can include the gazebo but if you do include it inside the fence of the pool it will spill over to the pool. I don't think you want to restrict access to the pools for parties, I think that is going to cause a lot of issues.

Mr. Dryburgh: We are not addressing the issue that person brought up and that is someone was selling access to the pool. I may not like addressing that issue at the pool but we are not addressing the problem if we don't address it.

Mr. Greenstein: That issues doesn't stand alone as a special event issue. You have security issues involved. I was trying to craft language that gives us flexibility but is still specific enough that people understand the kinds of facilities we are trying to manage.

Mr. Goldstein: I thought the request for the permit we were doing is for the whole pool, the whole complex.

Mr. Dryburgh: The swimming pool complex whether it has a gazebo or at Homestead there are different facilities.

Mr. Flint: Maybe you could allow them to reserve for a party, but it is not exclusive use.

Mr. Dryburgh: We aren't trying to make it exclusive.

Mr. Flint: The building I think you probably do want exclusive. If someone is going to reserve for a birthday party you don't want other people sitting there saying I'm going to use it. Another way to address it and the way we address it in most communities is you have to define how many guests per homeowner are allowed. Then you get into having to enforce that but that is how you deal with it in most communities. The amenity policy defines per home how many guests they can have. If someone is having a big party at the pool and you only have one homeowner there but 20 people who don't live there you can deal with it that way but when you define how many guests per homeowner be careful what you ask for because you have to live with it.

Ms. Hobbs: I thought what we are trying to get to is people who are using it have to be a resident and they have to request a permit if they are going to go over a certain number, so you

can say if they go over 30 they are totally impacting on everybody else who wants to use that pool.

Mr. Flint: Maybe we can make it apply to the pool but not be exclusive then have to cap the number of people.

Mr. Dryburgh: If it is over 20 you have to ask permission and no more than 30.

Mr. Flint: We may have to list each pool and list a minimum and maximum by facility.

Mr. Scheerer: We will get the capacities for the pool on the permit and include that and you probably don't want to go to capacity.

SEVENTH ORDER OF BUSINESS **Discussion of Trustee's Demand for Assessments to LRA Unassessed Property**

Mr. d'Adesky: I will give some background on the issue and walk through the history. This is an ongoing issue that started May 4, 2016, which is when the District received a letter from Mike Eckert of Hopping Green & Sams on behalf of U.S. Bank National Association, the Trustee for the Series 2002 and Series 2005 Bonds, asserting that certain parcels owned by LRA Orlando, LLC and its affiliated entities were currently unassessed, these parcels were developable parcels or parcels that were being used for private use. Pursuant to our investigation both for O&M and bond purposes, their concern wasn't with the bond purposes, but the unassessed parcels. These included things such as HOA owned pools, the water park, certain golf parcels, certain other vacant parcels of land throughout the community. Pursuant to further discussions with LRA we had certain negotiations regarding that and tried to come to an amenable solution. LRA retained Straley Robin Vericker, Vivek Babbar is here, Tracey Robin has worked on it as well, they looked at the issues and they sent a very lengthy response letter, which was included in your packet along with all the exhibits attached to that, which were cited including case law and other things they cited as well. They asserted a number of factual defenses, legal defenses and that was received November 2, 2016. There is a little bit of a gap there and we didn't receive another demand letter until August 21, of the following year. That is because during that period I was certain there would be some negotiation between the parties that they might be able to work out some sort of number and come up with some sort of settlement on this issue. Until that point we received that letter we were under the impression there was negotiation. We came to find out there wasn't much negotiation that went on there were a couple calls and I think we were on one of those but at that point it hadn't been settled. The Trustee reasserted their initial remarks and also responded to certain defenses asserted by LRA.

At that point going into 2018 we had spent significant staff resources both ourselves, the District Manager and District Engineer looking into this and investigating this. In addition to our duty regarding O&M under the indenture we do have the duty to investigate this. We undertook that duty, we had the District Engineer look at those parcels, we had him do a certification of developability of those parcels, looking at them individually finding out whether or not they were developable. Certain of the parcels that the Trustee asserted were developable, we determined were not developable, some of them were encumbered for example utility easements, that would render them undevelopable, another one had a sinkhole on it, which rendered it undevelopable per the Engineer's analysis. Pursuant to that analysis we had our Manager come back as methodology consultant, look at the original methodology, look at the current use of the properties and come up with a proposed methodology. That methodology is included in your packet as the Third Supplemental Special Assessment Allocation Report. It is still a draft but at the time that GMS finalized it, it was circulated to the parties, a copy was received by LRA, the Trustee made some comments to our initial draft of that document. We came back and looked at some of their concerns, some we agreed with and some we did not agree with, and we included that in the final draft, which is included in your packet. On January 9, 2019 we received a response letter, which I handed out, it is not part of the packet, and that is a follow-up letter with respect to the unallocated debt issue regarding the 2002 A-2 and 2005 Bond debt, which includes a lot of LRA's defenses. There are some new assertions, but a lot of it is contained in the original letter in more detail so if you read the original LRA letter it contains all these defenses in further detail.

I believe at this time it is appropriate for the Board to review this. We are not looking for any action today but to bring this item up for review of the Board and also to allow the respective sides to present the information.

Ms. Carpenter: These parcels were in default from about 2009 when it was Ginn back then and LRA as their successor stopped paying assessments, there was a foreclosure action on those parcels. The parcels since were acquired through tax deeds so there are a lot of facts surrounding the parcels. When the first letter came the District we had the Engineer spend a lot of time looking to see if these parcels were missed, if they need assessments, and if they are developable. The Trustee had demanded I think in round numbers $13 million in unexchanged bonds and when I say unexchanged those are bonds that after those delinquent parcels were sold to someone new, they were able to replat it and reassign the debt to those parcels, it was the

balance of what was due on the bonds. There is a big chunk of money on the bonds that are due and there is no way to assess to pay this. As you can imagine there has been a lot of history of who should pay them, now should they pay them, the assessment methodology says specifically that if land is discovered to be assessed it would be that assessments would be added. Certainly, LRA and their Counsel are looking for defenses and it goes on and on.

When this first came up and we put together a draft assessment report, I don't remember what the number was, but it was under $1 million, that report was presented to the Board and was circulated. Trustee's Counsel came back saying we think some of these numbers should be different and the number they came up with was $1.7 or $1.8 million of that $13 million. There is property they agreed with our analysis and our Engineer's analysis for the properties that are not developable because there were a number that were vacant but would never be a commercial property. The water park is a commercial venture but it is not open to the public, etc. There are a lot of factual disputes a lot of legal disputes but procedurally, the District is under an obligation under the bond documents to assess lands that need to be assessed. The first step in doing that was to adopt an assessment report, set a public hearing at the time anyone who is interested and the landowner would put forth any comments or objections they may have and at that hearing the Board would adopt the assessments on those parcels.

There is an argument that the original assessments that were placed, were placed on all the lands so these properties are already assessed but in an abundance of caution it makes sense to go through a process to make sure there is a full understanding of those parcels. Again, the District hopes that the Trustee and LRA can come to a conclusion because the District is in the middle. If the District doesn't do anything and it has been two years of working and hoping to resolve that the Trustee would be adverse to the District and could go to court and force the District to do this. If the District adopts the report at the hearing then LRA may come and try to get an injunction saying you can't do this. The District is stuck in the middle. We wanted to be sure that the Board Members had time to look at the report, you can call Andrew or me or George to get more of the history because we can't put in the public something that may go to litigation down the road. We would like everybody to take a look at it, call us if you have questions and in the meantime we are still hoping. We have talked to LRA and Trustee's Counsel this past week trying to see if there was any way of moving this forward without presenting the report but we received last night a response from LRA, which did not seem like there was any movement towards a solution. That is where we are and Counsel for both parties

and LRA has a representative here if they would like to speak on their behalf. This is information that given the way it is the Board is probably under a duty fairly soon to adopt this report and set a hearing going forward.

Mr. Perko: I'm really here to respond to Mr. Babbar's letter from the 9th so it makes sense for him to go first.

Mr. Babbar: I am with Straley Robin Vericker and we represent LRA in this issue. I do apologize for the lateness of the letter, however, as was stated in prior emails and calls we really felt that our original letter addressed comprehensively any issues and any anticipated issues that might be brought up. Much of the letter is basically a restatement, a summary, then you got other points for your consideration. Our firm also serves as District Counsel to various other CDDs just like Mr. Perko's and Mr. Crumbaker's firm does so we understand how these transactions work, what the obligations are and we are familiar with the documents and transactions in these. While we didn't participate originally, we have reviewed them and as you can tell by our original letter we went through them line by line. Although it has a complicated history with respect to the original issuance, defaults, restructuring, refunding, trifurcations, it all sounds a lot more complicated than it really is the issue we have today. The issue today is quite simple, the Trustee is trying to substitute its benefit analysis and apportionment for the one adopted by the District many years ago. Not only was it adopted by the District, it was reviewed by Counsel, the District Manager, and the District Assessment Consultant, the former one as well as the current one, there are numerous certifications and opinion letters to the effect that everything is in order, there are no issues and everything was disclosed to the Trustee and the bondholders. Our letter raises several issues with the Trustee's request and it is a request. They have identified that as a request in their summary as well. Our letter can be used as a road map by the CDD to show that it had done nothing wrong, that it is in compliance with Florida Law and in compliance with the indenture. Not the Trustee or anyone has shown to us that they can overcome the issues brought up in our letter. The Trustee represents the bondholders, they are sophisticated investors that had every opportunity to review the same documents that we reviewed. They had every opportunity to review the original assessment report. They know or should have known that the allegations that they are bringing forward today are inaccurate. They probably have already realized their losses on their books. Think about what granting the Trustee's request would do for the District, what it would do for the residents. Would there be any benefit, would their assessments go down? The answer is no, look at the assessment report.

The facilities identified by the Trustee are used by the residents, they are part of the program and again everything was disclosed in the offering memorandum as part of the transactions. If the cost goes up for LRA you can guess who the cost will get passed on to. Think about the precedent this group is creating. What if in the future the Trustee says we still have $13 million unsecured by assessments, what if they say your 50-foot homes need to be double the assessment? What about residents? They feel differently. Admitting to a mistake when there was none at all, again look at the history, look at the transactions. It is our opinion these parcels were never in default because they were never part of the disclosure action, there were never any assessments on them. Other properties may have been with respect to the assessments that they were imposed upon. We encourage you to seek the advice of your Counsel, your Assessment Consultant, District Manager and if you deem necessary an independent third party financial advisor. The question that you should be asking is not, can the CDD overcome the issues we identified in our letter, but should you.

Mr. Baker stated thank you for putting this on the agenda. I represent LRA Orlando and affiliated entities and Vivek had done a good job and Mark and Robin representing our case. All of you bought into Reunion as a community that is highly amenitized. You know and have become familiar with the way we have operated as a resort and club and all amenities that we have are offered to property owners or guests, through our hospitality program and through our club membership. That hasn't changed from the original offering memorandum, all the amenities that are talked about that somehow over and over again the Trustee, District staff, District Counsel, and Supervisors voted and all interested parties in these hearings missed the fact that there were golf courses or missed the fact that there were turf car facilities associated with the golf course or that there was a pool associated with being a profit operation is just absurd. I look at it in terms if I were you, what if the District moved forward with a change in methodology that had been relied upon for 17 years by property owners and this time they took the biggest target and taken all the bonds they decided to write off in a trifurcation and applied it to somebody who had a target on their back. What if it was, we somehow said we don't have an obligation but we will pay $1 million and get rid of some of that, what would stop the Trustee from coming back and saying each one of your homes, we forgot we estimated your home at only 3,000 square feet and now we need to go back, we missed that, and now we are going to have a methodology that actually charges you by the square foot or you have a pool, we didn't think there was going to be any pools so we now assess your home further. You can't do that, it

is like a loan securing interest and the bank saying wait a second I want to impose additional penalties, additional fees. That is not right and we have taken the position to articulate and itemize every legal thing in our opinion, not hide anything, not waive the litigation, because we are property owners, we have sat in Board seats, we have appointed Supervisors, we have elected Supervisors to the Board as our representative. The questions we have asked the Trustee, the questions we have asked in our letters are the very same questions you would have to ask yourself as a Supervisor, could you do this and if you did, what does Pandora's box look like, because it opens the door to all kinds of things. The Trustee had recourse on specific parcels that were encumbered by debt that the affiliated entity was paying debt service on. The debt was appropriated very specifically. Foreclosure action did not take place and instead they decided to reduce the debt on those parcels by $18 million. That was a choice the Trustee accepted to reduce the debt on those idle parcels, they didn't have to do that, they did it voluntarily. When they did that they basically wrote it off. It is very convenient now to take that same kind of debt and try to find a target of LRA's assets, that somehow they can manipulate to say these documents say all these things but we want to reinterpret it. I ask you to look thoroughly at the issues as a property, we have been very deliberate and very concise and have everything in writing.

Mr. Dryburgh: Jan, if the Trustee and LRA cannot come to agreement, doesn't this get adjudicated in a court? How does the Board play into it if they can't come to agreement?

Ms. Carpenter: The District is the issuer of the bonds and the District has the obligation to impose the assessments so if the District fails to do anything, if we say the Board looked and said we are just going to ignore this we hope they resolve it, if we don't do it the Trustee could file a suit forcing the District to do it. They would allege some things that I will talk about to each of you privately. Then the District would incur legal expenses, fighting the Trustee. If the Board adopts a report to go forward then LRA will likely sue the Board saying the District should not have gone forward. The District is stuck in the middle.

Mr. Dryburgh: You are saying either way we are going to get the lawsuit.

Ms. Carpenter: It appears that way.

Mr. Dryburgh: If the Board adopts it either side is going to look at the same amount they are looking to either gain or lose.

Mr. d'Adesky: We do want to limit the discussion because we are on the record right now.

Ms. Carpenter: There is a lot to it, now that you have heard some of that and this gives you some background to look in the book and read the letters and we will set a time to talk with each of you to go over some of the history, some of the holes we see in one side or the other or both sides.

Mr. Flint: I think today is to hear the information. You can't have a closed meeting until a lawsuit is filed. If there is a lawsuit filed, which we hope there isn't but under that situation you would be able to have a closed door session and talk about the litigation. Until that point everything is public record and that is why it is better to have one on one communications with Counsel.

Mr. Harding: LRA and the Trustee could come up to an agreement.

Mr. d'Adesky: Theoretically, yes.

Mr. Flint: To this point they have not been able to do that.

Ms. Carpenter: LRA did seek an injunction against the Board a couple years ago so it is not an unknown thing that could happen.

Mr. Dryburgh: Is there any liability on our part?

Mr. d'Adesky: Personal liability, no. As a Board you are covered in your official actions.

Mr. Perko: I am with the Hopping Green law firm on behalf of the Trustee, U.S. National Bank. This issue relates to the 2002 Bonds and a portion of those 2002 Bonds are still outstanding, there is no controversy on that. At the time that the District marketed and sold those bonds it was under the control of LRA. They marketed and sold those bonds on the basis of opinions, certificates, and LRA's representations that the recreational amenities would be owned and controlled by the District. That turned out not to be the case. It has been a little puzzling to us that LRA is arguing that it is somehow unfair and inequitable to assess their properties, which are clearly developable. Because they are a landowner and are operating a commercial venture on those properties and they are not paying assessments, notwithstanding the fact that those properties clearly derive benefit from the financing, design and construction and maintenance of the public improvements that were financed by the bonds. We are also puzzled by the statement that there was no error or mistake that would justify these new assessments because clearly at the time of the 2002 Bond issue the series 2001 Engineer's Report clearly states that recreation parts and related Resort amenities in the District proposed CIP and therefore would not be subject to allocation. That turned out not to be the case, they should be assessed and that is why the

District is trying to rectify through the Draft Assessment Methodology. Same goes to the statement that there were no material changes to the master plan of development; that is clearly not the case. There is simply no argument to be made on behalf of LRA that the properties in question do not benefit from the infrastructure that was financed by the bonds and the District has an obligation to assess those properties to secure repayment of the outstanding bonds. We urge you to adopt the Draft Assessment Methodology.

Ms. Carpenter: It is the 2002 and 2005 Bonds but one thing I want to make sure you are all aware of, the way the assessments are placed in a development like this back in 2002 and 2005 is there are acres of undeveloped land and the assessments are put on as the lots are platted. As your subdivision was platted the assessments got put on each of those lots. Those will not change. The balance of the debt is sitting on the rest of the undeveloped land. As piece by piece gets platted there is still this big chunk of unassigned debt that is on all the parcels. To get them built, they will be assigned to legal parcels because the assessments run with the land but I don't want anyone to worry or think their assessments could to up or be changed because once they are platted the debt is levied on that lot, it is done and it is just the undeveloped land that has this enormous debt that gets assigned to it.

Mr. Baker: What they are asking to be done is to deviate from the current methodology that we ratified both times and modified because the original assessment methodology assigns debt to principle uses not ancillary uses.

Ms. Carpenter: I just want them to be aware that the platted lots that have debt will not change. The lands the Trustee is talking about are lands where there was no debt assigned to them. There are a lot of questions that you raised on the allocation and how much should be allocated and the amounts and types of allocations. I won't deny there are questions between the two sides. I wanted to clarify that for you on how the debt was originally assessed.

Mr. d'Adesky: This methodology does not include O&M. We have not done an O&M analysis for these parcels because O&M is not assessed on these parcels. We have a yearly basis to assess O&M and relative benefit to the parcels. Because this is an ongoing issue and because this will be resolved one way or another we anticipated to handle the bond debt issue prior to dealing with O&M.

Mr. Greenstein: It has taken several years to reach this day, there have been communication between, among the various parties and I now see it as coming to a head. I do not see the Board taking any action on this matter today. We are here to receive information, this

is highly complex. If we need to continue this meeting to give each Board Member time to confer with Counsel, to review all the documents, to get a better understanding so they feel comfortable with the next step we can do so. I think it requires a continuation of today's meeting.

Mr. d'Adesky: It might not be a formal continuation of the actual meeting as much as this item was for discussion and any action would be at a future meeting. The issue itself will be continued but the meeting won't be continued.

Ms. Carpenter: When we did bring up the O&M portion of it LRA did come to what we thought was a fairly reasonable number and how to handle it but they decided they do not want to bring that forward while they were still talking about the debt, feeling that it had an impact on their case. The Board does need to know that it is a part of this Board because there is O&M.

Mr. Dryburgh: Are you going to make a recommendation as to what we should do as a Board?

Ms. Carpenter: The District Manager's roll in this as Assessment Methodology Consultant put together the assessment report we gave you looking at the parcels, looking at developability, looking at the original assessment reports from 2002 and 2005. The various changes that were made when the bonds were exchanged and then put together what was reasonable from their point of view as methodology consultant how to assess these parcels. Their opinion is on the methodology not on the legal side.

Mr. Flint: There was a prior version of this. What you have in your agenda packet is more closely related to what the Trustee requested.

Ms. Carpenter: We had a prior version and were hoping to get input from all sides to narrow the gap and the Trustee responded and the gap got bigger, LRA didn't respond.

Mr. Flint: That is when we got to the point where you get together and hopefully you can work out a compromise and we can see if we are comfortable with it and that didn't happen.

Ms. Carpenter: After two years of trying that we are at a point now where the District has to take action or not but do something formally in the next few months. I don't think we can wait much longer than that.

Mr. Babbar: Our cards are on the table. We have shown you the legal arguments, positioning, the defenses. What we have been requesting is why are we wrong. Show us why those arguments are wrong and we will re-evaluate our position. That is why we didn't give any formal comments on the Methodology Report because we didn't think it was necessary.

Mr. Baker: Sometimes time and timing are different things and I ask that you consider the timing of this issue being raised. Many of you didn't have to work through, as Jan and George and a lot of people who suffered through the recession and the potential foreclosure and all these hundreds of thousands of dollars that Trustee's Counsel and the District had to go through to evaluate this debt we are talking about, the land that was in default and if there was material that wasn't being assessed right you would have thought it would be done during the time when the bonds had to be trifurcated. I encourage you to put things in context and think why now, why did they do that, why didn't they impose that at that time?

Mr. Harding: Whatever is decided hopefully, it is going to be in the best interests of all the property owners.

Ms. Carpenter: We certainly hope we can avoid litigation because I don't like to see the costs of that borne by residents, Trustee and or anyone.

Mr. d'Adesky: We have done our best to keep our costs as low as possible while still fulfilling our diligent duty pursuant to the indenture.

Ms. Carpenter: We have allowed LRA and Trustee's Counsel to do the bulk of the research. We have confirmed things but we have not spent time preparing for litigation.

A. Third Supplemental Special Assessment Allocation Report

B. Hopping Green & Sams Letter Dated May 4, 2016

C. Straley Robin Vericker Letter Dated November 2, 2016

D. Hopping Green & Sams Letter Dated August 21, 2018

EIGHTH ORDER OF BUSINESS Staff Reports

A. Attorney

Mr. d'Adesky: We have been working on the MSA and we will get the policy revised as per direction.

B. Engineer

Mr. Boyd: On the signal I still have not been able to secure documentation of the County's final acceptance. The contractor is working on getting that. I also asked him about moving the sign and he is going to look at it and see what they can do.

Mr. Flint: We are still holding back $20,000 retainage contingent on the County's final sign-off.

Mr. Boyd: George received a notice from the Water Management District about several parcels that did not have the proper documentation stating that the CDD was maintaining those areas. I am in the process of getting those prepared.

Mr. Flint: Basically with the Water Management District permits, at a point in time when the infrastructure construction is completed, it is accepted and maintained by the CDD. There is a formal process with water management where you transfer the permit to the operating entity. For one reason or another we have a number of these permits that were never officially transferred to the CDD as the operating entity. We have been maintaining them for more than ten years and the Water Management District is auditing all their files. I don't see an issue, I don't think your Engineer sees an issue with going ahead and formally signing the transfer to operating entity. They told us if we do it by January 21, then they won't issue a formal violation.

Mr. Greenstein: Where are we on the "Reunion Boulevard next intersection" signs?

Mr. Boyd: I have not dug into that one yet. I apologize.

C. Manager

i. Action Items List

Mr. Flint: We are working on the MSA. The status of the transponder system, do you know that?

Mr. Scheerer: We reported at the last meeting that was approved and they are in process of getting the permits in order.

Mr. Goldstein: John told me this morning that he thought it would be up and running by the end of the month.

Mr. Flint: Item five we talked about, that is the amenity policy and we will make the changes suggested by the Board. Potholes on Sinclair Road, do we know if the County has done anything on that?

Mr. Scheerer: They haven't done anything yet and I resubmitted another email and phone call to road and bridge.

Mr. Flint: The speed limit signs we talked about. I think we have a plan, we ordered another one and we are going to relocate an existing sign. Steve by the next meeting is going to have information on the signage on 532 approaching Reunion Boulevard. Repainting signs throughout the community, Alan.

Mr. Scheerer: I talked with the Board at the last meeting. I received a quote from a vendor that was approximately $63,000 to repaint all 224 sign posts. I got one today from

Heritage Service Solutions a proposal for $26,880. The Board did approve a budget for 2019 that included the $63,000 number in the capital projects. We reached out to Orange County Painting who has done work here before and they didn't submit a bid yet but 224 sign posts, the back brackets for the stop signs, the street ID marker brackets, which are also black and the finials would all be painted as part of this project should the Board want to move forward.

Mr. Flint: A new sign is $800 to $1,000 per sign.

Mr. Greenstein: What about the palm trees?

Mr. Scheerer: The palm trees are a sticker. We will take those off and Fast Signs of Orlando has provided a proof and if the Board wants us to we can purchase a couple hundred of those and put them on wherever they go. It is a very minimal cost.

Mr. Greenstein: We put them up originally for a reason and I think it tells people they are in Reunion when they see the logo.

> On MOTION by Mr. Greenstein seconded by Mr. Goldstein with all in favor the proposal from Heritage Service Solutions in the amount of $26,880 to repaint the sign posts was approved and staff was directed to put the stickers on if they are a minimal cost.

Mr. Flint: The developer for the Spectrum project around the water park is asking for the ability to install directional signage. What they emailed me was not consistent with the sign policy you adopted and the design standards. Reunion West had not previously approved signage standards and at the meeting before this you did adopt the same signage standard as Reunion East and they delegated authority to Mr. Greenstein to meet with Spectrum to work on the location and sign-off on the design because Mr. Greenstein is on both Boards that makes sense if this Board is amenable to that.

It was the consensus of the Board to appoint Mr. Greenstein to be liaison with Spectrum on the signage.

Mr. Dryburgh: The damage that has occurred on Sinclair with the contractor employees parking on the strip, breaking down the cement. I'm assuming that is all our stuff.

Mr. Flint: It is actually the County. We are maintaining it. The County will make sure that is all repaired before they issue final approvals.

ii. Approval of Check Register

Mr. Flint presented the December check register in the amount of 194,690.77.

On MOTION by Mr. Harding seconded by Mr. Goldstein with all in favor the check register was approved.

iii. Balance Sheet and Income Statement

A copy of the balance sheet and income statement were included in the agenda package. No Board action was required.

iv. Status of Direct Bill Assessments

A copy of the status of direct bill assessments was included in the agenda package.

NINTH ORDER OF BUSINESS **Other Business**

Mr. d'Adesky: There will be a public hearing for Reunion West on February 21st and it might make sense to have our meeting then to save money for both Districts.

It was the consensus of the Board to have the February meeting on February 21, 2019 at 1:00 p.m. at the Heritage Crossing Community Center.

TENTH ORDER OF BUSINESS **Supervisor's Requests**

There being none, the next item followed.

ELEVENTH ORDER OF BUSINESS **Next Meeting Date**

On MOTION by Mr. Greenstein seconded by Mr. Goldstein with all in favor the meeting adjourned at 2:13 p.m.

Secretary/Assistant Secretary

Chairman/Vice Chairman