

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 on Thursday, June 8, 2017 at 2:00 p.m. at the Heritage Crossing Community Center, 7715 Heritage Crossing Way, Reunion, Florida.

Present and constituting a quorum were:

John Chiste	Chairman
Mark Greenstein	Vice Chairman by phone
Jared Bouskila	Assistant Secretary by phone
Deborah Simmons	Assistant Secretary
Peter Brown	Assistant Secretary

Also present were:

George Flint	District Manager
Jan Carpenter	District Counsel
Andrew d'Adesky	District Counsel
Steve Sanford	Bond Counsel by phone
Steve Boyd	District Engineer
Alan Scheerer	Field Manager

**FIRST ORDER OF BUSINESS**

**Roll Call**

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

**SECOND ORDER OF BUSINESS**

**Public Comment Period**

There not being any, the next item as followed.

**THIRD ORDER OF BUSINESS**

**Approval of the Minutes of the March 16, 2017 Meeting**

Mr. Flint: Are there any additions, deletions, or corrections to those minutes? Not hearing any, we need a motion to approve.

On MOTION by Mr. Chiste, seconded by Ms. Simmons, with all in favor, the minutes of the March 16, 2017 meeting were approved.
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**FOURTH ORDER OF BUSINESS**

**Review and Acceptance of Fiscal Year  
2016 Audit Report**

Mr. Flint: As a Governmental entity, you are required to have an annual independent audit. You selected McDirmit Davis to perform the audit, which was provided under separate cover. The only finding remaining in the audit is 15-01 – Failure to Include Component Unit in the Financial Report, which was a finding in Fiscal Year 2015, related to the Reunion West I, LLC, and the Reunion West SPE, indicating that the SPEs were not included as component units in the District's financial report. Our response was in the letter on Page 35, stating that the District has no access or control of the financial transactions or reports of the SPE, so we don't believe that it should be included. Otherwise, the other comments that were included, regarding the financial condition of the District and the defaults on the bonds, have all been cleaned up. Other than the issue with the SPE being a component unit, there are no other findings or recommendations.

Mr. Bouskila: Is this just related to Fiscal Year 2016 or would this also be for future years as well?

Mr. Chiste: It was in last year's audit too.

Mr. Flint: It was in the 2015 audit. When there are comments or recommendations, they look for the issues to be resolved. They repeated it again in the 2016 audit, but we don't have access to SPE's financials to include them as a component unit, and we don't believe that they should be included as a component unit. How we deal with this going forward, whether it's going to be in next year's audit again or not, we are going to have to work with the auditors to figure that out.

Mr. Chiste: Jared, take a look of the one on Page 15. It's when the land was taken over.

Mr. Bouskila: I see. Is there a reason to keep it active?

Mr. Greenstein: That was going to be my question.

Mr. Flint: The District doesn't have control over either one of those SPEs at this point. Control is given to the bondholders.

Mr. Chiste: What Jared is saying is that the assets no longer reside in the SPE. The assets have already been turned back over to the developer.

Ms. Carpenter: We have the title on some of the properties.

Mr. Chiste: Really?

Ms. Carpenter: For the Reunion West SEP. I was surprised that they are still showing up on those plats.

Mr. Chiste: So we are probably going to be stuck with it for one more year, until we clean that up. I can't believe that these guys can do this audit for the price that they charge. It's amazing.

On MOTION by Mr. Chiste seconded by Mr. Brown with all in favor, the Fiscal Year 2016 Audit Report was accepted.

Mr. Chiste: Jan, can I request that you work with the developer to try to get the title associated with those particular parcels?

Ms. Carpenter: Yes. I think after we get this bond issue done, it makes sense to do a search on whatever else is left.

## **FIFTH ORDER OF BUSINESS**

### **Financing Matters**

#### **A. Consideration of Resolution 2017-06 Authorizing Work on 2017 Bond Issuance**

Mr. Flint: Resolution 2017-06 authorizes District Staff to work on the Series 2017 bond issue. At this point, I am going to hand the meeting over to Jan, Andrew and Steve to walk you through the resolutions.

Mr. d'Adesky: The first Resolution is 2017-06, which authorizes our actions and prior actions. All work will be done by ourselves, Steve and George and any other member of District Staff. It also authorizes us to execute the Developer Funding Agreement, which provides that the cost of the professionals will be paid by the developer.

Ms. Carpenter: It's the same form of agreement, just with the current owner. The developer signed it prior to the meeting.

Mr. Flint: It's after the fact, since the work was mostly completed.

On MOTION by Mr. Chiste, seconded by Ms. Simmons, with all in favor, Resolution 2017-07 Authorizing Work on the 2017 Bond Issuance was adopted.

#### **B. Consideration of Amended Engineer's Report**

Mr. Boyd: There were previous drafts, but the official one was distributed prior to the meeting. This is the Supplemental Engineer's Report. There are four plats but three general areas are included in Assessment Area 4. Table 2 has the conceptual cost of the improvements.

The following tables highlight the individual areas. In the back, you will find exhibits showing the locations of the four assessment areas, and copies of the plats; whether or not they were approved, they are still in draft form.

Mr. Flint: Do you just want to generally describe the areas that cover the improvements?

Mr. Boyd: Sure. I will just go with the titles in Table 2. Reunion West 2A and 2B, include a total of 216 lots. That's a combination of two separate plats. If you flip to the back, there is a sheet of Composite Exhibit A, with the location of Assessment Area 4. Behind that, there's an aerial exhibit showing the three general areas. The middle area is Reunion West 2A and 2B, which is broken into two separate plats. If you look at Table 2 and cross reference that to this exhibit, you can see what those improvements will include.

Mr. Chiste: So 2A and 2B are off of 429 in the back?

Mr. Boyd: Correct.

Mr. Chiste: 2B runs against I-4. The last one is across the lake. On the bear's end, are we saying that there are only 52 lots?

Mr. Boyd: There is future development in that general overall parcel, but there are only 52 lots in this first phase plat, which is Assessment Area 4.

Mr. Chiste: Are these the ones that run up against 18?

Mr. Boyd: You can see in Table 3C, an allocation for future development, with a total of 115 or 116 lots.

Mr. Chiste: That's the number that I'm aware of.

Mr. Flint: We need a motion to approve the amended Engineer's Report.

On MOTION by Mr. Brown, seconded by Mr. Chiste, with all in favor, the Amended Engineer's Report was approved.
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### **C. Consideration of Assessment Methodology Report**

Mr. Flint: We are creating a new assessment area that is comprised of the 251 lots that Steve just described. We are calling that Assessment Area 4. Because we are creating a new assessment area, we prepared a Master Assessment Methodology that takes all of the eligible expenses that could be funded. There is a total of \$14 million, which includes the construction, debt service reserve, capitalized interest, underwriter's discount and cost of issuance. Table 1 on Page 9, describes the development program and shows 251 lots. They are all single-family

and receive 1 ERU per unit. Table 2 shows the improvements. We have them segregated by assessment area and total \$10.4 million. The next table, Table 3, takes that and sizes the bonds. It takes the \$10.4 million in construction, the debt service reserve, capitalized interest, underwriter's discount, cost of issuance and a contingency and rounds that to \$14 million. Then we use some conservative parameters as far as the interest rate, capitalized interest and underwriter's discount. Basically, we are using a par amount of \$14 million, which is based on funding all of the improvements. Table 4 shows the improvement cost per unit of \$41,380. Table 5 allocates the par debt to each product type; you can see the par debt taken at \$14 million, allocates \$55,777 to each unit. Table 6 shows what the net in gross annual debt service assessment would be if we were to finance \$14 million in debt. We know that our per unit assessment ultimately is not going to be \$4,000, but for purposes of the Master Assessment Methodology Report, we are including everything. Then when the bonds are actually priced, a Supplemental Assessment Methodology Report will be prepared. It will include the per unit amount on what the other units are paying, which is closer to \$2,000.

Mr. Chiste: When those improvements will be funded by the developer, will you back into it?

Mr. Flint: Yes. Then we have a Preliminary Assessment Roll attached as Table 7.

Mr. Brown: Do you recall what the existing players are paying on an annual basis with the improvement?

Mr. Sanford: \$2,160.

Mr. Brown: So it's about half of that?

Mr. Sanford: Yes.

Mr. Brown: From a net standpoint, the developer's portion of that \$10 million of improvements is probably going to be about half of that.

Mr. Flint: Yes, once it's actually priced. It will hopefully be lower than the 6%, so your construction account is going to increase. Right now, on those conservative parameters, the interest rate comes down and the percent contributed would go down as well. If there are no questions, we need a motion to approve the Assessment Methodology Report.

On MOTION by Mr. Brown, seconded by Mr. Chiste, with all in favor, the Assessment Methodology Report was approved.
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**D. Consideration of Resolution 2017-07 Declaring Special Assessments**

Mr. Flint: Next is Resolution 2017-07, which declares the special assessments. Andrew, do you want to present this?

Mr. d'Adesky: Yes. This is the statutory declaration of special assessments on property in Assessment Area 4. Once again, those are for the four platted areas in Phases 2A and 2B West, fairway 17 and 18 and Phase 2 East. I'm determining that there will be benefits to the property within Assessment Area 4, and it apportioning those benefits based on the Special Assessment Methodology Report, which is attached as an exhibit to Resolution 2017-07. As part of this resolution, we are adopting the Engineer's Report as presented by Steve and the Assessment Report, as presented by George. We are allocating the benefits on the land within Phase 4, based on the Assessment Report, as presented. We are giving the estimated overall cost, which is approximately \$10,386,000, adopting the Preliminary Assessment Roll, providing for payment of the special assessments and through subsequent action, setting a public hearing on the assessments. This is in similar form to all other bond issuances that we have done in this District and in previous Districts.

Mr. Flint: Are there any questions on the resolution? If not, a motion would be in order.

On MOTION by Mr. Greenstein, seconded by Mr. Chiste, with all in favor, Resolution 2017-07 Declaring Special Assessments was adopted.

**E. Consideration of Resolution 2017-08 Setting Public Hearing on Assessments**

Mr. Flint: Resolution 2017-08 sets the public hearing for the assessments.

Mr. d'Adesky: It is just setting the public hearing that was noted in the prior resolution. We need to fill in the date of the public hearing.

Mr. Flint: We were anticipating the July meeting.

Ms. Carpenter: The plan is if we can set the hearing date, we can pre-close on the bonds right after that meeting.

Mr. d'Adesky: Does that work for everybody?

Mr. Chiste: Yes.

Mr. Flint: We would shoot for July 13, which allows for the 30-day mailed notice, as there is five weeks this month.

Ms. Carpenter: Steve, does that work for you?

Mr. Sanford: Yes. Are we talking about a pre-closing and the hearing?

Mr. Flint: Correct.

Mr. Sanford: Okay, that works.

Mr. Flint: A motion to approve Resolution 2017-08, designating July 13, 2017 at 2:00 p.m., in this location, for the public hearing, would be in order.

On MOTION by Mr. Chiste, seconded by Mr. Brown, with all in favor, Resolution 2017-08 Setting Public Hearing on Assessments was adopted.

Mr. Chiste: I'm pretty sure that by the time the bonds are priced, most of the expenditures will be paid.

Mr. Boyd: I've been through most of them already.

Mr. Flint: If we are really organized, you can walk into the closing. With the first requisition, you can get funding at closing.

Ms. Carpenter: We can get that approved at the meeting, if he has a requisition.

Mr. Chiste: We are going to provide them through the District Engineer to get new information. If we wait on this one, will there be any difference?

Ms. Carpenter: You may as well wait until the deeds and title were received.

Mr. Chiste: Things may just pop up. I think by then, 90% of the dollars will be spent, based on what I know is going on.

Ms. Carpenter: We will put a space on agenda for approval of those requisitions.

**F. Consideration of Resolution 2017-09 Bond Delegation Resolution**

Mr. Flint: The next resolution is the bond delegation resolution.

Mr. Sanford: Before I go through this resolution, I want to make sure that I state the conversation correctly. George's report has \$14 million and we said that we wouldn't finance all of the costs.

Mr. Flint: Correct.

Mr. Sanford: Kessler gave me a not-to-exceed amount in this resolution that is a not-to-exceed \$9 million. I just want to make sure that \$9 million is a safe number.

Mr. Flint: I would use the amount in the Master Methodology Report. For purposes of delegating, if the number comes down, we could always true it down.

Mr. Sanford: Okay. I'm just going by what you said. Kessler knew that you were going to fund all of the costs, so he thought \$9 million was a big number. I have no problem with this resolution being adopted for \$14 million, rather than \$9 million.

Mr. d'Adesky: We could always modify the resolution.

Ms. Carpenter: It should match what's in the Assessment Methodology Report.

Mr. Sanford: We wouldn't have to modify it because it's a not-to-exceed amount. Whatever we issue, we can do that without further Board action.

Mr. Chiste: We have a Methodology Report that says that today.

Mr. Sanford: Okay. I don't have the numbers in front of me, but we authorized \$33 million in July of 2014 and we issued some bonds. I guess we have enough to issue the 2014 bonds. We issued \$9 million way back and then we did not have enough capacity left.

Mr. Flint: It's enough.

Mr. Sanford: I don't know if we should issue \$14 million.

Mr. Flint: We will look at that Steve and if the Delegation Resolution is a not-to-exceed, and for some reason we find that we don't have room under the validation, that is a ceiling so we can issue something less than that.

Mr. Sanford: Alright. We have a prior resolution that the Board adopted, authorizing up to \$33 million. This is a supplemental resolution, which is what we call a Delegation Resolution. The reason why we call it a delegated resolution is we set forth certain parameters. If you have the resolution in front of you, it's in Section 3. In these days, the bonds won't be issued for less than \$14 million. The average coupon is going to be not greater. If the bonds are going to be subject to optional redemption, the lockout period won't be later than November 1, 2030. The underwriter's compensation is 97.5% of the principal amount of bonds. When the time comes for the bonds to be priced, all of the parameters are within what we set forth in this resolution. If the price and terms are within those parameters, then no further action is required. The act of the Chairman or Vice Chairman to sign the Bond Purchase Contract is considered an administrative act, so no further Board action is required. In addition to those parameters, this resolution approves certain documents, which are necessary to get to the finish line, which is the Preliminary Limited Offering Memorandum. Once the bonds are sold, it will become final with all of the pricing terms. The Bond Purchase Contract is between the District and the underwriter, where the underwriter agrees to buy the bonds upon certain conditions and certain deliverables being made at closing. The Continuing Disclosure Agreement, which is required under the SEC rule, requires that there be annual updates as to the status of the development and the District. I'm sure that the District entered into these before. It also requires that if certain material requirement is met, there is a duty to report those. The whole theory behind the Continuing Disclosure Agreement is that an investor who might be interested in buying these



bonds, is put on a level playing field that they kept up to date by these annual filings, so they know the status of the bond issue. When we print the Official Statement of the Limited Offering Memorandum, that's just a snapshot and it's not indicative of development after that point. The other document is the Third Supplemental Trust Indenture, which is the supplement to the Master Indenture that we are already using with U.S. Bank. It provides the specific terms of this particular bond issue, redemption provisions and the rights and remedies of the bondholders. There's a Completion Agreement, which is drafted by Jan's firm. That is the document between the developer and the District, which imposes an obligation on the developer. To the extent that there are insufficient proceeds to complete the project, the developer has an obligation under this document to complete the project. There is a True-Up Agreement. If the plan of development changes and the number of units are reduced, there wouldn't be sufficient revenue to pay the bonds. In that event, there's an obligation imposed on the developer to true-up or make a payment to equalize the amount of debt revenues that are coming in, plus this payment, so there's always enough money to pay debt service on the bond. The last agreement that was prepared by Jan's office is the Acquisition Agreement, which is also between the District and the developer. That is the agreement where the District agreed to purchase completed infrastructure from the developer. There are certain deliverables associated with conveying completed infrastructure to the District. It is a standard type of agreement. The District entered this type of agreement before. If there are any questions, I'll be glad to answer them. Otherwise, I recommend moving to adopt Resolution 2017-09, changing the not-to-exceed amount from \$9 million to \$14 million. George, I will get you the revised pages.

Mr. Flint: Okay. Thank you! Are there any questions from the Board?

Mr. Chiste: No. I appreciate that summary.

On MOTION by Mr. Chiste, seconded by Mr. Greenstein, with all in favor, Resolution 2017-09 Bond Delegation Resolution was adopted, as amended.
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## **SIXTH ORDER OF BUSINESS**

### **Consideration of Resolution 2017-10 Approving the Proposed Fiscal Year 2018 Budget and Setting a Public Hearing**

Mr. Flint: The next item is Resolution 2017-10, which approves a proposed budget and sets the date, place and time for the public hearing. We are recommending your August 10 meeting date at 2:00 p.m., in this location, for the public hearing. Exhibit A to the resolution is

the proposed budget. It includes a proposed increase in the per unit assessment amount. The primary reason for that is the allocation of costs between Reunion East and Reunion West is based on platted units. As more units are platted in Reunion West, the percentage changes. In 2016, there was a 70/30 split and in 2017, it was changed to \$37,063. Now in 2018, based on the units that are platted, it's a 60/40 split. As a result, on Page 3, according to the last table, in 2017, there's a proposed increase for a single-family home of \$53.13. Their assessment would go from \$417.93 to \$471.06. Most of the expenses have stayed the same, except that the percentage is the reason that the per unit amount increased.

On MOTION by Mr. Chiste, seconded by Ms. Simmons, with all in favor, Resolution 2017-10 Approving the Proposed Budget for Fiscal Year 2018 and Setting the Public Hearing for August 10, 2017 at 2:00 p.m., at this location was adopted.

Mr. Greenstein: Are the 261 units in Assessment Area 4 reflected in this 60/40?

Mr. Flint: Yes. One of the plats may not have been recorded, but most of them are reflected.

Mr. d'Adesky: The ones that are platted, as of the preparation of this budget, are reflected. We haven't included any that are in process. To the extent that we are not increasing assessments, we can adjust like we did with Reunion East, this year. We included the 70/30 split in the budget, but we are actually billing based on an allocation of \$37.63.

## **SEVENTH ORDER OF BUSINESS**

### **Staff Reports**

#### **A. Attorney**

Mr. Flint: Next is Staff Reports. Do you have anything else?

Mr. d'Adesky: No, we didn't have anything else to report.

Mr. Flint: Steve?

Mr. Sanford: We don't have anything.

#### **B. Engineer**

There being none, the next item followed.

#### **C. District Manager's Report**

##### **i. Action Items List**

Mr. Flint: I don't know if you want to give an update on the signalization issue because it is a shared cost.

Mr. Boyd: As far as the shared project goes, I have been in touch with the County. The County has not completed their initial review of the plans yet. I spoke to the designers about it, and they believe that we need to delay bidding until, at least, we receive the first round of comments back from the County on the plans. At this point, we are not ready to bill that. We are anticipating the County completing the first review, hopefully, going into next week.

Mr. Chiste: Hopefully we have more to hear by the next meeting.

Mr. Boyd: Yes.

Mr. Chiste: If the Reunion East CDD Board have other comments, just let us know. We are fine with that.

Mr. Flint: I think the same report will be given to Reunion East and there is no action right now.

**ii. Approval of Check Register**

Mr. Flint: You have the May check register for the General Fund and payroll, totaling \$490,364.46.

On MOTION by Mr. Chiste, seconded by Mr. Greenstein, with all in favor, the Check Register for the month of May was approved.

**iii. Balance Sheet and Income Statement**

Mr. Flint: You have the unaudited financial statements through April 30<sup>th</sup>. If there are any questions, we can discuss.

Mr. Chiste: I don't have any questions.

**iv. Status of Direct Bill Assessments**

Mr. Flint: It looks like we might have a June payment due.

Mr. Greenstein: I think there's one May payment hanging out there.

Mr. Flint: There's an EHOFF May payment. We will follow up on that.

**v. Presentation of Number of Registered Voters – 90**

Mr. Flint: There are 90 registered voters within the District, as of April 15<sup>th</sup>. Once that number hits 250, the Board will begin to transition to the General Election process.

**vi. Presentation of JLAC Correspondence**

Mr. Flint: We received a letter from the Joint Legislative Auditing Committee, which is a joint committee between the House and Senate. They review audits that are transmitted by Governmental entities. Any time there are findings, they review those. They sent us a letter,

defining that the issue has already been resolved. We told them that the bondholders cancelled the 2004 bonds, the delinquent 2004-2 bonds and the 2000 assessments. That issue has been resolved and was reflected in the 2016 audit.

Mr. Chiste: It's good to know that someone is actually reading our audits.

Mr. Flint: Sometimes we get a letter because they haven't read it.

Mr. Greenstein: I think you get a letter because they haven't received it.

Mr. Flint: I think it was just a matter of the timing on this.

**EIGHTH ORDER OF BUSINESS**

**Other Business**

There not being any, the next item as followed.

**NINTH ORDER OF BUSINESS**

**Supervisor's Requests**

There not being any, the next item as followed.

**TENTH ORDER OF BUSINESS**

**Next Meeting Date**

July 13, 2017.

**ELEVENTH ORDER OF BUSINESS**

**Adjournment**

On MOTION by Mr. Chiste, seconded by Mr. Brown, with all in favor, the meeting was adjourned.



Secretary/Assistant Secretary



Chairman/Vice Chairman