

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, October 11, 2018 at 1:00 p.m. at the Heritage Crossing Community Center, 7715 Heritage Crossing Way, Reunion, Florida.

Present and constituting a quorum were:

Carlton Grant	Chairman
Mark Greenstein	Vice Chairman by phone
Steven Goldstein	Assistant Treasurer
Don Harding	Assistant Secretary
John Dryburgh	Assistant Secretary

Also present were:

George Flint	District Manager
Andrew d'Adesky	District Counsel
Steve Boyd	District Engineer by phone
Alan Scheerer	Operations Manager
Clayton Smith	GMS
Daniel Baker	ACP Communities
John Cruz	CWS Security
Rob Stultz	Yellowstone Landscape
Trudy Hobbs	Supervisor Elect

**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 being none, the next item followed.

**THIRD ORDER OF BUSINESS**

**Approval of the Minutes of the September 13,  
2018 Meeting**

<p>On MOTION by Mr. Harding seconded by Mr. Dryburgh with all in favor the minutes of the September 13, 2018 meeting were approved as presented.</p>
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**FOURTH ORDER OF BUSINESS**

**Consideration of Agreement with Applied Aquatic Management, Inc. to Provide Aquatic Pond Maintenance Services**

Mr. Flint: Next is an agreement with Applied Aquatic Management to provide pond maintenance services.

Mr. Scheerer: As you know there is one pond located in Patriots Landing and this is a renewal for the next 12 months with the company that has been providing service for the past several years.

On MOTION by Mr. Harding seconded by Mr. Goldstein with all in favor the agreement with Applied Aquatic Management, Inc. in the monthly amount of \$129.00 and total annual cost of \$1,548.00 was approved.

**FIFTH ORDER OF BUSINESS**

**Discussion of Status of Management Services Agreement (MSA)**

Mr. Flint: Next is discussion of the Management Services Agreement addressing the stables and Heritage Crossing Community Center. Mr. Greenstein and I have been communicating with Daniel Baker on this agreement in hopes to get an agreement in substantially final form in a concept the Board would agree with before we would ask Legal Counsel to review that and give a Bond Counsel opinion on the structure of the agreement. I apologize for the lateness of getting this version to you. We just received it this morning and we got it to you as quick as we could. Daniel is here and Mark is on the phone.

Mr. Greenstein: We have the latest version and it is yet to be reviewed by legal.

Mr. Flint: We didn't want to send it for legal review until we were somewhat comfortable with the form and structure of the agreement. Bond Counsel has not yet reviewed it. My hope would be that after today's meeting if the Board is comfortable with the general structure of the agreement subject to some tweaking that we would do that step after today.

Mr. d'Adesky: I think what we need from the Board is general direction that this idea, this concept is what we would like to pursue. The agreement generally reflects the concept and then we will come back and try to nail down the details.

Mr. Harding: I would rely on Mark because of his involvement and I think it is probably ready to submit for legal to look at.

Mr. Dryburgh: Compensation and duration. Is three years the normal duration of a contract like this and is compensation where the management company receives all revenues and income derived from the operation? Is that reasonable and normal? What is the normal amount of money we would pay them if we did not do that?

Mr. d'Adesky: The term is much easier for me to answer than the other one. The term of three years is not uncommon for something like an amenity contract for example in places where you might have a restaurant. As for the compensation that is the part we need to review the closest. I don't want to give an opinion whether or not that is standard, the structure may not be permissible as it is and might need a change in how it is done.

Mr. Flint: As to the question about whether it was standard, there really isn't a standard for this type of thing; it is a negotiated situation and I think Daniel can probably speak to it but they have some concerns taking on these two facilities whether they can generate enough revenue to offset the additional expenses that they are going to incur and there is some risk to that. Daniel not only has to be worried about that but he has people on the other side he is selling this to so he is working between us and the LRA folks that are ultimately going to be responsible for incurring any losses or Salamander however the structure is. The history on the Management Services Agreement, there was a period for a fairly long time where the District bore a significant part of the operational costs and they were operating the stables, this facility and Seven Eagles. Then we were able, after a period of time, to negotiate a phase out of that subsidy over a number of years then it just limited it to the Seven Eagles facility. What this is proposing to do and it is subject to Bond Counsel and District Counsel saying we can do this is, the first year any facility fees they collected would be would be remitted to the District or 25% of the operating costs, whichever is greater. If they collect facility fees greater than 25% of the operating costs we get all the facility fees and that ramps up over a three-year period to 75%. Originally, we were looking at four years and in the fourth year it was going to be 100% and we were also talking about whether the stables and this facility should be on two different percentage phase outs and it looks like LRA, Daniel and Carlton's position is that they should be on the same schedule. That was something we talked about too.

Mr. Harding: It is not much different how Seven Eagles is handled now, right?

Mr. Flint: With Seven Eagles they bear all the expense now. This one we are going to bear the first year 75% of the expense, the second year 50%, the third year 25% of the expense.

Mr. Dryburgh: Will we have a report each year as to how much revenue they are getting?

Mr. Flint: They will submit reports quarterly with their event and facility revenue information so we can track it.

Mr. Baker: From an operational standpoint if there is a ramp up time in building that business base assuming there is no business on the books now for it, it needs to be phased because the revenue stream will be phased.

Mr. Dryburgh: I want to make sure we have some tracking system because both sides are totally in the dark. I don't want to enter into a contract where I feel at a disadvantage. It has to make sense to everyone. If they make a ton of money and we are carrying all the expense that is not acceptable.

Mr. Flint: Hopefully, if they are making a ton of money they are making a lot of facility rental money as well, which we would benefit from to the extent it is greater. The only thing about this agreement is they are setting the facility rental fee not us and that may have to change based on Bond Counsel and District Counsel but at least we are guaranteed a minimum percentage, whether they set the facility rental fee at zero or \$2,000 at least we know what our guarantee is. The offset in here to doing this is any property owners within the District would get a discount, they have inserted 20% on the facility rental fee in exchange for the fact that they are paying Debt Service and subsidizing the O&M so if someone wants to have a wedding they are proposing that person would pay a discounted facility rental fee to be able to have the wedding here. Whether 20% is the right number is something we need to talk about. We need to expand Section 6 on page 2 where it addresses CDD events. The only thing it is really covering right now is the Board Meetings but in my mind that is more than that, it needs to cover any community type events for CDD residents that might be held in this facility.

Mr. Greenstein: When it comes to the form of the agreement it is different than what we had with Seven Eagles and I think from my negotiations it was clear that there was risk for both sides and I think the agreement reflects that shared risk. The percentages, the cost coverage, if revenues exceed expectations no one is going to have a problem with anything. What we have here is a guarantee of exposure control on the expense side. It is an expense exposure in the first year but that is when you have the biggest risk, it does go down over time. I would like to read an email I sent George this morning after I read the draft agreement. I agree with Daniel that this version is close to final MSA. Beyond a general cleanup we definitely have to complete

Schedule C, which would contain the specific capital expenses the CDD will incur to bring the facilities up to a functional level and that refers mainly to the stables. Also, it seems that the area of operating expenses needs to be clarified. Coincidentally, I received a request from our soon to be seated Board Member Trudy Hobbs to use Heritage in November for a one-time yoga class. I think this version represents verbal agreements in principal and I'm looking forward to discussion today.

Mr. Harding: Mark, from your standpoint do you think at this point we should have legal look at it and if there are any other minor things we need to do, we can do that at the next Board meeting.

Mr. Greenstein: It is definitely workable. I believe from an administrative standpoint it is workable. Again, there could be some legal issues relative to fee setting but I think it is a workable agreement and hopefully, we can proceed with all the necessary reviews.

Mr. d'Adesky: Since you are not actually adopting the agreement as is I think you can direct us to take this agreement as proposed and review it and work with Bond Counsel to make sure it is enforceable.

It was the consensus of the Board for District Counsel to review the agreement and work with Bond Counsel to make sure it is enforceable.

## **SIXTH ORDER OF BUSINESS**

### **Discussion of Florida Statute Regarding Use of Golf Carts, Low Speed Vehicles and Utility Vehicles (requested by Supervisor Dryburgh)**

Mr. d'Adesky: I am not going through all the nuances of the statute, but the short version is that in order to have golf carts within a community it needs to be either (A) an over 55 community (B) a mobile home park of a certain type or (C) designated by the City or the County as a golf cart community. They would have to have a map of all the roads in the community, submit it to the County and have them designate it as a golf cart community. If a golf cart was on a random road, City, County, any road including these roads a police officer could pull them over and given them a ticket for unauthorized use of equipment. For normal golf carts, you have to get a designation from the City or County otherwise the only use that is permitted is sort of incidental use, like a landscaper or someone who is using it to service a tract.

Mr. Flint: If it is a golf cart that is street legal it can't be driven on the street?

Mr. d'Adesky: Even if it is street legal it can't be driven on the street. If they are going from point A to point B, and it is an issue in a lot of communities, the enforcement of that is not our duty or issue and I would encourage us not to wade into the enforcement of people driving golf carts. Specifically, because of golf carts in every contract we do I have an addendum or it is in the contract, a very specific provision that I put in there in the last three years that covers golf carts and the liability for golf carts and equipment and says if there is any sort of issue involving golf cart equipment for example the contractor is on our property doing a service for us and they use something like a golf cart and they are not permitted to do it or doing it in an impermissible way that is on them, all the liability is on them. They have indemnified us for that.

Mr. Dryburgh: There is a house four lots down from my house that recently brought in six golf carts and they are parking in their garage. These are not very nice golf carts but they are okay enough to have people riding in them down the streets with kids hanging on the back screaming and falling off going about 80 mph. We are not liable for that?

Mr. d'Adesky: It is just like speeding, we can't enforce that.

Mr. Flint: You would have to call the County Sheriff's department. That would be the enforcement.

Mr. d'Adesky: We had an incident in another community where someone was hit on a golf cart and there was a serious injury and the liability was on the individual and in that case it was a child who was operating it under the age and shouldn't have been operating it in the first place. The District doesn't control that, we have no ability to enforce that, we literally cannot enforce that.

Mr. Dryburgh: Are the homeowners who are renting the property providing those golf carts liable?

Mr. d'Adesky: That is not our issue and I can't give an opinion. I understand it is a safety issue and I understand the concern. That is a valid concern, but it is beyond the scope of our powers. Now, if the Board directed us to go to the County and ask to designate these roads as golf cart roads we could approach them with that, but typically Counties are very hesitant to do that because they feel that if they do it for one they have to do it for everybody. They typically agree to it upfront when they are developing a community and it is part of the concept upfront or they don't do it.

Mr. Harding: I think our landscaping company is taking on their own liability.

Mr. d'Adesky: Yes, they use a lot of different equipment and they are liable.

Mr. Flint: There are exemptions for tractors and that sort of thing.

Mr. d'Adesky: There are certain exemptions for what landscapers are using but we don't police that. We don't police their equipment they assume liability for operating that equipment properly just like they operate their mowers properly.

## **SEVENTH ORDER OF BUSINESS**

### **Staff Reports**

#### **A. Attorney**

Mr. d'Adesky: Wednesday, October 10<sup>th</sup> at 4:45 p.m. we had an email from Vivek Babbar, with Straley Robin Vericker, on behalf of LRA, and I will read it to you. We had a phone call but it summarizes that.

Good afternoon Andrew and Jan, as I discussed with Andrew over the phone earlier, we reviewed the Trustee's letter dated August 21, 2018 and we believe our original letter from 2016 sufficiently addressed the concerns and allegations related to LRA Orlando and the trustee's new letter. We have nothing further to add at this time. If there are any new developments we look forward to hearing from you and the Board of Reunion CDD.

What happened was Straley Robin Vericker, on behalf of LRA, sent us a letter with certain positions, legal defenses and whatnot against being assessed for bond debt, which they later on extended to arguably apply for O&M. The Trustee took a while to get together a response letter to that, they delivered that on August 21<sup>st</sup>. The District has a duty to balance the size and make prudent and reasonable consideration on this matter so in that light we gave Straley Robin Vericker the opportunity to respond to the Trustee's letter and see if they had any additional arguments they would like to present. They mulled it over and thought they had already presented all their arguments so at this point we as a District, George, myself, Jan will get together, look at our methodology as it is presented, see if it accurately reflects our understanding of the current legal positions and make sure it is reasonable and then re-present it to the Board. At that time, we would probably hear from both sides, LRA and the Trustee but at this time there is no action that is required. I'm just keeping you updated on that. Once again

that is related to the unexchanged bond series. In the next couple of months I would expect to at least have a form of proposed methodology back.

**B. Engineer**

Mr. Boyd: I got an update from TCD yesterday, they are waiting for Duke Energy to install the transformer and unfortunately Duke went into storm mode. We are hoping to get a transformer set next week and then they will put this on flash so it will basically flash in a red stop condition and yellow for about a week to two weeks to get everybody used to it and the County will sign off and it will go active but right now they are waiting on power.

Mr. Greenstein: I thought that intersection would have a lit sign that said Reunion Boulevard. It looks like the only illumination is from street lamps. Is that your understanding?

Mr. Boyd: My understanding was that there would be an illuminated sign hanging from the mast arm, so I need to look into that if it is not there.

Mr. Flint: It is supposed to be internally lit.

Mr. Greenstein: In addition to the lighted sign, coming in from two different directions I think there should be a normal sign on the roadway that says the next intersection Reunion Boulevard.

Mr. Boyd: That is not in the scope and that would require additional permitting by Osceola County. It is doable but that was not included.

Mr. Greenstein: I understand that. It may take a little while to get it but get the ball rolling and maybe by the new year we will see it.

Mr. Boyd: I will check on that as well.

**C. Manager**

**i. Action Items List**

Mr. Flint: Irrigation turnover, Daniel is there anything you want to mention to the Board?

Mr. Baker: Not at this time other than we had a meeting regarding the status of negotiations with Toho. There is a strong probability it will come close to the finish line very soon.

Mr. Flint: Allocation of 532 costs, District Counsel prepared letters per the Board's request including the costs and those have been sent to each of the property owners on the south side.

The MSA we talked about.

Mr. Harding: On Sinclair Road do we do the landscaping there too?

Mr. Flint: Yes.

Mr. Harding: Is that all the way up to Old Lake Wilson Road?

Mr. Scheerer: All the way to Old Lake Wilson Road. The only area not included is the footprint of the actual 429 interchange, it goes up to 429 then picks up on the other side of 429 and goes all the way up to Old Lake Wilson Road.

Mr. d'Adesky: It is pursuant to an interlocal agreement. When you have an interlocal agreement you can act outside your boundary. At the point of which this was entered into you agreed to cover that area. You can back out of it any time and we can back out of a portion of it and decide not to do anything with Sinclair Road. It is unirrigated Bahia. I would advise before you stop that particular service you might want to consult with the West because some of that viewshed would impact the West.

Mr. Flint: It is a shared cost.

Mr. Greenstein: As a Board Member on the West let me take a look at the area and my understanding is it is unirrigated Bahia and we are just dealing with periodic mowing.

Mr. Flint: This area is in Reunion West CDD so it is not like this little piece is sticking out. It is outside that development, but it is along that edge of the CDD border.

Mr. d'Adesky: If it is a shared expense they are paying based on the platted parcels.

Mr. Greenstein: I can review the situation on the West side with Alan and will make sure everyone on the East is informed of what their assessment is.

Mr. Flint: The rapid arm gates on the exit side of Excitement Drive.

Mr. Scheerer: They are installed and operational.

Mr. Flint: The evaluation of transponder system for the gate access?

Mr. Scheerer: I think that is with the HOA.

Mr. Cruz: The status of that is the server we have in place for that is on its last leg so say the server goes down, it wouldn't affect those active cards now. All those cards will still work because the individual access points has that database loaded in there already. You wouldn't be

able to add or make any changes to any cards. As far as where we are on the new access system, I have two proposals and I'm waiting on the third one, which has been delayed because it is tied into the resort key system. There are some upgrades they are looking into for their key system and one of the features that company offers is gate access. There are advantages to using them, they would be able to put locks on the pools that would eliminate folks who don't have keys. Only members, residents and guests of those who are supposed to be using the pool will be granted access. I'm just waiting on them.

Mr. Dryburgh: It is a shared cost between the HOA and CDD. How long will it be before you get the proposal?

Mr. Cruz: Last I was told was next week.

Mr. Dryburgh: Once it is approved how long before it is installed?

Mr. Cruz: That depends on which system we go with. I would guess two weeks from the time it is approved but it all depends on who we go with and the parts that are available.

Mr. Dryburgh: Are all vendors providing you a product from U.S. manufacturers? Are they all approved vendors?

Mr. Cruz: They are all local companies. Where they get their parts from I would have to research but the two companies I have proposals from are based in the United States. One of them is ACT who we already have an agreement with. The other one is the company that installed the previous software and all of that is from the United States.

Mr. Harding: By the next meeting we should probably have enough information to decide where we go.

Mr. Flint: The resolution to that issue is going to have an impact on the issue that is on our action items list, which was more geared toward access control at the pools and that sort of thing.

The LED radar signs is next.

Mr. Scheerer: I am in receipt of all the radar signs and we will begin installation of the first sign next week coming over the bridge by the waterpark. We will use that as our test. We have to preassemble them, make sure the uniform brackets work that were sent and make sure we don't have any problems. I have also received an email yesterday from our sign company that the "resident only" signs are available and I will pick those up tomorrow and we will also get those installed at the Terraces Pool. Something else that wasn't on here, Mr. Harding sent an

email, the oak trees behind the homes on Watson Court are complete and the pothole issue on Sinclair Road I did contact Osceola County Road and Bridge and they are going to create a work order but they have told me they are several months out before they can get to that. I also called them about the sidewalks on Osceola/Polk County Line Road. There was already an existing work order on that and they are telling me they can't get to those until December.

Mr. Flint: The policies/guidelines regulating amenity policies, Andrew and I both provided the Board with some examples. I don't know if you want to have a discussion on that today.

Mr. Harding: Reading through them they are kind of like what Celebration has done and it would be nice to implement something similar to theirs.

Mr. d'Adesky: We spent a lot of legal hours on that policy, getting it done, getting it through, getting it constructed because they were very specific about what they wanted. They have extremely large events so some of them are categorically different. Certain requirements within there would be overkill for Reunion.

Mr. Harding: Whatever would be appropriate for our type of facility, use that for adoption.

Mr. d'Adesky: We can come up with a draft.

Mr. Harding: It will give security a means of being able to control it better in terms of what goes on at those facilities.

Mr. d'Adesky: The way it works there is whenever they want to hold an event and you can do this differently but they submit an application, the Board will come and review that. The Board of the Celebration CDD approves every special event. We could have that be the management company but I need that direction from you.

Mr. Harding: I would leave that up to the management company. It is a matter of controlling the size of the group. Some of the concerns expressed by the people at the Terraces was the number of people and bands and all kinds of stuff. We need to have control, some sort of policies to be able to have security control it.

Mr. Dryburgh: Why would we even be allowing it now that we have a horse stable being used by Reunion. Why would we not say if you want an event, pay for it.

Mr. d'Adesky: It is up to you if you wanted your facilities to be used by residents for a different type of use. For example, you could put a prohibition on weddings. That was one of the comments brought up at a previous meeting, someone was trying to hold a wedding there.

Mr. Dryburgh: You can say not more than 25 people.

Mr. Harding: I think it would be nice to come back with a draft based on the type of facilities that we have, which is primarily the pools and these facilities can be managed by the Resort and is different.

Mr. d'Adesky: Is there any sort of limitation you would like us to keep in mind like under X amount of people? Obviously, there are building limits but any sort of hard limit such as every event has to be under 50 people or something like that.

Mr. Dryburgh: Nothing more than 25.

Mr. Harding: I think that is what Celebration had and as far as limitations on alcohol, I think we should have those in our policies too.

Mr. d'Adesky: I will come back to the Board with something that is geared more toward Reunion.

Mr. Dryburgh: I had a question on the number of speed limit signs on the roads. If you drive in from Sinclair you don't see a speed limit sign for some time. We need a post that says all roads in Reunion 25 mph so people are aware.

Mr. Goldstein: Having a sign like that might catch their eye. It is cheaper than a lot of other things we are trying to do. I don't know if there is a way to have it right after the gate so they have to see it when they come through the gates.

Mr. Flint: We will get with Steve Boyd. Any regulatory signs we would want the engineer to make sure that he is giving us input.

Mr. Greenstein: I am aware of the issue I have spoken to Alan in the last few weeks. We drove through and noticed there were no speed limit signs coming in from the West gate. There is one sign within your jurisdiction on Gathering Drive as you approach the sign on Excitement and Gathering I believe there is a sign there that says 30 mph. That may be an anomaly it should be 25 throughout the resort.

Mr. Harding: Once we get our initial five radar speed signs set up I think we are going to want to put in some more. That might be the answer. One of the biggest complaints I get from

people is us trying to do something to control speed. We need to have something to control the speed of traffic going through this place.

Mr. Flint: I will add to the list, the evaluation of speed limit signs.

**ii. Approval of Check Register**

Mr. Flint presented the check register from September in the amount of \$239,312.21.

On MOTION by Mr. Harding seconded by Mr. Dryburgh 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.

**iv. Status of Direct Bill Assessments**

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

**EIGHTH ORDER OF BUSINESS**

**Other Business**

There being none, the next item followed.

**NINTH ORDER OF BUSINESS**

**Supervisor's Requests**

A resident: I want to say thanks a million because the sidewalks and cobblestones were cleaned. The parties at the pool, there was one time when they had a party at the pool and there was a guy swiping them in with his card. They used the bathroom and after the party it took three of us to clean it up. If access to the pool with the new gate control is installed if that works that would help alleviate the problem.

**TENTH ORDER OF BUSINESS**

**Next Meeting Date**

The next meeting date is November 8, 2018.

On MOTION by Mr. Harding seconded by Mr. Dryburgh with all in favor the meeting adjourned at 1:59 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman