

MINUTES OF MEETING

ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Enterprise Community Development District was held Wednesday, August 18, 2010, at 4:00 P.M. at the Celebration Community Center, 851 Celebration Avenue, Celebration, Florida 34747.

Present and constituting a quorum were:

Russell Stokes	Vice Chairman
Don Hempel	Supervisor
Pat Wasson	Supervisor

Also present were:

Gary L. Moyer	Manager: Moyer Management Group
Jason Walter	Attorney: Hopping Green, Sams (<i>via phone</i>)
Brenda Burgess	Moyer Management Group (<i>via phone</i>)
Fazeela Khan	Severn Trent Services, Management Division
Roger Mitchell	Severn Trent Services, Operations Division
Jim Parker	Walt Disney Imagineering
Brian Smith	Severn Trent Services, Management Division
William Telford	Engineer: PBS&J
Residents and Members of the Public	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Stokes called the meeting to order at 4:00 P.M.

Mr. Moyer called the roll and stated a quorum was present for the meeting.

SECOND ORDER OF BUSINESS

Pledge of Allegiance

Mr. Stokes led the *Pledge of Allegiance*.

THIRD ORDER OF BUSINESS

Public Comment Period

There not being any, the next order of business followed.

FOURTH ORDER OF BUSINESS

Consent Agenda

A. Approval of the Minutes of the June 16, 2010 Meeting

B. Approval of Check register and Invoices

Mr. Stokes reviewed the items on the Consent Agenda and requested any additions, deletions or corrections to the minutes.

On MOTION by Ms. Wasson seconded by Mr. Hempel with all in favor, the Consent Agenda was approved.
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FIFTH ORDER OF BUSINESS

**Public Hearing to Adopt the Fiscal Year 2011
Budget**

A. Fiscal Year 2011 Budgets

Mr. Moyer stated we presented the budgets to the Board several months ago and you set this meeting as the public hearing to adopt these budgets. The budgets have been provided to Osceola County for their review and comment and I did not receive any correspondence from them in that regard. I would not expect to as it would be out of the ordinary if they commented. The budgets you are considering today are the General Fund Budget, Debt Service Fund Budget and Water/Sewer Fund Budget. The General Fund Budget provides for the operation and maintenance of the water management system, street lights and landscape maintenance. The Water/Sewer Fund Budget or Enterprise Fund Budget, provides for the water, sewer and reuse operations of the District. Each of those budgets have a Debt Service Fund Budget associated with it to pay principal and interest on outstanding bonds. This Board virtually has no control over the Debt Service Fund Budget as they were established when the bonds were sold. Much like your mortgage, you have to pay it and you cannot adjust numbers up or down but you pay according to the schedule. The General Fund Budget is similar in form to what we are operating under in this fiscal year, with the notable exception of landscape maintenance. As you are aware, we went through the competitive bidding process for landscape maintenance and we were fortunate that Davey Tree bid substantially less than what their contract was previously. In this budget, we passed along those savings to the property owners within the District. That is reflected in the budget with a savings of \$60,000. Last year our total budget was \$576,000 and this year it is \$516,000, resulting in a reduction of the non-ad valorem assessments. Other than that one line item, the budget is similar to what we are currently operating under. It has been updated to reflect some of the actual expenditures that we experienced in this fiscal year and what we anticipate the expenditures to be going forward into fiscal year 2011. On the Water/Sewer Fund Budget, we are slightly under budget in what we anticipated for water and sewer revenue from what we expected based upon our rate study. We are also under on our contracted water and sewer purchases as well. They are closely tied together. There is an analysis in this budget that staff compiled on Page 8 showing the Rate Study amounts and the historical amounts for this fiscal year. We had a good year in terms of connection fees, and are approximately 80% above what the Rate Study contemplated, but on the

operating revenues for water and sewer, we are approximately 92% on water and 95% on sewer, but we are at 105% on reuse. We also highlight the expenses for the purchase of water, wastewater and reuse. The net of all of those is we are about \$161,000 short on revenues, but we are \$137,000 under budget from what we projected. Overall, we are still fairly close to what the Rate Study provided. The meeting has been noticed for a public hearing, so I will ask that you open the meeting for anyone from the public to comment on these budgets.

Mr. Stokes stated I will open the public hearing for the proposed budgets for fiscal year 2011. Hearing no comments, I will close the public hearing.

B. Consideration of Resolution 2010-04 Adopting the Fiscal Year 2011 Budgets

Mr. Moyer reviewed Resolution 2010-04 adopting the fiscal year 2011 budgets.

On MOTION by Mr. Hempel seconded by Ms. Wasson with all in favor, Resolution 2010-04 Adopting the Fiscal Year 2011 General Fund, Debt Service Fund and Water/Sewer Fund Budgets was adopted.
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C. Consideration of Resolution 2010-05 Levying the Assessments for Fiscal Year 2011

Mr. Moyer reviewed Resolution 2010-05 levying the non-ad valorem assessments for fiscal year 2011.

Mr. Walters stated we provided a revised version of this Resolution. The significant change is related to Section 3, which is the collection provision. Last year, there was some discussion regarding the method the District uses to collect certain assessments, whether or not it is on or off the tax roll. At the budget hearing last year, there was some discussion and a decision made by the Board, at the advice of Ms. Cheryl Stuart and Mr. Moyer, regarding pulling certain properties off of the tax roll and having the District directly collect those. With respect to the two properties discussed last year, we thought it would be appropriate to provide for some direct collection of the properties that were delinquent: Mona Lisa and Overture. Mona Lisa was in bankruptcy and has now emerged from bankruptcy and is current, but under the circumstances, we think it is still prudent to directly collect those. Overture was lagging and delinquent in some payments. I believe the bank has taken over that property and have made their direct payments. There were some timing issues and we want to be sure we stay on top of those properties. We included language in the revised Resolution that provides for those properties to be

directly collected. This will not impact those residents living at Mona Lisa who are paying their assessments through their mortgage payments and those will still remain on the tax roll. This will just be the bulk units owned by the developer.

On MOTION by Mr. Hempel seconded by Ms. Wasson with all in favor, Resolution 2010-05 Levying the Assessments for Fiscal Year 2011 was adopted.

SIXTH ORDER OF BUSINESS

Acceptance of the Audit for Fiscal Year 2009

Mr. Moyer stated in the Auditor's Independent Letter included in the materials provided to the Board, the third paragraph states that in their opinion, the financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, the business-type activities for each major fund and the remaining non-major fund of the District as of September 30, 2009. This is referred to as a clean audit opinion, which means the financial records we provided to the Auditor as of September 30, 2009, fairly represented our financial position as of that date. I also want to highlight the reports in the back of the audit. The Auditor is required by State Law and the rules of the Auditor General to opine on certain items. The first is internal control over financial reporting and whether or not there are any material weaknesses. The last paragraph of this subsection states that they did not identify any deficiencies in internal control over financial reporting that they consider to be material weaknesses as defined above. The other section deals with compliance and other matters, which is compliance with laws, ordinances, rules, contracts and trust indentures. The Auditor's state in the last sentence that the results of their test disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*. The final report is on Page 32, which is the Management Letter and includes several sections. This is the Auditor's opportunity to bring to your attention certain items that they feel need to be addressed to make our financial reporting better. Under current year findings, there were no recommendations. Similarly, there were no recommendations last year. On Page 34, item 8, the Auditor's state that the District had not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes. In other words, we are not in a state of financial emergency. Financial emergency is a defined term if you trigger certain things. If you do not meet

one of those categories, which is why the statement is written the way it is. The bottom line is we have a clean audit opinion with no recommendations.

On MOTION by Ms. Wasson seconded by Mr. Hempel with all in favor, the Audited Financial Statements for fiscal year 2009 were approved and staff was authorized to file it with the appropriate State agencies.

Ms. Wasson stated my compliments to Mr. Moyer and the staff at Severn Trent Services.

SEVENTH ORDER OF BUSINESS

District Manager's Report

A. Financial Statements

Mr. Moyer reviewed the financial statements, which were included in the agenda package and available for public review in the District Office during normal business hours.

Mr. Moyer stated we have collected all of our non-ad valorem assessments relating to the General Fund. As Mr. Walters indicated, we received the payment from Mona Lisa and Overture. Our expenses are either at or below budget in all major categories.

B. Meeting Schedule for Fiscal Year 2011

Mr. Moyer stated pursuant to Chapter 189, Florida Statutes, we are required to publish our meeting schedule in a newspaper of general circulation. We are proposing the same schedule as this current fiscal year. We are also proposing a landowners meeting on November 17, 2010, at 4:30 P.M., which is when the landowners assemble for the purpose of electing Supervisors, but this does not have to be a Board meeting. We will see if there are items that we need to include on an agenda. If there are, then we will schedule a Board meeting. The landowners meeting is for the landowners to cast their ballots for candidates to serve as Supervisor.

On MOTION by Mr. Hempel seconded by Ms. Wasson with all in favor, the meeting schedule for fiscal year 2011 was approved, as presented.

C. Field Operations

i. Monthly Highlight Report

Mr. Smith reviewed the Monthly Highlight Report, which was included in the agenda package, which is available for public review in the District Office during normal business hours.

ii. Utility Report

Mr. Smith reviewed the Monthly Utility Report, which was included in the agenda package and available for public review in the District Office during normal business hours.

Mr. Smith stated the utilities seem to be operating well. We provided an update last month on the Variable Frequency Drives and they are still working well.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There not being any report, the next item followed.

B. Engineer

Mr. Telford stated regarding the emergency 12-inch line bypass, drawings were prepared and reviewed and they are going to DEP for permitting. Regarding the FEMA storm reimbursement, Mr. Glen Hitchcock from our office met with representatives of FEMA and he has another meeting next week to review our application and resolve any outstanding issues. He commented that it looked favorable. I will provide a report to you prior to the next meeting if I have one.

Mr. Smith stated we are trying to get reimbursement for some of the trees standing after the 2004 hurricanes. They said FEMA would reimburse us for these trees, but they later said that was not part of what they were going to reimburse.

Mr. Moyer stated I do not know the figure for Enterprise CDD, but for the Celebration CDD, it is a significant number we are seeking for reimbursement.

C. District Representative

Mr. Parker stated we started work on Celebration Place and U.S. 192 approximately three weeks ago to widen the left and right turn lanes from Celebration Place onto U.S. 192. There will also be an additional left turn lane from U.S. 192 onto Celebration Place. Work continues on schedule and is scheduled to be substantially complete by November 30, 2010, with final completion on December 30, 2010. We anticipate being able to make that schedule.

NINTH ORDER OF BUSINESS

Other Business

Mr. Moyer stated staff is working on reclassifying the CROA reuse water use, which is regulated by a variety of individual meters, but belongs to one customer. If their use was master metered through one meter, I would be able to tell the Board that their usage falls under the large user category. However, because of the way those were metered, we

never thought of adding them together. We are working on looking at their use. The intent is to classify CROA as a large reuse user and give them the benefit of the large user rate. We should have done this before the next meeting. If the Board is in agreement, there are a couple ways to handle this. I indicated to them that I thought we would make whatever adjustments retroactive to the time they raised that issue with me. We are taking the time to figure this out, because they should not be penalized for this. If the Board desires, you can authorize us, once we conclude the research and properly classify that use, to make those adjustments based on the adopted rates. You can delegate the responsibility to me to make those adjustments. It either comes back to the Board and we apply it retroactively, or I go ahead and implement the rate change when we are complete our study.

Mr. Hempel asked how does that affect the budget? Is it a significant amount?

Mr. Moyer stated it will not significantly affect the budget. It is significant to CROA, but not in terms of our budget.

Ms. Wasson stated in pulling all of the bills together for your review, we discovered that there was never any billing for the townhomes and duplexes for reuse water in those service areas. I wondered if that should be included in our numbers.

Mr. Moyer stated yes, please forward that information for those accounts. I will consider including this as part of CROA's total reuse usage. That would mean including the apartments, which would be many large users, which could adversely affect the budget.

Ms. Wasson stated CROA's service areas are not a separate association. A condominium is a separate association and entity. A service area is just an area that was established to pay additional assessments. I believe there is room for consideration.

TENTH ORDER OF BUSINESS

Supervisor Requests

Ms. Wasson stated Progress Energy is doing an excellent job on their Celebration Avenue project to run lines to Artisan Park. I have not received a single complaint from a home owner. I actually received a compliment.

Mr. Parker stated we have not received any complaints on the Progress Energy project or the Celebration Place/U.S. 192 project from the CDDs or CROA or from homeowners. I think in both of those cases, in the beginning, there was a lot of communication, which set the tone for the project.

Mr. Hempel stated I watch the Progress Energy crews going up and down the road, and they are very neat. On the issue of considering CROA as a large user, I have no problem authorizing Mr. Moyer to make that change if it does not adversely affect our budget.

Mr. Moyer stated I will report to you at the next meeting.

ELEVENTH ORDER OF BUSINESS

Adjournment

On MOTION by Ms. Wasson, seconded by Mr. Hempel,
with all in favor, the meeting adjourned at 4:30 P.M.

Gary L. Moyer, Secretary

Russell Stokes, Vice Chairman