

MINUTES OF COMMITTEE MEETING ENTERPRISE COMMUNITY DEVELOPMENT DISTRICT

A meeting of the audit committee of the Board of Supervisors of the Enterprise Community Development District was held Wednesday, August 20, 2008, at 5:00 p.m. at 851 Celebration Avenue, Celebration, FL 34747.

Present and constituting a quorum were:

Shannon Sakaske
Don Hempel
Russell Stokes

Vice Chairman
Supervisor
Supervisor

Also present were:

Gary Moyer
Cheryl Stuart (*by phone*)
Jim Parker
Brian Smith
Brenda Wright

Manager: Moyer Management Group
Attorney: Hopping Green & Sams
Walt Disney Imagineering
Severn Trent Services
Moyer Management Group

FIRST ORDER OF BUSINESS

Roll Call

Mr. Sakaske called the committee meeting to order at 5:00 p.m.

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

SECOND ORDER OF BUSINESS

Ranking of Auditing Firm Proposals

Mr. Moyer stated we previously met and the committee approved scoring criteria. We received six proposals. Some of them we have knowledge of and we have worked with before, and some of them we have not. I have not done work with the Crosland firm or the Harvey Covington firm, but the rest have audited other CDDs, and that was pointed out on the scoring sheet. Based upon price, it would appear that Berger Toombs did not understand the scope because the figure they provided would be a fee appropriate for a general fund but not a water/sewer fund, which is our utility fund, so it appears they did not recognize that. I think it really comes down to Grau, Hoyman Dobson and Keefe McCullough. Hoyman Dobson is our current auditor and has done a very good job for us. We are familiar with Grau. Keefe provided a higher proposal at \$35,000. I have no real criticism of Grau but they do a lot of Districts and they are very busy. Hoyman has done a good job for us in the past. Though we asked for price, we look at all the items and we do not select the auditor solely on price and the law provides for that. We have to consider other factors. I do not know if the committee has had a chance to review all

these proposals and score them. From staff's perspective, I recommend that we stay with Hoyman Dobson.

Mr. Hempel stated I did not have a chance to review all the proposals, although I started. I wonder if it is worth it to look at Grau because it is a big percentage less.

Ms. Stuart stated I reviewed the proposals because there was such a range in fees. You should look at the weighting of the points when making this decision. Berger Toombs had a very low price and in their proposal, there was not really any evidence of their understanding of the Enterprise CDD. I counted that they had 45 CDDs and not 30, so I think they have a few more than they indicated. They said prices for future years will be negotiable, which is not unusual. The Crosland firm appears to have no CDD experience. Grau has close to 200 Districts of various types and a number of CDDs and they had a detailed audit proposal. Grau provided fees for the two additional years, which should be fine assuming the activity level does not change. If we have another bond issue, that would change. All things being equal, they have proposed moderate fee increases going forward. Harvey does not have evidence of any CDD experience at all. It was clear to me that they understood the difference between the kinds of audits that they do and the kinds of audits that Districts like this will require. Hoyman had a very comprehensive approach to the audit because they understand it, having done it. They also do other CDDs as well, in addition to ours. Their fee was not to exceed, and they were about \$2,000 less than their not-to-exceed fee for this year. Their proposal is based on the actual experience of what it takes to do this work. Keefe McCullough has done Districts and had several professionals identified in their proposal. Their pricing was pretty high, which means you would give them fewer points on the fee. They do other CDDs. Their proposal was more a résumé than identifying the audit process. They have done CDD auditing work although it is not clearly identified in their proposal.

Mr. Stokes asked is the recommendation for Hoyman Dobson to be the auditor based on a higher ranking score for each of the categories? Has staff done that?

Mr. Moyer stated no, you do that as the committee. Staff summarized the various items to assist in your analysis but we have not scored them.

Ms. Stuart stated given the price disparity, you need to articulate other reasons why Hoyman would get a higher score in the other categories to offset presumably a lower score on the fee.

Mr. Hempel asked does the law require us to make a decision strictly based on a proposal? Can we choose a couple firms and negotiate?

Ms. Stuart stated no, you have to evaluate the proposals. You can give fewer points if you feel they do not adequately address the criteria within the instructions. You can look at experience and references.

Mr. Hempel asked do we have time to look at these?

Mr. Moyer stated yes, this does not become critical until November. At that time, we provide to the auditor the financials of the District through September 30. If you want to table this to discuss at the next meeting to give you more time to look at the proposals, that is fine.

Mr. Sakaske asked do we have guidance or precedent on how we consider the distribution of points? For example, for fees, the low would get 20 and does the next lowest get 19 or is it prorated?

Ms. Stuart stated there is no guidance in the law. Many times the lowest proposer gets 20 and everyone who is a percentage off of that gets proportionately lower points.

Mr. Sakaske asked if someone was double, we would score them 10?

Ms. Stuart stated 9 or 10 or 6, something like that. For example, if you give Berger Toombs 20, then Keefe McCullough gets 6 points. You do not have to do it that way. The danger in doing it that way is if you have someone that is so low, that will skew the other prices because the other prices are closer. That may not be an appropriate way to score them on price. What you will do is end up giving them a lot of points but if you believe they have no familiarity with the District, you might give them 20 points on fee but zero points on understanding of the scope of work. There are ways to deal with those issues and that is the analysis you need to go through when you look at those proposals. There is nothing in the law that tells you that, but you have to be reasonable and rational. You cannot be arbitrary in your allocation of points.

Mr. Sakaske stated I would like to table this for our next meeting.

Mr. Moyer stated the next meeting is in October.

Ms. Stuart stated the audit committee will meet prior to the regular meeting in October.

On MOTION by Mr. Stokes, seconded by Mr. Hempel, with all in favor, approval was given to table ranking of the auditors to the next meeting.

THIRD ORDER OF BUSINESS

Recommendation for the Board of Supervisors

This item having been tabled, the next order of business followed.

FOURTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Stokes, seconded by Mr. Hempel, with all in favor, the meeting adjourned at 5:15 p.m.