Central Florida Tourism Oversight District

Board of Supervisors

# Agenda Item 6.1



| **Meeting Date** | |
|---|---|
| December 6, 2023 | |
| **Agenda Item Name** | |
| November 15th 2023 Meeting Minutes | |
| **Requested Action** | |
| Transcript of meeting. | |
| **Staff Report** | |
| | |
| **Additional Analysis** | |
| | |
| **Fiscal Impact Summary** | |
| | |
| **Exhibits Attached** | |
| | |

**In The Matter Of:**

*Central Florida Tourism Oversight District*

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*Board of Supervisors Meeting*

*November 15, 2023*

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*Legal Realtime Reporting*

*622 E. Washington Street*

*Suite 200*

*Orlando, Florida  32801*

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**Min-U-Script® with Word Index**

**CENTRAL FLORIDA TOURISM OVERSIGHT DISTRICT**

**BOARD OF SUPERVISORS MEETING**

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| **LOCATION:** | **Central Florida Tourism Oversight District<br>1900 Hotel Plaza Boulevard<br>Lake Buena Vista, Florida 32830** |
| **DATE TAKEN:** | **November 15, 2023** |
| **TIME:** | **9:31 a.m. - 11:08 a.m.** |
| **REPORTED BY:** | **SANDRA D. BROWN, FPR,<br>Court Reporter and Notary Public<br>State of Florida at Large** |

**PRESENT:**

**BOARD MEMBERS: Martin Garcia, Chairman; Charbel Barakat, Vice Chairman; Brian Aungst, Jr.; Ron Peri; and Bridget Ziegler**

**SPEAKERS: Rabbi Yosef Konikov, Chabad South Orlando; Eddie Fernandez, CFTOD Operational Safety Consultant; Anthony Busby, FAVOB; Lee Mullon, Drummond Carpenter; Trish Murphy, FAVOB; Justin Spears, FAVOB; Debie McDonald; Greg Filak, Celebration CDD; Chris Wills, Disney Defenders; Jimmie T. Smith, Concerned Veterans of America; Craig Sandt, Principal Construction Manager; Katherine Luetzow, Planning & Engineering Manager; Mike Crikis, Director of Environmental Services; Tanya Naylor, Director of Security and Emergency Management; Eric Ferrari, Fire Chief; Jason Herrick, Gas, Water & Wastewater Resources Manager; Anthony Kasper, Engineering & Programs Manager; Kenny Locke, Chief Technical Inspector/Interim Manager**

**CFTOD STAFF: Glenton Gilzean, Jr., District Administrator; Paula Hoisington, Deputy District Administrator of Administration; Mike Crikis, Deputy District Administrator of Operations; Daniel Langley, Acting Counsel for CFTOD; Kurt Ardaman, Acting Counsel for CFTOD; Eddie Fernandez, Internal Risk Manager; Susan Higginbotham, Chief Financial Officer; Eric Ferrari, Fire Chief; Alycia Mills, Executive Assistant to Mr. Gilzean; Matthew Oberly, External Affairs Director; Rocky Haag, External Affairs Coordinator; Tanya Naylor, Director of Security and Emergency Management; Ron Zupa, IT Service Delvery Manager; Samarth Thomas, Systems Administrator; Katherine Luetzow, Planning & Engineering Manager; Michele Dicus, Human Resources Director; Jason Middleton, Chief Human Resources Officer; Eryka Washington, Director of Communications; Craig Sandt, Principal Construction Manager, Facilities; Kenny Locke, Chief Technical Inspector/Interim Manager; Tiffany Kimball, Contracting Officer; Erin O'Donnell, Town Clerk and Public Records Administrator; Jessica Kelleher, Public Records Associate, Communications; Daniel Bollone, GIS Administrator; Nicole Seipp, HR Generalist; Andrew Heithaus; Yenni Hernandez, Chief Information Officer; Jason Herrick, Manager Gas Water & Wastewater Resources; Anthony Kasper, Manager RCES Engineering and Programs; Andrea Osinski, Senior Procurement Analyst**

P R O C E E D I N G S

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CHAIR GARCIA: Good morning. Welcome, everyone. Thank you for being here. Thank you for your interest in the work of this Board, and thank you for the interest of the work of this district. We'll call the meeting to order, and first the invocation. I'll turn it over Mr. Gilzean.

MR. GILZEAN: Yes, sir. Good morning. At this time, I'd like to introduce Rabbi Yosef Konikov, the founder and head rabbi of Chabad South Orlando. Rabbi Yosef is an outstanding scholar and published author. Rabbi and his wife reside in south Orlando along with their seven children. Rabbi, would you lead us in prayer.

RABBI KONIKOV: A great rabbi has taught that it's important to promote charity, both in private and public, so we will begin first with an act of kindness, give charity before we begin an important meeting.

O mighty God, Master of the world, let us recognize the importance of the Central Florida Tourism Oversight District, the government body responsible for protecting and bettering the quality of life for citizens and businesses, and to

raise the economic opportunities for an area visited by people from the entire globe.

The Bible says about Abraham, And he went on his journeys. The Jewish Talmud says, When you return from Egypt to the land of Canaan, Abraham went and lodged in the very same inns where he had lodged on his way to Egypt. The Talmud says, This teaches you etiquette that a person should not change his lodgings.

This body of government helps make visits to this district comfortable, and a reason for visitors to return. The same ancient Jewish Talmud states, Pray for the welfare of the government, for without it a man would swallow up his fellow alive.

The Jewish stages teach this to mean not necessarily only to avoid one murdering another, but also government -- we need to pray for the spiritual welfare of the government, thereby, allowing it to recognize and respect the divinity within man, which keeps people from taking advantage of one another.

We pray that we see the importance of fairness and care for each citizen by recognizing each human being as a creation of Almighty God. We gather in prayer for peace over the world and peace in the

land of Israel, which has seen savage massacres last month driven by hatred. Men, women, and children murdered, tortured, raped. Elders executed, babies decapitated, and civilians kidnapped and mutilated.

We pray that this government and humans worldwide stand for right over wrong, and be brave to speak up and act to defend and protect humans from terrorism and hatred. We pray that recognizing the divinity within humans will not only help respect and protect them but also instill peace among us. As the verse states, Oseh shalom bimromav. He who makes peace on high, may He make peace among us and among Israel. Because even on high in the heavens, angels have different natures and tasks and missions. How do they get along? Only because He, the almighty, makes peace. His presence, and the awe of him reminds all up on high, that although they are different, they are all here on a mission of God, and, therefore, they work in harmony.

Bless us that we humans too feel your presence, almighty God, and bless us to work together in harmony to serve you and make this region and this world a beautiful, friendly, and

harmonious place.

We pray, the gracious Father and merciful King, bestow your divine blessings upon these members of the Central Florida Tourism Oversight District, and I also recognize our God-given responsibility towards our fellow citizens. Grant us, almighty God, that those assembled here be aware of the importance of every human all created in Your image. Bless them with good health, wisdom, compassion, good cheer, and good fellowship. Oseh shalom bimromav, hu ya'aseh shalom aleinu, v'al kol Yisrael, v'imru, amen. He who makes peace on high, may He bring peace upon us and upon all of humanity, and let us say amen.

ATTENDEES: Amen.

CHAIR GARCIA: Rabbi, thank you very much for your blessing, for sharing your wisdom with us, and for those very appropriate words at this time. Thank you, sir.

Mr. Gilzean, I understand you have a treat for us today for the pledge of allegiance.

MR. GILZEAN: Yes, sir. Yes, sir, I do. So today we have the American Legion Post 286 Honor Guard from Orlando. We are grateful for their presence. It is led by Captain Sergeant Buddy

Costant, a retired U.S. Marine. Alongside Captain Costant is a Purple Heart recipient, Robert Amos, who fought in Vietnam. Next we have Nestor Serrana, who served in the United States Army in Kuwait and Afghanistan. Additionally, third-class petty officer Les Glima, who served in the United States Navy.

Lastly, we have two sons of American Legions with us. Mr. Mark Boudreau, whose father served in the U.S. Army, and Duane Brockmeyer, father served in the United States Marine Corps during the Korean war.

Captain, the floor is yours.

CHAIR GARCIA: Please stand.

(Honor Guard presentation.)

ATTENDEES: I pledge allegiance to the flag of the United States of America, and to the Republic, for which it stands, one nation, under God, indivisible, with liberty and justice for all.

CHAIR GARCIA: I hope they can hear me. Gentlemen, thank you for your presence and honoring us with your presence, and, most importantly, thank you for your service to this wonderful country.

If we can now go over our safety procedures, please.

MR. FERNANDEZ: Good morning. Thank you, Mr. Chairman and members of the Board, for allowing a moment to share with our visitors our safety procedures. I'd like to let everyone know that in the event that an evacuation is necessary, if you're facing the two monitors in the front of the room, the doors to your left will lead to an exit at the rear of the building. The doors to your right will lead to an exit where you entered this morning at the front of the building.

Please make your way to the ends of the parking lot, and we have employees here in the building that will meet you there and take attendance so that we can make sure everyone has evacuated properly. If you know of anyone who remained in the building and could not make it out, please let the employees know so that when emergency responders arrive, they can tend to those employees.

We do have first-aid kits in the building and an AED at the security desk if those become necessary, otherwise, thank you very much and enjoy the meeting.

CHAIR GARCIA: Thank you very much. We'll now have public comments. I will ask everyone -- I

assume that as you're speaking here, you know what the rules are for public comments. If you don't, we will remind you. And so let's begin with the first -- I've got eight public comments -- we have eight public comments today.

Number one, Mr. Busby, please come up and give us your full name. If you're here in a representative capacity, sir, please tell us who you represent.

MR. BUSBY: Good morning, honorable Board, and ladies and gentlemen in the crowd. My name is Anthony Busby, and I am the current vice chair for FAVOB Orlando, which is the Florida Association of Veteran-Owned Businesses.

So today I'd like to start off by thanking the Board and everybody in attendance for hearing us today. Again, my name is Tony Busby, owner of GreatFlorida Insurance of Lake Nona and Hunters Creek, as well as, as I said before, the current vice chair for FAVOB Orlando.

As a small business owner and entrepreneur, I would like to, first-off, thank our friends here at Central Florida Tourism Oversight District, of the Reedy Creek District, for providing a unique opportunity for veteran-owned businesses and

entrepreneurs like myself to apply for contracts and do business within the district. A special thanks to Matthew Oberly and Rocky Haag for making me aware of this program. And I truly believe that this program is going to change the lives of many small business owners and entrepreneurs here locally. Thank you.

CHAIR GARCIA: Thank you for your comments, sir. And, you know, the Board really has to give Mr. Gilzean credit here. One of the first things he did is initiate action to make sure that business that's provided by this Board and by the district is available to small businesses in Central Florida that simply were not available to them before. And that's been a real goal of the Board, and we're grateful for Mr. Gilzean's leadership with respect to that.

You know, the old policy was that they didn't have a procurement policy. There was no rules for someone coming forth and being able to bid here and get business from this district. You know, our revenues are $200 million a year, and our goal would be to share that with some of the local small businesses. And, you know, the policy before this Board took over was to, essentially, give business

to favored businesses of the largest taxpayer in the district.

And there's nothing wrong with that if you're in private business, and you decide you want to do business with a handful of people, that's fine. But as a government agency in -- an independent government agency, we must function differently, and we must function in -- with a policy that we provide equal opportunity for others. And so we appreciate Mr. Gilzean's leadership on this front, and we look forward to spreading the wealth with more small businesses in Central Florida.

Next, number two, Mr. Mullon.

MR. MULLON: Hi, good morning. My name is Lee Mullon with Drummond Carpenter. We're a service disabled veteran-owned small business based right here in Orlando. So I'm here representing Chad Drummond, who is our CEO and our service disabled veteran founder. He could not be here, unfortunately, but I'm happy to represent him and to speak on this important topic.

So, Drummond Carpenter, we are an engineering and research firm. It was really founded to help our clients address the most challenging and difficult issues surrounding infrastructure,

environmental resiliency, and sustainability. And our firm is only eight years old, and I can tell you how challenging it is to grow an engineering practice in today's competitive industry and market.

And I personally would not be here if not for the existing programs that support veteran businesses right here in Central Florida. Notably, Orange County and the City of Orlando, both of which have provided our firm with the opportunity to demonstrate our commitment and our value to addressing these very important projects and doing the important work that will benefit our communities for the decades to come.

So I really want to support and applaud all organizations that provide similar opportunities to veterans and veteran businesses because it's helped us grow our practice, create high-paying jobs here locally, to fund our own veteran scholarship program, and to ultimately give back to the communities that we work within, so thank you.

CHAIR GARCIA: Sir, thank you for your comments, and I know it warms the heart of my fellow board members to have an opportunity to provide opportunities for former veterans. Thank

you for your service, sir.

Next, number three, Trish Murphy.

MS. MURPHY: Good morning. Thank you for having us. My name is Trish Murphy. I am born and raised right here in the Orlando area, so this is home for me. I'm an Air Force veteran, mom of four, I'm a business owner, and I'm the chair for the Florida Association of Veteran-Owned Businesses, better known as FAVOB.

We exist to create opportunities for veteran-owned businesses to thrive. Our vision is to position Florida as the state of choice for veterans who own and operate a business. And this week, for the first time, this district in 55 years has provided an avenue for veterans to bid and win contracts and serve their community.

You see, at FAVOB, we don't see veterans as a federally protected class, although they are. We see them as a byproduct of the very best trained military in the world. We see them as an underutilized asset for economic impact in our community. We know what they are made of, and we know they are well suited for business success, and here is why: Veterans know how to lead. We also know how to follow. Veterans have grit. We're not

afraid to do the hard work. Veterans show up on time and do what they say they are going to do. Veterans always put the mission first, and last but not least, veterans never quit.

So today, on behalf of veteran businesses in the area and FAVOB, thank you for the opportunity to win your business and blow your socks off.

CHAIR GARCIA: Ms. Murphy, thank you so much for those very powerful words.

MS. MURPHY: Yes, sir.

CHAIR GARCIA: And next, number four, Justin Spears.

MR. SPEARS: Good morning, esteemed Board. My name is Justin Spears. I'm a proud Navy veteran, and I'm representing FAVOB this morning. Not only am I a proud Navy veteran, I'm also a serial entrepreneur. I have multiple businesses here in Central Florida, so a partnership with FAVOB was very welcomed when Trish reached out to me.

So what I'd like to do in light of the conversation today is share some insights into veteran-owned businesses and the benefits that both the business owners, the business employees, as well as the partners and the customers, have.

See, Florida is home to a remarkable 185,000

veteran-owned businesses. It's a large number, but what does that represent. That represents a vast industry. That represents a vast network of resilience and innovation in our state, really untapped resources for most communities. Notably, these businesses stand a variety of industries, and they bring a significant impact to Florida's economic landscape.

So, veterans, we're known for exceptional skills in specific areas such as project management, operations management, logistics, quality assurance. Notably, strategy and innovation, that's a big one that we're taught. These skills are honed, and we implement them throughout our careers. It's not a one-time thing. It's a lot of repetition. The military continues to send us to schools to build on what's the latest and greatest. There's a lot of academics involved to support it, as well.

So these skills, they translate into tangible benefits for our partners and our customers: Reliability, strategic thinking, problem solving, and a commitment to excellence. Our partners and customers, they get to experience streamlined services, rapid innovation, organizational

efficiency, creating an agile and lean environment to conduct business, and keep implementing innovation.

When you engage with a veteran-owned business, you're not just receiving a service or a product. You're benefiting from a mindset that's focused on meticulous execution. Moreover, supporting these businesses impacts our local economies at all levels. So I encourage you to consider the unique value and perspective veteran-owned businesses bring to this landscape, bring to your initiatives, and we welcome the conversation with our team at FAVOB to introduce you to these businesses, to these entrepreneurs, and other key insights that can benefit this district. Thank you for your time, and I look forward to a collaboration. I appreciate it.

CHAIR GARCIA: Mr. Spears, thank you for those comments. You say you're proud to be a veteran. What I tell you from this Board, we're proud of you for being a veteran.

MR. MULLON: Thank you, my pleasure.

CHAIR GARCIA: Next, Ms. Debie McDonald. Good morning, Debie.

MS. MCDONALD: Good morning. Good morning,

Board. Hello, my name is Debie McDonald, and what's difficult about standing before you time after time is I'm struggling to find the words to describe what I'm seeing.

I understand your concerns about a Disney's cultural influence. Whatever you believe, I still adamantly disagree with punishing a private company for their free speech. These grievances should not be settled using the special district as a political platform to fight an unnecessary cultural war.

May I remind everyone here that governing a special district is not remotely similar to politics. Governing requires patience, knowledge of the issues, and, above all, the wisdom and poise to make good decisions and to be ethical. I can tell you what governing a board is not. It is not manufacturing controversy for headlines. It is not handing out no-bid contracts to your friends, it is not silencing your staff and causing them to leave in droves. This is not an electoral campaign. This is not a school board. This is not a church. This is not a law firm. This is not a special nomination commission for judges. This is not the Federalist Society. This is not the Urban League.

This is not a state-sanctioned slush fund for charter and private schools.

This is a real district with real problems that require your undivided attention. The longer you-all govern with only the governor, your political allies, and your partner -- partisan politics in mind, the more the district suffers, the more Central Florida suffers.

May I remind the Board that you have a fiduciary responsibility to our community to do what is best for this organization. You have promised to put contracts out for bid, to be transparent, and to be fair. Please put ethics before politics. And to the employees of Reedy Creek, thank you for being the goodness that I've seen in this organization. I have learned the magic is in the people who work here, and I'm humbled to met every single one of you that I have. Thank you.

CHAIR GARCIA: Thank you for your comments. Next, number -- we're going to skip six and ask him to speak last because he's a former representative, and we'll go to seven. And this is, I believe -- I can't read the --

MR. FILAK: Greg Filak.

CHAIR GARCIA: Okay. Thank you. If you're here -- please give us your full name, and if you're here in a representative capacity, please tell us who you represent, sir.

MR. FILAK: Yes, sir. Good morning, Board. My name is Greg Filak. I'm the chairman of the Celebration CDD. So, like you, we are a special purpose district. So if you look to your south, we are the community just on the other side of I-4 within Celebration. You-all surround us on three sides, so you are our neighbors.

We -- our board has been established now for -- just going on 30 years. So we are -- to those folks who aren't familiar, we are an unincorporated piece of Osceola County, but we are what would be a town board if we were incorporated. So, like you, we're responsible for infrastructure around the Celebration community, as opposed to our homeowners', which does traditional homeowners' association activities.

I just wanted to come in and introduce myself. Again, our staffs have had relationships, I think, over the past 30 years. Any time we need to do things around our community because you immediately are adjacent to us, conservation areas, some of the

water disbursement agreements that we have, water control, those are agreements that we've had existing with your board now for 30 years.

So I just wanted to come and introduce myself. I don't have any business in front of the Board. But I think it's best that as neighbors we're introducing ourselves before we do have business so we can build that relationship ahead of time. So I've met with Mr. Gilzean a few times, and with your vice chair, as well. So I appreciate the opportunity to come in, and, certainly, Mr. Gilzean has my contact information if you ever have any questions or comments to bring before our board.

CHAIR GARCIA: Thank you very much for your comments, and it's always great to meet our neighbors. And as you have probably learned, Mr. Gilzean has an open door policy, and his door is open to you or any of our neighbors at any time. But thank you for introducing yourself to the Board.

MR. FILAK: Appreciate it, thank you.

CHAIR GARCIA: Next, number eight, Chris Wills. Mr. Wills.

MR. WILLS: Good morning. I want to begin by joining in the sentiment that's been expressed

across Walt Disney World property in the last couple days, as well as across our entire nation, in saluting all the veterans that have served our nation and are willing to help serve this district.

I wanted to provide you-all some documents. What would be the best way to do that?

CHAIR GARCIA: Why don't you give them to Mr. Langley.

MR. WILLS: So what's being handed out to you right now are two proposed constitutional amendments. Oh, I didn't introduce myself properly. My apologies. My name is Chris Wills. I'm here on behalf of Disney Defenders. We are proposing two constitutional amendments: One to restore Reedy Creek and one to prohibit political retaliation in the state of Florida.

And then the final document that's in the packet that was just provided to you-all is a pink slip that we are providing to the Board today. It is to put you-all on notice that once these petitions get the signatures needed and the will of the voters expressed in the state, we will restore Reedy Creek, and your services will no longer be needed.

As you'll see on the pink slip, it states

specifically that the termination is with cause. And we outlined every single reason that over this short term that you-all have served here, it's been chaos and corruption. And so we really need you-all to take a look at these documents, and I actually invite everybody to sign them at disneydefenders.com, including the board members, because as has been said, you-all have a civic duty to the public to do what's best for this district, and that is, in our estimation, and you see on this pink slip, your resignation and make sure that we restore Reedy Creek, which kept this area of the state as one of the best run areas in the entire state, I dare say in the entire world.

I'm happy to answer any questions that anybody has, but we certainly hope that you'll take it into consideration and encourage you guys to take a look at the petitions.

CHAIR GARCIA: Mr. Wills, thank you very much for your comments and thank you for the materials you shared with the Board.

MR. WILLS: Thank you very much.

CHAIR GARCIA: Next, we have the pleasure and the privilege of hearing from a former Florida Representative. Mr. Smith, please introduce

yourself and welcome.

MR. SMITH: Thank you very much, Chair members, and to the people in the audience. My name is Jimmie T. Smith, and I'm with Concerned Veterans for America. We're a national not-for-profit, non-partisan organization that works on policy. And I'm a former state Representative where I was blessed to be the chair of the veterans and military affairs subcommittee.

That leads into one of the reasons I'm so proud to be here today because veterans in Florida is a growing population. The changes in policies that we did at the state level has allowed Florida to be the number one state for veterans to want to move. And where that relates to what is going on in the state of Florida, as far as the growth of business, as you can see by FAVOB, is that you have 10 percent of all small businesses are veteran owned, even though less than 2 percent serve.

Demographically, you're demonstrating by bringing people to Florida and having opportunities to get jobs and build careers here, the ability for them to fundamentally have a future, which is all veterans want when they come home. It allows for prosperity in the community. And change in policy

means giving a thank you more than what you sometimes kind of wonder what you should do for veterans. Veterans Day just passed, and people say thank you for your service.

Well, this is a thank you, to give the opportunity to change the policy locally following the things the state has done for years allows people, like members of FAVOB and others, to have prosperity, to bring their families here. And the unusual thing is Orlando is one of the growing business -- veteran business populations that has the lowest amount of active duty military here. You're drawing them here through the incentive of being good stewards of good policy and showing true appreciation for veterans like you did earlier with the VFW.

And we greatly appreciate it, and, again, what you have done is an example that from the state to the national level, when they do policy, it really matters most when you give opportunity locally. Thank you.

CHAIR GARCIA: Representative Smith, thank you very much for your service as an elected official and for your service as a veteran and for continuing to serve the veteran population. That's

wonderful. Thank you.

MR. SMITH: Thank you very much.

CHAIR GARCIA: Next, the consent agenda. Are there any comments, questions, concerning the consent agenda?

MR. AUNGST: Move to approve.

CHAIR GARCIA: Is there a second?

MS. ZIEGLER: Second.

CHAIR GARCIA: All in favor, indicate by saying aye.

THE BOARD: Aye.

CHAIR GARCIA: Let the record reflect the motion passed unanimously.

Let's go to the management report. Mr. Gilzean.

MR. GILZEAN: Yes, sir. During our meeting today, we have a few employee recognitions, but first I want to thank all the veterans here today and those who have served our great nation. I appreciate each one of our veteran-owned businesses and business owners who offered public comments today. We recently heard from former state rep, Jimmie Smith, who spoke with us.

Representative Smith, even though he was so kind and gracious not to share his background, but

joined the Army in 1982 at the age of 17. He served in the Gulf War, he had tours in Japan, Korea, Honduras, Belize, and Panama before retiring.

Next, I would like to say thank you to Ms. Trish Murphy, the state chair of the Florida Association for Veteran-Owned Businesses. Ms. Murphy is a veteran who served in the United States Air Force as a senior airman.

And then also I want to recognize Mr. Justin Spears, entrepreneur, and also founder of MXI Consulting and former U.S. Navy corpsman.

The district administration and board of supervisors have made it a point to deepen our impact within the Central Florida region. Since our new procurement policy was enacted, CFTOD has saved all taxpayers nearly $3.5 million. I recently handed you a copy of all of the bids and the contracts that have been awarded since the new policy, that we can see the breakdown, and we will actually have this documentation available for the public as well.

And what's really exciting about it, Mr. Chairman, and members of the board, we brought in a plethora of new businesses to the district who

contracts were awarded roughly over $15 million, and with -- specifically, with the buy local program, we have over $9 million awarded to local corporations.

Additionally, under this administration, we will prioritize procuring goods and materials from companies made here in Florida and also America whenever possible.

Next, I'd like to thank Governor Ron DeSantis for recently recognizing our first responders' sacrifice by issuing an annual year bonus through the Florida Essential First Responder program. I am happy to announce the checks have arrived. For those who -- please contact the fire chief and -- to obtain your bonus. So, Chief...

MR. FERRARI: Thank you.

MR. BARAKAT: You're about to receive a lot of emails.

MR. GILZEAN: Yeah, you're going to get a lot. Before we move on to acknowledgement, I also want to recognize the veterans one last time. It is estimated among district and RCID staff, there's over 600 years of collective military service. With that said, I just want to take a second and applaud everyone for that.

(Applause.)

MR. GILZEAN: All right. So now on to the recognitions. At the district, we incentivize and reward our team members who obtain certifications to advance their abilities in their roles. We want to recognize two of them today. Both of these individuals serve the public with excellence, and with their certifications, I'm confident that they will increase their service to our taxpayers and respective department.

First, let's start off with Daniel Bollone. Daniel is our geographical information systems administrator tasked with programs to map, analyze, and visualize geographical data in the district. Daniel is being recognized for receiving a certification as a geographic information systems professional. Congratulations on your achievement. Where is Daniel? Oh, come on over.

(Applause.)

MR. GILZEAN: So, Board members, this is when you get up and you do your photos. This is it. This is that time.

(Photograph taken.)

MS. ZIEGLER: Congratulations.

MR. GILZEAN: All right. The second employee

I would like to recognize is Ms. Nicole Seipp. Nicole is our HR generalist and recently completed her senior professional in HR -- I'm sorry, human resource certification. Her manager, Michelle, has noted that the senior professional certification is one of the most demanding and grueling certifications to obtain. This is how great Nicole is. She passed it on her very first, one try. And if -- and that's something truly achievable and also incredible. So with that said, we want to thank Nicole. Nicole was unable to be here today, but thank you, Nicole, for your...

(Applause.)

MR. GILZEAN: All right. Next, I would like to acknowledge Erin O'Donnell. Erin is our public records administrator. Her workload has grown expedientially over the last year, to say the least. Despite the challenge, Erin has pushed through the immense work and pressure to answer all public records requests with excellence and pride. Thank you, Erin, for your excellent service. You are greatly appreciated.

(Applause.)

MR. GILZEAN: All right. Now I'd like to recognize Andrew. Where is Andrew? There he is.

Andrew. Andrew Heithaus, who recently retired from the district in October, after 20 years of service as a firefighter and paramedic throughout the state of Florida. He served both in the central and southern regions. Andrew started as a firefighter down in south Florida, then transferred to the district as a paramedic. The employees here at the district do incredible work day in and day out, and Andrew is an example of how we contribute to the world class experiences. We appreciate your service and wish you endless enjoyment in years ahead.

This is where we pause and we do another photo. So, Andrew, come on up for the photo.

(Applause.)

(Photograph taken.)

MR. GILZEAN: Do you want to come by and take a picture? Is that --

MS. ZIEGLER: Do you want one over there? Okay. There you go. Okay. Congratulations.

(Applause.)

MR. GILZEAN: All right. For our next order of business, I would like to discuss the economic impact our recent enacted procurement policy has created and the savings we brought to all

taxpayers. Thanks to the Board and my administration, but specifically Tiffany Kimball and her team, our new procurement policy has created over $50 million in economic impact. That is the sheet that you have here, and, again, it's available for anyone who wants a copy. Since the enacting of the new policy. Due to these new procurement rules, we have set forward our buy local now initiative that prioritizes contracting, procuring goods, and services from the Central Florida regions and across the state of Florida.

The district vision is to bring profound opportunity and prosperity to the region through this initiative. The district procurement team has been listing contracts on the State of Florida's website, My Florida Marketplace, and this practice will continue to go forward.

Lastly, starting at the end -- or beginning of next month, CFTOD will launch a new website, oversightdistrict.org/buylocalnow, where we'll host all open bids ensuring local businesses can view and compete for opportunities.

As we wrap up today, I am thankful for every team member and the Board for our collective achievements. In these first six months -- can you

believe it's been six months? Feels longer than that. Wow -- we have achieved significant and historic progress for taxpayers and those who visit the district.

First, this administration was able to negotiate and approve an A unit bargaining agreement that was both fair and generous. On your agenda today, the B unit collective bargaining agreement was negotiated and approved before the current contract expired. This is a first. It's never happened, ever.

In addition, we have given non-bargaining employees access to cancer treatment health benefits previously unavailable to them, and also offered other enhanced benefits. As district administrator, along with the Board, we have lowered the millage rate across the district reducing revenue roughly 13 million.

Lastly, as we discussed today, we have saved taxpayers millions of dollars through the new procurement policy centered on bringing opportunity to veteran-owned and local businesses. Recently, CFTOD joined the Osceola Chamber of Commerce, the Florida Association of Veteran-Owned Businesses, the African-American Chamber of Commerce of Central

Florida, the Hispanic Chamber of Commerce of Metro Orlando, the Lake Nona Regional Chamber, and the St. Cloud Chamber of Commerce. These partnerships will deepen our ability to reinvigorate the local market, spur job creation, and increase economic development in the region.

The morale in the Central Florida Tourism Oversight District has also increased as my open door policy continues to be utilized by staff members who have met with me directly. Some staff has shared that this is the first time they've actually had a chance to meet with the district administrator. They've never been invited.

I've met with multiple departments across the district through our coffee and conversation collecting countless amount of feedback and acting on it as we increase the employees' wellbeing and work-life balance. Meeting with the fire department in the evening for dinner, on weekends, all has further increased morale throughout the district. As the district administrator, I have memorialized Veterans Day as an official CFTOD holiday starting this year. From now on our staff will be able to honor veterans with this day off.

In addition to Veterans Day, I recently

announced that employees will be given an extra day off during the Thanksgiving holiday. Our partnership with NeoCity has also been a hit for our employees. This internship program allowed high school students hands-on experience through summer internships here. Thanks to the communications director, Eryka Washington Perry, public records associate, Jessica Kelleher, and also botanist, Danielle Mohan, for their hard work on the NeoCity summer internship initiative. Each one received a thousand dollars excellence award for their hard work. This program would not have been possible without their incredible collaboration and our incredible partners with Career Source.

We will continue to allow our team members to work with community partners as a way of them to give back to the region. As a former head of the Central Florida Urban League, I know how rewarding and enjoyable giving back can be.

As district administrator, and along with the Board, I look forward to answering all the needs of taxpayers in an efficient, timely, and transparent manner. With that, Mr. Chairman, and members of the Board, that concludes my report.

CHAIR GARCIA: Mr. Gilzean, thank you for your report and thank you for your very capable leadership. I don't know if there's any other comments from my fellow directors.

MR. BARAKAT: Mr. Chair, if I could, just a couple quick things.

CHAIR GARCIA: Yes, sir.

MR. BARAKAT: In lieu of -- we're going to go through a lot of contract approvals shortly. Rather than -- I mean, I may have some brief comments on each of those, but I guess just as a global comment, I'd like to thank Mr. Gilzean for the thoroughness in which he engaged in these -- in sort of vetting these new contracts. I think for, you know, the spirit of the new time, new age in this district -- I mean, I think it's exemplified a little bit by our new logo.

One, we're looking to operate in greater sunshine, but, two, sort of grow deeper, greener roots -- rootedness in the local district and establish those connections with folks in the community, whether veteran-owned businesses or others, and I think Mr. Gilzean has done a great job of that.

I was appreciative of the time spent with him

on the phone discussing a lot of these contracts in pretty significant detail. And, Mr. Gilzean, I'd like to thank you for putting up with my many, many detailed questions. You had great answers for all of them. I think we're undoubtedly putting the district in a better place going forward, so thank you for that.

Thank you also for acknowledging the Veterans Day holiday. I know your expectations of your team and the work hours that have been put in over the last six months have been significant. And it's good to acknowledge our veterans on Veterans Day, but also acknowledge the greater sacrifices of all of our team by giving them that extra time off.

And I also mentioned to you, and I'll mention it publicly, I'd like to maybe consider going forward -- not that it needs a vote but maybe consideration also of Columbus Day when it comes to sort of acknowledging the significance of that day in our country's history, as well. So just for future thought. Thank you.

CHAIR GARCIA: Okay. Let's move on to new business, and I've got a comment and a question -- first a question for Mr. Langley. We've got a bunch of contracts, and from a logistic standpoint,

do we vote on each one, or do we vote all of them at the end? How do you prefer us to do that?

MR. LANGLEY: Well, as it's currently laid out, it's anticipated that each item would have a separate vote, but if the Board wants to do all of them at the same time, there's nothing that would prohibit that. Some of these could have been on -- I think the district administrator wanted you-all to have the benefit of presentation on some of these. So if you wait until the end, that's fine, if that's the way you want to proceed. Of course, you can take them one at a time. I don't know how many have presentations.

MR. GILZEAN: All.

MR. LANGLEY: All of them do, so there's going to be, you know, quite a number of presentations today.

MR. GILZEAN: There are only a couple.

CHAIR GARCIA: So unless any of my fellow board members have an objection, I would propose that we just vote on all of them at the end.

MR. AUNGST: Sounds fine. Mr. Chair, the way I see it is we have section 8.1, which has a bunch of subsections, and then we have 8.2, and then 8.3. So, in my mind, we could hear all the 8.1s and then

vote on 8.1, and then hear all the 8.2s and vote on 8.2. And then 8.3 is the collective bargaining agreement B. Does that make sense?

MR. GILZEAN: Yes.

MS. ZIEGLER: Yes, it does.

CHAIR GARCIA: Yes, great idea. And so the only comment I might have, and Mr. Langley referred to it, is typically for municipalities or special districts like us, these types of contracts would typically be on a consent agenda, and the individual board members would have discussions with their CEO, Mr. Gilzean, if they have any questions. And if there's no questions, then they all get approved on a consent agenda.

And because of the emphasis by this Board on transparency, we felt that we wanted to put them on the actual agenda and have the appropriate amount of presentation, but that's not -- I want everybody to understand that doesn't mean that there weren't detailed discussions between Mr. Gilzean and each board member as to each of these contracts. We just want the public to see the business that we're doing and be as transparency -- as transparent as we can, particularly with the dollar amounts that are involved here.

So with that, let's go to the first item on the -- which is 8.1. Do we have a -- is there a presentation, Mr. Gilzean?

MR. GILZEAN: Sir, yes, sir. You are up.

MR. SANDT: Good morning, everyone. Chairman, board of supervisors, my name is Craig Sandt. I am the Oversight District's principal construction manager. Here today to request the approval of the award of a lump sum, fixed fee construction contract, C006397, bridge expansion joint and pedestal repair projects.

To provide a little background on this project, district bridges are designed for a hundred-year service life. In an effort to achieve the highest standard of safety to the traveling public, the district, specifically, the planning engineering department, performs biannual inspections of all district-owned bridge structures.

As a result of recent inspections performed, it was revealed some preventative maintenance items would require attention. Addressing these items will prolong the service life of these bridge structures. There's a total of seven bridges that require attention. These bridges are all located

along the BVD corridor. Six of the bridges are located in the vicinity of Western Way, the other one is located near Bonnie Creek Parkway.

The age of these bridges range from 20 to 25 years old. Six of the seven bridges require replacement of the expansion joints, which is a typical wear item. And four of the same bridges require pedestal repairs to address the concretes falling.

An invitation to bid was sent out to construction contractors which were prequalified in bridge construction by the Florida Department of Transportation. The district received three bid proposals. Based on receiving the proposals, SEMA Construction, Incorporated, provided the lowest, most responsive bid in the amount of $715,500.

Funding for this project is derived from the district's planning engineering's department fiscal year 2024 planned work budget. In conclusion, district staff requests the approval of the award of the contract C006397, bridge expansion joint and pedestal repair project to SEMA Construction, Incorporated, in the amount of $715,500.

CHAIR GARCIA: Thank you, sir.

MR. SANDT: Thank you.

MS. LUETZOW: Good morning. My name is Katherine Luetzow. I am the manager of planning and engineering for the district, and I have the next two items, 8.1(b) and (c). Both are related to LYNX bus services.

So the first item, 8.1(b), is to maintain existing services, and 8.1(c) is to provide a change of increasing a new route. So as you may be aware, LYNX is a standalone government unit providing fixed bus routes to the district allowing mobility service for both guests, visitors, and employees alike traveling to and from the district from various areas outside of the district from Orange and Osceola Counties.

The district currently provides portions of the funding for three existing bus routes. The first of which is Link 56. This originates in Osceola County and comes onto district property. It operates 365 days a year, including holidays, at 30-minute frequencies.

The next link is 306. This also originates in Osceola County down in Poinciana. Again, it's 365 days a year, and has a morning and evening pick-up and drop-off service.

And our final route is Link 350. This

originates in Orange County at the downtown LYNX central station, coming onto property. Again, 365 days a year, 30-minute frequencies.

On September 28th, the LYNX board of directors voted to do the funding approval for this agreement. It will be our contract C006465. The total amount for maintaining our existing three routes is $541,953, and it will be split in two equal payments over the fiscal year. This service is provided in our fiscal '24 budget.

In addition to maintaining our existing services, we also looked at the possibility of LYNX adding a new route. This route is currently provided today by the district, but it's provided through a private vendor bus service.

So we looked at the opportunity to work with LYNX and partner to add that route to LYNX services, and it will provide a cost savings for the district to do so while maintaining that existing service. The next slide, this new route will be Link 307, and it provides drop-offs to the following four locations, primarily hooking into the Disney Springs transfer station as the main hub of connection. It also will be provided for 365 days' service at 30-minute frequency.

As mentioned, doing this transition provides a cost savings to the district while maintaining the exiting service. And LYNX board of directors did approve the service change on their end, and so today I have before you presenting both of these options for your approval.

With your approval, we would anticipate this new route service would start in December, December 10th. Adding this new route, the amendment total is $603,093, and that would bring the total LYNX agreement to $1,145,046, which would be split into equal payments over this fiscal year, all of which is included within our budget for the year.

And with that, are there any questions?

CHAIR GARCIA: Any questions?

Thank you very much for your presentation.

Next.

MR. CRIKIS: Good morning. I'm Mike Crikis, and I'm here to talk to you today about district-wide roadside litter control. As you know, we have a beautiful area here with guests from all over the world, and the last thing they want to do is come out and see trash. So, as such, the district has a very robust trash pickup program.

The program runs seven days a week, 6:00 a.m. to 10:00 p.m. every day covering the entire district-owned roadway system. That covers about 467 center lane miles and 48 specific roadway segments that we have teams out daily, all day long picking up trash, cleaning it up.

In case of an emergency where somebody reports trash to us, we have a direct connection to the company, and we call them directly and say, Hey, we've got some issues, can you go pick it up. That way when you drive through, hopefully, you don't see any trash anywhere.

In addition, we also clean up around all of our stormwater ponds and our water facilities, which, of course, is great for the environment. It helps us with our stormwater permit to show that we're a reducing load in the permit.

We had six bids come in. Our lowest bid was Kings Services who happens to be the current provider. As this is the current provider, I will also point out this contract came in about $55,000 less than last year's contract. So the bidding process and having so many bidders certainly helped the district save money and saves the taxpayers money through this process.

And I believe that's about what I've got. We're collecting about 700 pounds or so a month on average of trash, which may not sound like a lot, but when you add up little slips of paper, that's a lot of trash to be picked up, which, again, keeps it from going into the environment and also keeps the place clean and looking better. So, hopefully, you guys will approve this contract today, and we can keep picking up that trash.

CHAIR GARCIA: Any questions?

MR. AUNGST: Mr. Chair, I have a couple questions. Mike, thank you very much for the presentation. This is something that I have certainly taken extra notice of since being appointed to the Board and making sure that the aesthetics and the environment and the beauty of this district is preserved and maintained in a manner that it should be.

So, first, I just wanted to ask, since there's a -- the bid came at a lower number, we're not expecting any lower level of service, it was just --

MR. CRIKIS: It is the same scope as previous. It is unchanged scope, so it will be the same service you've always seen.

MR. AUNGST: Very good. And we're happy with the current vendor and the service?

MR. CRIKIS: Yes. They do a great job, and we have great communication. Jessie, our project manager, is here, and she has a direct line to the company's owner, and they converse back and forth any time trash is noticed or there's an issue.

MR. AUNGST: Very good. And can you just let everybody know if we see litter within the district, who do we call? How do we report it?

MR. CRIKIS: Well, I guess you can call Jessie, but that will make her phone very, very busy. Do not call 911 if you see litter. You can call any of us here in the district office, and we can take that message.

MR. AUNGST: The main district --

MR. CRIKIS: Sure.

MR. AUNGST: All right. That's good to know. I appreciate it.

MR. CRIKIS: If you see something, say something.

CHAIR GARCIA: Any other questions?

MS. ZIEGLER: Mr. Chairman.

CHAIR GARCIA: Yes.

MS. ZIEGLER: I just want to thank Mike and

your team. I think -- I'm glad the supervisor mentioned this, there was a concern that there would be a change in the level of service because it is world class. And, again, it would be remiss if I didn't highlight that it is the people behind it that has been why it's that way and will continue that way, so thank you for everything you do.

MR. CRIKIS: Thank you. The team gets all the credit. They've taken care of this.

CHAIR GARCIA: Any other questions? Thank you, Mike, for your report. I appreciate it.

MR. CRIKIS: Thank you. I'll be here for one more, which is parking garage operations. I'm here to ask the Board to approve a contract to continue our operations at the parking garage. As you know, we have three parking garages, and we staff those through a contract agency, and they provide various guest services. They maintain, monitor the elevators, the escalators, help guests in and out of traffic situations, help them find their car when they can't, direct them to different places, help keep the garages clean.

They have a lot of things going on at the parking garage, and we have a great team out there

doing it. They work every day of the year. It's our most guest-facing operation that we have. This is direct contact with visitors coming in to the district. And they work 8:30 till midnight every day of the year, and get pretty busy, particularly around the holidays, which are coming up.

So we sent out the contract for bid, and we had four bidders. We have a new bidder that won this bid, and compared to the exact same contract from last year, it's over $1.289 million saved compared to last year's -- the previous contract, which is a three-year contract, so that is -- the bid process is a significant savings again for the district and for the taxpayers, and it is a three-year contract. Any questions about the parking garages?

CHAIR GARCIA: Any questions?

MR. CRIKIS: I guess litter is more fun. All right. Thank you very much.

CHAIR GARCIA: Mike, thanks for your report. Appreciate it.

Next.

MS. NAYLOR: Good morning, Board Chair, and Board of Supervisors. I'm Tanya Naylor. I'm the director of security and emergency management for

the district. I am here to present this agenda item for a three-year contract to provide security services at the administration building, as well as the parking garages, to ensure the safety of our guests and our employees there.

The services are -- were formally advertised for bids with a total of four bidders submitting proposals. The lowest responsible bidder was Fidelity Security Agency, who is a buy-local vendor for us. With this bid, we have saved a total of $754,875 over the prior contract, which was a three-year contract. So I'm requesting your approval today for this contract.

CHAIR GARCIA: Any questions?

Hearing none, thank you for that report, Tanya. Good work.

MS. NAYLOR: Thank you.

MR. HERRICK: Good morning, Board Chair, and Board Supervisors, and Administrator Gilzean. Oh, am I not up? One more? I'll introduce myself after.

MR. FERRARI: Good morning, Board Supervisor, and board members. My name is Eric Ferrari. I'm the acting fire chief, and I'm here to present this agenda item for request for a three-year contract

with Motorola Solutions, contract 006489.

This will be for the maintenance repair and replacement of equipment, as well as security monitoring, for the district's two-way radio system. We own a comprehensive radio system in the district that public safety, public works, and security operations operate on in the garage.

And we also can join our system with Orange -- Orange County and the City of Orlando, and, subsequently, Apopka, for a major system-wide connection. This contract will provide infrastructure security, preventative maintenance, security monitoring, especially in this day of cyber attacks and cyber security issues. And this contract will be awarded to Motorola Solutions. It's a proprietary system. They're really the only vendor that could connect to the system and moderate it and provide maintenance and support to it. And I'm available to answer questions, should you have them.

CHAIR GARCIA: Any questions?

MR. AUNGST: Mr. Chair, just one. Chief, thank you. You just mentioned it, but I'm familiar with this problem in other jurisdictions. Particularly, high population areas where one

department's radio can't communicate with the sheriff or somebody else. You just mentioned that ours are capable of communicating with Orange County, Orlando. How about Osceola County, is there anybody that you work with that this doesn't necessarily compute with, and, if so, how do we address that going forward?

MR. FERRARI: That's a great question. Thank you for that. So Osceola County, our systems are not conjoined; however, we do have channels that we can mutually communicate on down in our portion of the district that covers Osceola County. The lion's share of our district is in Orange County, protected by Orange County Sheriff's Office, and we work a lot with them on scenes.

So that part of the system, all the way down to Orlando and Apopka, functions much like a cell phone, roaming on to T-Mobile, AT&T, and all the carriers that are seamless to the user. We have that experience with Orange County and Orlando, that seamless experience; however, we can switch over and communicate directly with the Osceola County Sheriff's Office should we need to communicate with them, at the Wide World of Sports and different portions of the district that are in

Osceola County.

MR. AUNGST: All right. Thank you.

CHAIR GARCIA: Any other questions?

Thank you for your report, Chief.

MR. FERRARI: Thank you.

CHAIR GARCIA: Next.

MR. HERRICK: My apologies, I just couldn't wait to introduce myself to you-all. Good morning, Board Chairman, Board Supervisors, and Administrator Gilzean. I am Jason Herrick, the manager of the gas, water, and waste resources division at Reedy Creek Energy Services. And, in that role, I'm responsible for several district utility operations, including potable water, reclaimed water, waste water, solid waste, and natural gas.

And I'm here today to request Board approval on six different contracts, all of which were recently competitively bid, and all of which I'm requesting award to the low responsive and responsible builder. These requests are for routine maintenance.

The first thing we request related to our solid waste operations, specifically, these contracts are for the disposal and transportation

of class one waste. Class one waste is essentially the waste that you throw away at home that ends up in the landfill.

Today we are operating with one contract for both services, transportation and disposal. And the waste is going to the JED landfill in Holopaw. For this latest solicitation, it turned out to better financially to award the services separately.

We're currently paying $48.71 per ton for the combined services, and with this new solicitation, the cost will be $45.97 per ton, a reduction of $2.74 per ton or roughly $200,000 per year.

So starting with class one, disposal, the district customers produce about 75,000 tons of waste each year, class one waste. That waste is collected by Reedy Creek Energy Services personnel and brought to the district transfer station located in the self-service area of the district. An outside vendor then transports the waste to the landfill for disposal.

On April 20th of this year, we bid out the transportation and disposal of class one waste. We bid it out so that bidders could bid on both services or it could bid on either service

separately.

We received three bids, and the results were clear that it would be advantageous to award two separate contracts. So for the disposal services, we are requesting to award a contract to the low responsive and responsible bidder, A.C.M.S. Hearts of Florida landfill in Sumter County, Florida, for a five-year contract, in the total amount of $10,039,500. That's the first of my six items.

The second item is the transportation of class one, and that currently is transported to the JED landfill by a company called Walpole, Incorporated, as a subcontractor to JED landfill. We received three bids for transportation, and we are requesting to award a contract to the low responsive and responsible bidder, happens to also be Walpole, Incorporated, for a five-year contract with a total amount of nine -- excuse me, $7,972,875.

My next contract is related largely to the solid waste operation, as well. RCES maintains and operates a fleet of 40 diesel vehicles for solid waste operations. These vehicles move approximately 130,000 tons of waste each year, and they need to be refueled every night. We also

operate and maintain 62 district-owned emergency generators which support and back up power lift stations, pump stations, wells, and operations buildings throughout the district. These generators require fueling twice per year.

Additionally, operations requires the delivery of hydraulic fluid and motor oil bulk orders on occasion. An outside vendor provides these fueling services, and the existing contract was expiring so we went out to bid. And we went out to bid on a per gallon unit price basis and received two bids.

After reviewing the bids we asked for best and final pricing based on a markup of the oil price information services index, OPIS. Then we compared the results of the two methodologies. We are requesting to award a contract to the low responsive and responsible bidder, Lynch Fuel Company, for a three-year contract for a total amount of $3,425,486.52 using the markup to OPIS methodology. The markup is for the low bidder is 28 cents on top of that index, which is what we're paying in the current contract.

The next two requests are related to the wastewater operation. The district-owned wastewater plant treats over 4 billion gallons of

wastewater annually and pulling multiple treatment processes that require a chemical addition, such as chlorine, ferric sulfate, and polymer.

This request is for the purchase of polymer. Two types of polymer are used at the wastewater plant at two different locations in the treatment process to lower water content in our bio solids.

On September 7th we bid out the supply of polymer and received four bids. We're requesting to award a contract to the low responsive and responsible bidder, Polydyne, Incorporated, for a two-year contract in the total amount of $825,680.50.

Also on September 7th we bid out the purchase of ferric sulfate. Ferric sulfate is added to the biological nutrient removal process to assist with phosphorous removal, which is required to maintain compliance with our operating permit, FDEP. We bid out the ferric sulfate and received two bids. We're requesting to award to the low responsive and responsible bidder, Kemira Water Solutions, for a two-year contract in the total amount of $939,667.73.

And the last item for me this morning is related to our solid waste operation, as well, back

to solid waste. The district currently owns 288 compactors and cardboard balers that are deployed throughout the service area. These assets are utilized 365 days a year. And of the 130,000 tons of waste processed by the solid waste division each year, about half of it goes through these compactors and balers. Each asset requires biannual maintenance. Additionally, when these assets break or fail, they have to be fixed, as well.

So on September 18th the maintenance contract for this work was competitively bid, and five bids were received. We're requesting awards to the low responsive and responsible bidder, PTR Baler and Compactor Company, for a three-year contract, the total amount of $1,142,253.

That was a lot really fast.

MR. AUNGST: Well done.

CHAIR GARCIA: Good job. Any questions?

MR. BARAKAT: Mr. Chair, I've got one question. Regarding item 8.1(j), the tank wagon fueling services, you mentioned that we now -- we're tying our pricing going forward to -- it's going to float based sort of on market pricing. It sounds like -- I guess I'd like to hear -- I mean,

you must have been concluded that the savings taking on that sort of floating risk, obviously, market conditions can change, a lot of uncertainty with the lease and so forth, talk to me a little bit, maybe expand on the logic, the savings versus the fixed fee.

MR. HERRICK: Yes. Can we go back to that item on the screen, please? One more. One more. And one more. Let's see if we had it in there. No, we don't have it in there.

So we bid it out originally on the unit price basis per gallon, and we have an estimate, we know how many gallons we use every year for both the truck vehicles and the generators. So we were able to use that to come up with an estimate for our annual amount.

We also were able to use that same methodology using the add on to the OPIS index, and when we did that using the same gallons, it was clearly beneficial. It wasn't close in terms of the dollar amount. I don't have that exact number in front of me, but -- is it a slide back? Did that have both of them on there?

UNIDENTIFIED FEMALE SPEAKER: It has the overall estimated cost.

MS. ZIEGLER: Yes.

MR. HERRICK: Okay. It was significant, 793, 794,000 doing it that way.

MR. BARAKAT: Well, that sounds, yeah, pretty significant. I mean, obviously, there's a little risk baked in there, but it sounds like it's one worth taking given that potential savings, so, thank you.

MR. HERRICK: I think it's a shared risk between the contractor and ourselves, so...

MR. BARAKAT: Right.

CHAIR GARCIA: Any other questions?

MR. PERI: Yes. Mr. Chairman, we didn't have any questions on 8.1(a), and I do have a question with regard to the pedestal repairs. Okay. So...

MR. SANDT: Yes, sir.

MR. PERI: Yeah. So if I heard you correctly, you said they're 25 years old.

MR. SANDT: Twenty to 25 years.

MR. PERI: Twenty to 25.

MR. SANDT: Each bridge is a different age, but that's the --

MR. PERI: Okay. Having spalling issues after 20, 25 years seems a little soon.

MR. SANDT: It all depends -- it depends on

many different situations, too, though. The majority of these bridges in that corridor are kind of skewed, at a skewed, meaning whatever the bridge is crossing, it's kind of at a little bit of an angle, which doesn't disburse the load as well as being 90 degrees to it. The concrete spalling is something you want to address -- with concrete spalling, if the spalling happens to -- happens to have steel showing in it, too, you run the risk of that steel corroding which would cause further spalling on it. You know, so that --

MR. PERI: Is this is a situation --

MR. SANDT -- we like to -- it's preventative maintenance for sure.

MR. PERI: No, no, I understand. Is this a situation where the rebar is exposed?

MR. SANDT: In some places, minor, yes, but it's not necessarily on the full load-bearing pedestal. Pedestals are pretty large, too. And the bridge being set on it. Pedestals are sort of of the bridge substructure which is the foundation. The super structure of the bridge sits on top of that foundation, so it's always wearing on that surface, too. And the majority of them are small, minor spalling, too, but you want to address it

because it could lead to more problems down in the future, so...

MR. PERI: Yeah, no question. I understand that. Now, in our new contracts, do we -- you know, marine water or carbon fiber or --

MR. SANDT: It depends on the situation, too. It just so happens there's a lot of corrosive waters around here through the district, too, so it really depends on where the bridge is or where -- what body of water it's crossing. Some don't cross any body of water, too, so it depends on the certain situation as how they're built with anti-corrosive materials, too.

But, typically, in the newer bridges, a lot of the rebar is coated. As you know, if you just have a little piece of concrete chip off, and it can be just two inches on a pedestal, you expose a little bit of that steel, and you could end up with issues in the future from corrosion, too. As we all know, if corrosion gets in the metal, metal expands, causes more cracking, so that's what we're trying to avoid here.

MR. PERI: Do we have a lot of other bridges that may pose a potential risk --

MR. SANDT: Every bridge can propose -- the

BVD corridor, we've replaced a lot of bridges over the last ten years on the property, too, doing our roadway expansions. These bridges on the BVD corridor really haven't been addressed or affected by the new ones, too, and that's where we're having some of the issues, too. Like I said, we have biannual inspections, so we're always up on inspecting those bridges for any kind of potential wear items or associated items that need to be addressed. So we like to be proactive in doing that, too, and this is a part of being proactive.

MR. PERI: Thank you very much. That gives me a great deal of comfort on driving over those bridges now. I didn't have any cause for concern before, but I wanted to check on that. Thank you very much.

MR. SANDT: You're very welcome.

CHAIR GARCIA: Thank you, sir. I think that -- any other questions?

I think we've now gone through all of the items listed as 8.1, and pursuant to the Supervisor Aungst's suggestion, I think it's time for a motion. Is there a motion?

MR. AUNGST: Mr. Chair, I move to approve agenda items 8.1 (a) through 8.1(m).

MS. ZIEGLER: Second.

CHAIR GARCIA: Any discussion?

All in favor, indicate by saying aye.

THE BOARD: Aye.

CHAIR GARCIA: Let the record reflect the motion passed unanimously.

Let's go to 8.2 items.

MR. KASPER: Good morning.

CHAIR GARCIA: Good morning.

MR. KASPER: My name is Anthony Kasper, and I lead the engineering and programs division for Reedy Creek Energy Services. This morning I'm here to present on a capital improvement project known as the Epcot low temperature hot water distribution system renewal project. Short name. This is a project to replace approximately 1,400 feet of 24-inch diameter of low temperature hot water supply and return piping to bypass a section that has failed. In addition to restoring capacity, the alignment of the proposed piping will also improve operational flexibility and resiliency in the system.

But before I get too far into the project details, I'd like to provide a brief overview of the district's low temperature hot water system at

Epcot. At the heart of the system is essential energy plant located on Backstage Lane where there are three hot water boilers with a total output capacity of approximately 81 million BTUs of heat energy. These are used to continuously heat the approximately 300,000 gallons of water in the distribution system to maintain a steady supply temperature of approximately 200 degrees Fahrenheit.

The 200-degree water flows out from the plant into the district's distribution system where customers extract heat for a variety of purposes like heating and humidity control for both guests and backstage areas. Like the circulatory system in your body, the distribution system is a closed loop system. The supply lines are the arteries that distribute hot water out to the customers, and the return pipeline are the veins that carry the cooler water back to the plant to be reheated.

In total, the district has approximately 50,000 feet of supply and return piping that wraps around the perimeter of the park with one connecting segment in the middle to form a figure eight. You can see the red -- or pink line on the diagram.

The original 1982 piping configuration used throughout the distribution system is somewhat unique in that it consists of a carrier pipe inside a casing pipe separated by a layer of insulation and an air jack. It is also equipped with a cathodic protection system to help mitigate corrosion. This makes for a very energy efficient and durable system; however, it is one of the robust configurations.

Unfortunately, it's uniqueness also makes it challenging to work with when there is a failure, and that was the case here in April 2021. A significant leak developed in the 24-inch return pipeline just south of the energy plant.

As I mentioned, it's a closed loop system so any leak needs to be compensated for with makeup water at the plant; however, if a leak is bad enough that it cannot be compensated for, then operation of the entire plant and system can be at risk. That was the case in April of 2021 when this particular leak developed. The rate of makeup water spiked to over 50,000 gallons a day. For reference, in a brand new perfect system, the makeup rate would theoretically be zero gallons per day. And in our current system, it's age and

condition, the average makeup rate, aside from this leak, was around 20,000 gallons per day.

To protect the integrity of the plant the segment was isolated and removed from service. Water was still able to return to the plant through the other leg of the figure eight, but that mode of operation significantly restricts the capacity of the system.

After exploring several options to try and pinpoint the exact location of the leak so that it could be repaired, it was determined that the most efficient and cost-effective solution was to replace the 40-year-old segment and a new alignment.

The new alignment, shown in green there, not only restores the lost capacity but also improves system resiliency. This is because we're adding a second connection between the plant and the figure eight of the distribution system. If you look at the pink line on the top of the picture on the right, that is the one and only current connection between the energy plant and the figure eight of the distribution. So by adding the green segment as a secondary connection, that provides us with some additional flexibility in case there's ever

any issues on that pink section.

In August of 2022, a professional services agreement was executed to prepare a design package. The design includes a new piping configuration that does not require an outer casing pipe making future work on the segment much easier. The design package was included in an invitation to bid that went out to four qualified contractors in May of 2023. Bids were submitted by three of the contractors, with the fourth declining to bid due to a lack of available resources needed to meet the project's schedule.

And the items that we are seeking approval for today, A, B, C, first and foremost are establishment of a total project budget of $12 million. This project will be funded from an existing bond issuance, known as the Series 2021-2 utility revenue bonds.

The second item, (b), is approval of $450,000 from that budget for design and support services including construction, engineering, inspection services, weld inspections, asbestos batement services and soil density testing.

And the third item, (c), is approval of the contract to the lowest responsive and responsible

bidder for a value of $9,361,843.

With that, I am available for any questions on any of those items.

CHAIR GARCIA: Any questions?

Thank you for your reports, sir.

MR. KASPER: Thank you.

CHAIR GARCIA: And so is there a motion that we approve items 8.2 (a), (b), and (c)?

MR. AUNGST: So moved.

CHAIR GARCIA: Is there a second?

MR. BARAKAT: Second.

CHAIR GARCIA: Any discussion?

All in favor, indicate by saying aye.

THE BOARD: Aye.

CHAIR GARCIA: Let the record reflect the motion passes unanimously.

Before we go to public hearing, just a brief comment. It's really music to the --

MR. GILZEAN: Mr. Chairman, I apologize. We have one more agenda item, 8.3. It's at the very bottom.

MS. ZIEGLER: Collective bargaining.

CHAIR GARCIA: It's not on this sheet. I was having trouble with my computer.

MR. AUNGST: 8.3, collective bargaining

agreement.

MS. ZIEGLER: 8.3.

CHAIR GARCIA: Oh, yeah. It's not on my sheet. Okay. I'm sorry.

MR. GILZEAN: Recognize the chief.

CHAIR GARCIA: Chief, come forward, sir.

MR. FERRARI: Good morning again. Good morning again, Board Supervisors, and Board Chair. On the agenda there is the collective bargaining agreement B unit, which would take effect January 1 of '24. This unit represents Local 2117 supervisory team, which would include the captain and battalion chief rank in the fire department. They have direct oversight of the day-to-day operations throughout the district of the firefighters, paramedics, inspectors, and 911 dispatchers.

It's a much smaller group compared to the A unit that represents all the firefighters, medics, and inspectors. I don't remember the exact number, about 20 in the group. We spent many hours in this room with Susan, and Ms. Paula Hoisington, our legal counsel, myself, negotiating this agreement with the Local 2117 negotiating team, that I must commend. They came very well prepared for the

meetings. They ran very smoothly. It's the first time ever, I know in my tenure, and as far as back as we could check, that we've reached an agreement prior to the expiration of an agreement.

I know that brings great comfort to the supervisory personnel that know that come start of the new agreement, they'll get their merit increases and things will progress as normal. There will be no time -- no gap where we do not have an agreement.

And so there is some financial changes that Susan Higginbotham negotiated with the team, some operational changes that I negotiated with the team, specifically, about leave of absence article that governs how long this B personnel can be out on leave with check-in points and ensuring they come back to work in a timely manner. And also in article 22, they can seize promotions that can give the district and the department the opportunity to also solicit input or applicants from the outside of the organization to compete against internal applicant should we see the need. And that really summarizes the -- a lot of work in a short amount of time. I'm happy to answer questions, if you should have them.

CHAIR GARCIA: Any questions?

Well, chief, thank you for your report. Appreciate it.

MR. FERRARI: Thank you.

CHAIR GARCIA: Is there a motion on this item?

MR. AUNGST: Move to approve agenda 8.3.

CHAIR GARCIA: Is there a second?

MS. ZIEGLER: Second.

CHAIR GARCIA: Any discussion? All in favor, indicate by saying aye.

THE BOARD: Aye.

CHAIR GARCIA: Let the record reflect the motion passes unanimously.

And so what I was going to say is it's music to the ears of this Board to see that the procurement process is resulting in savings. And thank you for your leadership on that, Mr. Gilzean. And it's also wonderful to see that there's new vendors that are having opportunities to do work with the district. That was the whole objective, and now we see the fruits from that effort. So we are grateful for that.

Next, let's go to public hearings, resolution 656. Mr. Langley.

MR. LANGLEY: Resolution No. 656, "A

resolution of the Board of Supervisors of the Central Florida Tourism Oversight District adopting the amended building and safety department fee schedule; adopting and amending building permits, plan reviews, plan revisions, State of Florida surcharge fees, temporary structures, manufactured buildings and trailers, building relocations, elevator, escalator, material and dumbwaiter permits, certificate of operation fees, annual registered attraction inspection fees, structure demolition, service call technician response, alternative materials and methods requests, temporary certificate of occupancy, certificate of occupancy, contractor registration, investigation fee, special equipment, reinspection fee, change of contractor fee, renew expired permit fee, and other fees; providing for severability, conflicts, and an effective date."

This is a public hearing. I believe we a presentation.

CHAIR GARCIA: Yes, sir. Is there public comment?

MR. GILZEAN: Presentation.

MR. LOCKE: My name is Kenny Locke. I am the chief technical inspector for the district's

building department, and I also serve as the interim manager of the department currently.

This proposed resolution increases our fees approximately 30 percent year over year, and that is a direct result of the budgeting process that we went through this past year where we were asked to cover more of our expenses than we had in previous years. So the only way that we can do that is through these fees.

Our last fee increase was in 2016, I believe, and it was also about a 30 percent increase at that point in time. When we did the evaluations, we followed the same process and procedure that we did back in 2016, and we evaluated and compared our fee structure against multiple other jurisdictions through the state, so to make sure we were running in parallel to what fees that they assess.

There is no one standardized methodology that's assigned to any building department for how they generate their fees, so we had to look at a variety to see what was comparable and appropriate for our district. If you have any other questions.

CHAIR GARCIA: Any questions?

MR. AUNGST: Yes, Mr. Chair. Mr. Locke, thank you for your presentation. I appreciate your

service to the district, and especially your role as interim director. I appreciate you stepping into that role.

This is an area that's of interest to me because I deal with building permitting every day on behalf of clients and developers. I saw that we had some comparables listed in the agenda item: Orange County, Osceola County, Miami-Dade, Tampa, Gainesville, City of Tallahassee. Just generally, what we're proposing today, is that consistent or comparable with what these other jurisdictions are seeing?

MR. LOCKE: Yes, sir. And we had to go through -- matter of fact, if you don't mind, I think we have a slide for that.

MR. AUNGST: That would be great.

MR. LOCKE: It's not in the -- we don't have a slide for that? Okay. I apologize, I thought we had a slide for that.

But, yes, we did have to go across and look at multiple jurisdictions because some of the fees that we assess, other jurisdictions don't, and we had to find jurisdictions who had similar charges, if you will, to see where we were apples and apples.

And in most cases, we are below the maximum that we can find. Hillsborough County tends to be the highest that we saw. But we are on par with the jurisdictions like Tallahassee and other places that when you look at the overall equivalent population -- we don't actually have a population here, but on any given day, you could have 200, 300,000 people on property. That's about the equivalent in Gainesville or Tallahassee, and our fees are in those same ballparks for those areas.

MR. AUNGST: Right. And, in my view, a permit fee and application fee should be commiserate to what it actually costs the government to do the work, that the permit where the application is requiring the staff to do this. So I just want to make sure that's what this is based on, it's based on the actual cost to the district in your department to process these permits, to do the inspections, to issue the permits to -- you know, reply with comments back and forth with that kind of stuff.

MR. LOCKE: Yes, sir, that is -- there's no surplus in these.

MR. AUNGST: Perfect. And then the other thing is that, you know, our taxpayers are getting

what they pay for. So I know that our district goes out of its way to do inspections on the weekends, at night, a lot of unique inspections that other jurisdictions don't have to do. Like, when you're inspecting lighting and things like that in these unique attractions.

So I just want to make sure that -- you know, I want Disney to get their permits as quickly as possible, and I don't want there to be any delay in that. And if they're paying more, we should make sure that our service is at least as good as it's always been. So if you need anything in that realm for your department, please talk to Mr. Gilzean. Because, like I said, this is -- you know, one of the very first things I asked the first time I stepped in this room was about building permitting, and it's important to me to make sure that we have the highest level of service for our taxpayers.

MR. LOCKE: Yes, sir, understand. And if I could just have a moment to state that our performance measures that we place on ourself, they're not statutory, they're -- our performance measures are the most aggressive that I've ever seen in any building department. And the staff that we have that that executes plan reviews and

inspections is unparallel. I would put them against anybody that you would care to mention in the state, in the country, even the world. The level of expertise and professionalism is unmatched.

MR. AUNGST: Excellent. Thank you so much. I appreciate that. Thank you.

CHAIR GARCIA: Thank you. Are there any other questions by fellow Board members?

MR. BARAKAT: Well, Supervisor Aungst beat me to it, so thank you. I share his interest and concern on the topic. Obviously, fundamentally, I'm a little bit -- always a little nervous about raising fees, but I'm a hundred percent -- I want to make sure they're justified, and I think our department, your department, is well known and well regarded throughout the state, throughout the country for very good reasons.

So as long as you are continuing to maintain that high level of responsiveness, it's reasonable for us to expect those costs are going to go up over time, certainly since 2016. I don't need to tell anybody in this room what -- you know, what the cost -- just basic inflation to keep up, 30 percent. A 30 percent increase might just be an

inflation adjustment for that period of time. So I think that's quite reasonable under the circumstances. So, with that, I am supportive, and thank you for your inquiry on this.

CHAIR GARCIA: Any other questions or comments?

Thank you, sir, for your report. And I guess we need to ask if there's any public comment, Mr. Langley?

MR. LANGLEY: Yes.

CHAIR GARCIA: Are there any public comments? Hearing none, is there a motion?

MR. BARAKAT: I'll say A Motion.

MR. AUNGST: Second.

CHAIR GARCIA: Any discussion?

All in favor, indicate by indicating aye.

THE BOARD: Aye.

CHAIR GARCIA: Let the record reflect the motion passes unanimously.

Next, resolution 657. Mr. Langley.

MR. LANGLEY: Resolution No. 657, "A Resolution of the Board of Supervisors of the Central Florida Tourism Oversight District updating referenced codes and standards within the Epcot compilation codes, 2018 edition and incorporating

references into the 2018 Epcot building code, 2018 Epcot electrical code, 2018 Epcot fuel gas code, 2018 Epcot mechanical code, and 2018 Epcot plumbing code as enforced within the Central Florida Tourism Oversight District; providing for severability, conflicts, and an effective date."

This, too, is a public hearing, but we also have a staff presentation first. Thanks.

CHAIR GARCIA: Okay. Sir, you're up again.

MR. LOCKE: Yes, sir. Thank you. For the record, Kenny Locke, interim manager for the building safety department. On December 31st of 2023, the State of Florida will adopt the eighth edition of the Florida Building Code. Pursuant to Chapter 2023-5, the rules of Florida -- the laws of Florida, the district has the requirement to adopt a building code that is, at least, as stringent as what the State of Florida is enforcing.

As such, what we are proposing, at this point in time, is the upgrade of all of our reference standards in our building code to match that of the Florida Building Code. And it would be adopted and enforced on the same date, December 31st, 2023. That makes sure that we are on par with everything that we enforce within the district, that we are no

less stringent than any requirement enforced statewide.

CHAIR GARCIA: Does that conclude --

MR. LOCKE: Yes, sir.

CHAIR GARCIA: Any questions? Any comments?

Thank you for that report, sir, and I believe we need to offer, is there any public comment on this resolution?

Hearing none. Is there a motion?

MR. BARAKAT: Mr. Chair, if I could, just one really brief comment, just to underline the changes in the Florida Building Code. I was somewhat involved indirectly through the Florida Homebuilders Association. These are important changes, good changes, but it is also important that the Epcot building code be the gold standard above and beyond the state requirements, so I'm happy for the change.

CHAIR GARCIA: Thank you for that comment. Any other comments or questions? If not, is there a motion?

MR. BARAKAT: I'll so move.

MR. AUNGST: Second.

CHAIR GARCIA: Any discussion?

All in favor, indicate by indicating aye.

THE BOARD: Aye.

CHAIR GARCIA: Let the record reflect the motion passes unanimously.

Next, is there any unfinished business or other business?

Hearing none, we will stand adjourned. Thank you all for joining us today.

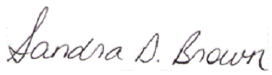
(Time ended 11:08 a.m.)

# C E R T I F I C A T E

STATE OF FLORIDA
COUNTY OF ORANGE

I, SANDRA D. BROWN, Florida Professional Reporter, certify that I was authorized to and did stenographically report the foregoing proceedings and that the transcript is a true and complete record of my stenographic notes.

Dated this 17th day of November, 2023.



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## I. Introduction

May 1967. The "Summer of Love" was kicking off in San Francisco. The Beatles dropped their eighth studio album, *Sgt. Pepper's Lonely Hearts Club Band*. The war in Vietnam was escalating, and anti-war protests were mounting. Gasoline was 33 cents per gallon and a loaf of bread cost a quarter. Also that month, Claude R. Kirk Jr., the 36th Governor of Florida, signed into law House Bill No. 486, otherwise known as the Reedy Creek Improvement Act. His stroke of the pen formed a special district—one that facilitated the most egregious exhibition of corporate cronyism in modern American history.

In the mid 1960s, following the success of Disneyland in Anaheim, California, The Walt Disney Company began scouting out a site for a second location, one that would offer more space for physical and economic expansion. It settled on the warm and sunny expanse of Orlando in Central Florida. Walt Disney himself portrayed the venture as not merely another theme park, but rather a planned city that would consist of residential and commercial areas as well as attractions. That bold concept was given a name: EPCOT (Experimental Prototype Community of Tomorrow).

Using shell companies to avoid valuation spikes, the company began buying up property. Then in earnest in 1966, it started petitioning the Florida Legislature to create a public corporation that would oversee the amassed tracts of land. Walt Disney passed away toward the end of the year, but Roy Disney immediately took over, determined to realize his older brother's vision. And on May 12, 1967, with the enactment of the Reedy Creek Improvement Act, he triumphed.

Disney had succeeded in its lobbying campaign, securing an East Coast flank for its rapidly growing entertainment empire. It obtained 39 square miles of remote and largely uninhabited pastures and swampland in Orange and Osceola Counties. More than that—and critically—it clinched near-total governing authority over the special district. That authority was so unchecked that Disney attained the power to, among other exceptional privileges, create and direct not just its own fire and police departments, but also, if it chose, construct a nuclear power plant.

As the years passed, the true nature of the deal became increasingly clear. Reedy Creek was allegedly a "partnership," an equal relationship between a private company and the State of Florida and its citizens. In reality, it was neither in form nor function. Reedy Creek was simply a creature of Disney. Indeed, the city Disney said it planned to build never came to pass, and to this day, Disney's special district is essentially void of individual residents.

Disney had wholly outmaneuvered the legislature and pulled off an incredible act. It had established an extra-constitutional governing authority—"an experimental absolute monarchy"[1]—within the borders of the State of Florida, and, accordingly, the United States—one that strikingly resembled, without exaggeration, a kingdom of yore.

* * *

[1] Richard E. Foglesong, *Married to the Mouse: Walt Disney World and Orlando*, (New Haven: Yale University Press, 2001), at p. 59 ("During early discussions of the Florida property, one company executive said that [Walt] seemed to want 'an experimental absolute monarchy.' 'Can I have one?' Walt responded.").

While Cypress Gardens and Gatorland had been drawing tourists to Orlando for years, Central Florida was still mostly rural prior to Disney's arrival. Its leading two industries were agriculture and construction. In 1966, the population of Orlando's metropolitan area was only about 260,000. With the opening of Walt Disney World Resort in 1971, it would almost double within a decade.

Indeed, Florida citizens, especially those of Orange County, were excited, feeling that they had much to gain from Disney planting its flag in their backyard. However, in retrospect, it appears there was a disparity between what they anticipated and what Disney intended. Most citizens likely had in mind a park similar to Disneyland in Anaheim that would be one among the other attractions that were pulling tourists to the Sunshine State. Disney's aspirations, on the other hand, which were kept close to the vest, were far more ambitious.

As a special district, Reedy Creek was a step stool to ensure that Disney's second location got up and running quickly and without a hitch. Disney, nevertheless, was clearly not interested in stopping with another standalone park. Over the next several decades, it developed property after property in both Orange County and Osceola County. Walt Disney World Magic Kingdom opened in 1971, EPCOT Center in 1982, Disney-MGM Studios Park in 1989, and Disney's Animal Kingdom Theme Park in 1998. In addition, the district now boasts two waterparks, four golf courses, more than 30 resort hotels, and hundreds of restaurants and retail stores.

Today, Disney is not only the world's largest entertainment company by revenue, it is one of the world's largest corporations. It owns several of the world's most iconic brands, including ABC, ESPN, Lucasfilm, Pixar, Marvel, and National Geographic.

The step stool given to Disney in 1967 became a permanent fixture, an immovable soaring ladder that allowed Disney to tower over rivals and almost certainly dissuade others from even entering the arena of market competition.

* * *

On February 27, 2023, Ron DeSantis, the 46th Governor of Florida, signed a bill abolishing the Reedy Creek Improvement District. *Fifty-five* years had passed since the creation of the special district. During that period of more than a half century, man landed on the moon, the microprocessor and internet were invented, the Soviet Union collapsed, the "global war on terror" began, and artificial intelligence became omnipotent. In short, the world had changed immensely.

For many, Governor DeSantis's action begged two questions. 1) *Why now?* 2) *Why was the carve out for Disney allowed to last for five decades?* For all intents and purposes, the answers to both are the same.

Almost as soon as the Magic Kingdom opened in 1971, Disney and Florida became synonymous. The company's growth was meteoric. Its revenue skyrocketed from $175.6 million to $914.5 million in 1980.[2] Last year, the company raked in $82.7 billion (which is double the

[2] *Compare* Walt Disney Productions Annual Report 1971 at p. 23, available at https://bit.ly/3sZ5jra, *with* Walt Disney Productions Annual Report 1980 at p. i, https://bit.ly/3sTmrOZ. At the turn of the century, it was $25.4 billion. *See* The Walt Disney Company Annual Report 2000 at p. 1, available at https://bit.ly/3GGUFZr.

GDP of entire nations, such as Latvia and Paraguay), and its "Parks, Experiences and Products" accounted for almost 35 percent of its revenue.[3]

Metropolitan Orlando also experienced an explosion in growth. Its population has increased more than 400 percent since 1971. The city's airport is now one of the busiest in the world. For the most part, all seemed swell for many years. And as Cogsworth says in *The Beauty and the Beast*, "If it's not Baroque, don't fix it."

But everything was not working well—at least for many Disney employees and residents of Orange and Osceola Counties. Hardly anyone outside of the special district knew about the scope and scale of the problems plaguing it. Moreover, due to the sheer size of Disney, virtually no one in Tallahassee was keen to take on the company. As such, complacency and an absence of political will allowed Disney to use the public-private partnership to entrench and amplify its corporate power.

That changed in 2023, when Governor DeSantis and the Florida Legislature decided to fix the anti-competitive arrangement between Disney and Reedy Creek. They believed that Disney's Reedy Creek was tantamount to corporate welfare (i.e., the state arbitrarily "picking winners and losers"), and that providing extraordinary economic advantages to what was already a corporate colossus was exceedingly unfair.

In February 2023, the Florida Legislature and Governor DeSantis reconstituted the district as the Central Florida Tourism Oversight District ("CFTOD") and installed a new five-person board.

For its part, Disney resisted the change by desperately seeking to lock in long-term agreements right as the new board was seated. For instance, it came to light that, annually in September, the District had negotiated a labor-services contract with Disney subsidiary Reedy Creek Energy Services (RCES), to use Disney employees to operate and maintain utility assets owned by the District. But on the eve of the new board entering in February and without competitive bidding, the RCID put into place a new *ten-year* agreement, purporting to obligate the District to continue using Disney employees to operate and maintain the District's utility assets at a cost of more than $33 million per year plus the potential for annual price adjustments. This was but one astounding example of the outgoing board trying to tie the hands of its successor for Disney's benefit. Other self-serving, 11th-hour agreements between the District and Disney were set to last thirty years and, in at least one case, more than *one hundred years*, all in an attempt to lock in Disney's special privileges for as long as possible. Over the next seven months, the new board worked to uncover what Disney was attempting to conceal and obscure.

* * *

What is now evident is that Disney not just controlled the Reedy Creek Improvement District, but did so by effectively purchasing loyalty. The vast majority of employees at the RCID were working hard to do their jobs and were diligent in doing so. Nonetheless, because of the decisions made by RCID management and the Board of Supervisors, their work was tainted with

[3] The Walt Disney Company, *Fiscal Year 2022 Annual Financial Report*, at pp. 31, 36, available at https://bit.ly/41019f4.

the appearance of impropriety. As comprehensively documented within, for years, the company treated district employees like Disney employees by, for instance, providing complimentary annual passes and steep discounts—benefits and perks that were akin to bribes. Not surprisingly then, the District's employees believed that it was their job to prioritize the interests of Disney.

Control over the inner workings of the District was exercised in additional ways. For instance, contract offers were sent out only to a closed list of approved bidders. Not only was there no way for new businesses to enter the mix, no mechanism existed to determine whether the district was receiving the services rendered at fair-market prices.

Disney sold the RCID as one thing in the mid 1960s, but there was deception behind the pitch and sale. The company promised, for example, affordable housing, transportation, and other social and community services. Today, 100,000 people commute into the District to work for Disney. Yet under Disney's control, the RCID built no workforce housing or schools and did not develop any public services directed at anyone but Disney tourists. The RCID never made Disney pay impact fees, as all other developers in Orange and Osceola Counties must pay. The estimated transportation impacts fees for Disney's 36,000 hotel rooms alone would be approximately $130 million under Orange County's current transportation impact fee ordinance. When Central Florida residents sit in bumper-to-bumper traffic on I-4, they should know that Disney bears significant blame. And although Disney paid ad valorem taxes to Orange and Osceola Counties when required, it also engaged in aggressive litigation tactics—filing dozens upon dozens of lawsuits—to eliminate as much of Disney's tax burden as possible.

The RCID was a mousetrap. Disney dangled savory cheese in front of the Florida Legislature and the people of Orlando, but quickly abandoned its city-building pretense.

The Reedy Creek Improvement District was unlike any other special district in the state of Florida. It was created directly by the state legislature and endowed with exceptionally broad authority to regulate itself, at Disney's total discretion. It was significantly and inherently flawed due to a near absence of parameters or supervision and the fact that it was invented to serve Disney, above all else, despite scores of other taxpayers also located in the District. Indeed, Disney even paid the property tax liabilities owed by many of the Board of Supervisors — in a wildly inappropriate effort to capture its local regulators. Until 1998, Disney even kept the RCID's employees on its own payroll.

Disney insists that the unique structure of the District was integral to the growth of Central Florida. The truth is that Disney needed the structure to *maximize its profits*, which is above and beyond succeeding as a business. To be sure, Disney still would have been tremendously profitable absent the unparalleled carve outs it received through the RCID.

What's more, the company's success has been far less reciprocal than Disney would care to admit. As of November 2023, institutional investors attribute over 85 percent of Disney's current stock-market value to its theme-park and consumer-products related businesses.[4] So as advantageous as Disney has been to Central Florida, the converse is true many times over.

[4] Robbie Whelan & Lauren Thomas, *Activist ValueAct Builds Stake in Disney*, WALL ST. J. (Nov. 15, 2023), https://on.wsj.com/3R4s6Kd.

It's not surprising that Disney is upset. No one would expect a company that's grown obese on a steady diet of gigantic portions of exemptions and privileges to peacefully pass back the plate.

As a whole, the RCID represented a stunning deviation from the good governance standards of the State of Florida and other localities throughout the nation. Without real checks and balances, internal dissent and public decision-making was shut down and competition was likely stifled, if not eliminated. What's more, other taxpayers in the District for the District's operation without receiving their entitled rights to participation and benefit.

Self-reflection is the key to self-improvement. It seems that, conveniently, the RCID abstained from such a necessary exercise during its 55 years of existence. What follows then is the first substantive independent audit of an entity that fueled the rise and shielded the dominance of a company at the expense of the public good. Its revelations are, simply put, shocking.

The case of Disney in Central Florida must be a blaring national wakeup call to citizens and elected officials about the problems inherent in creating special districts with the attributes that the RCID possessed: most especially, that complete and unaccountable governmental power was handed over to a private corporation, transforming a democratic institution into a private corporate monopoly.

## II. Report Process

Florida House Bill 9B requires the District's Board of Supervisors to "submit to the Governor, the President of the Senate, and the Speaker of the House of Representatives, within 1 year after the effective date of this act … a report that includes a review of all remaining powers and authorities" vested in the District. HB9, Section 4(8)(d). To satisfy this statutory obligation and for the purpose of better governing the District, the Board of Supervisors commissioned the District's general counsel and outside counsel to review the District's past and present practices. Counsel for the District engaged in legal research, reviewed District documents, and conducted interviews with District employees. Based on that work, counsel for the District prepared portions of this Report.

The Board of Supervisors also undertook a nationwide search for experts to independently investigate the District's past and current practices and provide a professional assessment of the same. The District hired four such experts:

- The District hired Donald J. Kochan, Professor of Law and Executive Director of the Law & Economics Center at George Mason University Antonin Scalia Law School, to produce a report to identify whether there were any constitutional and structural strengths or infirmities existed in the former RCID. Professor Kochan's report is attached as Exhibit 1-B ("Kochan Report"). Professor Kochan is a nationally recognized expert in property and land use law. He has published over 40 scholarly articles and essays, and his work has been cited in dozens of books and hundreds of law review articles. Professor Kochan has been appointed by the American Law

Institute ("ALI") to serve as an Advisor to the *Restatement of the Law Fourth, Property* project.

- The District hired William Jennings, Senior Director at Delta Consulting Group to review accounting information and related financial policies and practices. Mr. Jennings has more than 40 years of experience in forensic accounting and investigations. He has provided expert testimony in domestic and international courts, and has been retained to conduct investigations by the U.S. Securities and Exchange Commission, U.S. Department of Justice, and the U.S. Marshals Service. Mr. Jennings is a CPA/ABV and holds CFF and CFE certifications. For the District, Mr. Jennings conducted an independent review and forensic accounting investigation of the District's past and present financial and related practices. Mr. Jennings visited the District's offices, interviewed District personnel, and gathered information, including electronic data provided by District personnel and available public records. Mr. Jennings produced an expert report describing the investigation results, which is attached as Exhibit 2-B ("Jennings Report").

- The District hired Kimley-Horn to develop an urban planning report on the RCID and Cities of Bay Lake and Lake Buena Vista. Kimley-Horn's report is attached as Exhibit 3-B ("Horn Report"). Kimley Horn is one of the premier planning, engineering, and design consulting firms in the United States. In 2022, the firm ranked #1 among Building Design + Construction's Top 80 Engineering Firms in their 2022 Giants 400 Report. Every year since 2008, Kimley-Horn has been recognized by *Engineering News-Record* as one of the nation's "Top Green Design Firms," with more than 100 of the firm's professionals earning LEED accreditations. Kimley-Horn assembled a team of experts, including urban planners, civil and environmental engineers, and transportation planners, to contribute to their report. Kimley-Horn also worked with Professor Kochan.

- The District hired Public Resources Advisory Group ("PRAG") to serve as an independent financial advisor. PRAG is a nationally recognized independent financial advisory firm that serves state and local governments. PRAG is registered as a Municipal Advisor with the Securities Rulemaking Board and with the U.S. Securities and Exchange Commission and is a Registered Investment Adviser. Memoranda produced by PRAG for the District are attached as Exhibit 4.

- The District hired Raftelis to serve as a utility rate-setting expert in relation to the District's labor services agreement with Reedy Creek Energy Services (RCES), a wholly-owned subsidiary of the Walt Disney Company. Raftelis provides management consulting expertise to local governments and utilities, including in the areas of finance, assessment, technology, and strategic planning.

## III. Executive Summary

### A. Summary of Report

The RCID was constituted by an act of the Florida Legislature, Chapter 67-764, Florida Laws (hereafter, the "Old Act").Under the Old Act, the RCID was set up to benefit Disney to the exclusion of other stakeholders, like other landowners and taxpayers in the District (there are 57 other taxpayers and many more tenants whose leases with Disney require them to pay District taxes), tourists, and neighboring communities. Disney controlled the RCID because it controlled the RCID Board of Supervisors. Members of the Board were selected by a vote of District landowners with votes allocated for each acre owned. Because Disney owned the vast majority of land in the District, this meant that any candidate with Disney's support would be elected and any candidate Disney opposed could not be elected.

Additionally, Board members were eligible for service only if they owned land in the District. In order to qualify preferred Board members, Disney temporarily deeded 5-acre plots of District land to Board members to hold during the duration of their service. Board members were required to return the property to Disney at the conclusion of their service. Disney also paid the property tax liability that Board members incurred as a result of owning property in the District. This was an improper cash gift to Board members and further evidence of their capture by Disney.

On its own, this arrangement guaranteed that Board members—and therefore the RCID as a whole—would be responsive to Disney's preferences and would serve Disney's interests. The process of electing Board members did not provide any of the District's other property owners or stakeholders with representation.

Alongside Disney's unilateral control of the RCID, the Florida Legislature also imbued the RCID with all the powers of a local government—and then some. The RCID could: issue bonds and use the funds to aid Disney projects; create its own building regulations and construction permits; provide its own fire protection; manage its own stormwater, wastewater, sewage, and flood control systems; and impose its own land use and local environmental regulations while simultaneously being *exempted* from County regulations. The RCID was even empowered to construct an airport and a nuclear power plant, if it chose.

Disney also received control over two "cities"—the Cities of Bay Lake and Lake Buena Vista. Neither city has any employees, and each has only a handful of residents who are also Disney employees renting mobile home plots from Disney.

These arrangements gave Disney something unique in all of Florida: the power to govern itself, free from outside interference, through a pocket government that Disney controlled. The RCID was a *sui generis* special district—no other special district in Florida was granted nearly so much power. Other theme parks (like Universal Studios) and very large developments (like The Villages) do not enjoy the same breadth of benefits and are subject to County land use, planning, and other regulations from which Disney was exempt. While the Villages or Universal Studios might be located in a "special district," the super-special nature of Disney's special district was a privilege that only Disney enjoyed. Being exempt from the requirements that bound other large developments clearly gave Disney a leg up on the competition. And it gave Disney the ability to pursue its corporate interests at the expense of its neighbors and other stakeholders in the region. If this kind of arrangement had been a good idea, other parts of the country would have replicated it. For reasons that are apparent now, they have not.

*  *  *

In addition to the structural advantages for Disney of the RCID arrangement, Disney also worked to completely capture not only the RCID Board of Supervisors but all RCID employees—the employees that were charged with overseeing and carrying out the government functions in the District. Disney accomplished this regulatory capture by showering gifts and lavish spending on RCID employees and creating the impression that these employees worked to achieve the interests of Disney, not of the District or other property owners. RCID management and the Board of Supervisors facilitated this capture of RCID employees, and they did not disclose to the employees that the benefits they received were improper.

Disney cultivated this perspective by making complimentary annual passes and steep Disney discounts available to RCID employees, retirees, members of the Board of Supervisors, and other VIP vendors on the same terms as Disney employees, known as cast members. Initially, Disney provided these benefits free of charge; later, the RCID began reimbursing Disney for these expenses, which amounted to millions of dollars annually in recent years.

The RCID even seems to have misleadingly concealed the purpose of these multi-million-dollar annual payments on its annual financial reports, labeling them "financial and administrative services," when in fact, they were Disney perks given to employees. When Disney paid for these benefits, they were improper—akin to bribes of public officials and employees.

Yet things were not better when the RCID reimbursed Disney for these benefits because most RCID employees were not aware of the reimbursement scheme (and reasonably believed the perks they received were Disney gifts) and because the perks were not available to the general public. Additionally, RCID displayed clear favoritism toward Disney by reimbursing employee purchases only for *Disney* purchases and not for items or services purchased from other District taxpayers. This was effectively a subsidy benefiting Disney that was not available to other taxpayers.

To be specific, RCID employees (and retirees, members of the Board of Supervisors, and vendor VIPs) received:

- Millions of dollars of annual passes for entry to Disney theme parks worldwide for at least the RCID recipient and three family members
- 40-percent discounts on Disney cruises
- Free transferable single-use tickets during the holiday season
- Steep discounts on Disney merchandise
- Steep discounts on food and beverages in the Disney theme parks and resorts
- Access to non-public shopping reserved for Disney cast members, where merchandise was steeply discounted and items were made available that were otherwise not available for public purchase

In published materials, RCID employees were aware that they were receiving "cast member" benefits. Because RCID management and the Board of Supervisors chose to make these benefits available to RCID employees, Disney achieved its objective: ensuring that RCID employees would serve Disney's interests alone. RCID employees came to believe that it was appropriate for the RCID to do things that "the taxpayer" or "the landowner" (both references to Disney) requested because such requests were inherently cost-neutral because Disney was simultaneously the beneficiary and the principal payer of the taxes that would fund the actions requested. Kochan Report, Exhibit 1-B at 20–21.

This is an incorrect view of government's role, which is to serve the public interest and must necessarily be concerned with whether any action undertaken is wise, prudent, and public-regarding. *Id*. Additionally, this view was factually inaccurate because Disney is not the only taxpayer funding the District and its decisions. Other landowners and businesses in the District, including hotels, restaurants, and retail shops, also pay District taxes directly *and* tenants who lease from Disney are typically obligated to pay common area maintenance ("CAM") charges to Disney, which include property taxes. In other words, even the tax payments that Disney directly transmits to the District include tax payments made by non-Disney entities who are tenants of Disney-owned property.

Moreover, the cast member benefits that RCID employees received were valuable—and therefore costly for the RCID. Between fiscal year 2018 and fiscal year 2023, the per-employee cost of these benefits ranged from $3,672 and $4,898 annually. During that time frame, the RCID's total expenditures on these benefits ranged from $1.78 million to $2.54 million annually.

The RCID elected not to treat these benefits as taxable employee benefits. After the 2023 legislative reforms, the new Board of Supervisors and management of the District hired accounting firm Cherry Bekaert to investigate this practice. Cherry Bekaert determined that this had been an improper treatment of these employee benefits, which were in fact taxable benefits. Represented by Cherry Bekaert, the District is in the process of seeking a voluntary closing agreement to resolve this issue directly with the Internal Revenue Service (IRS).

* * *

The net result of the RCID's old structure combined with Disney's intentional conduct was that the RCID served Disney's interests, not the interests of other stakeholders, and the results have been disastrous for the surrounding communities of Central Florida.

Over 100,000 people work in the District, but they must commute from elsewhere because the District has no workforce housing. Commuting creates traffic congestion in the region and contributes to environmental degradation through pollution. Commuting is a hardship for the individuals who work in the District because most District jobs are relatively low-wage service industry jobs, and the cost of commuting takes a substantial bite out of wages. Commuting also contributes to a poor quality of life and lack of upward mobility in the region because individuals spend long periods of time driving, which wastes time, requires longer hours of childcare, and diminishes the time families spend together.

Commuting is also made more difficult by deteriorating and inadequate transportation infrastructure, due in part to Disney's failure to pay its fair share of its impacts on traffic generated by its development. Ordinarily, developers in Orange County pay approximately $3600 in transportation impact fees per suburban hotel room constructed. The RCID, however, never required Disney to pay impact fees[5] and Orange County was powerless to require it. If Orange County's transportation impact fees were applied to Disney's more than 36,000 hotel rooms, amusement parks, and millions of square feet of office, commercial, and retail space in the District, Disney would have owed hundreds of millions of dollars in never-assessed transportation impact fees that could have funded roadway projects to improve and expand I-4 and intersecting county roads, for example, alleviating traffic concerns and improving commute conditions. The estimated transportation impact fees for 36,000 hotel rooms alone would be approximately $130 million under Orange County's current transportation impact fee ordinance.

The old RCID structure, exacerbated by Disney's actions, transferred other negative externalities to surrounding communities, too. The District is not home to any schools, hospitals, or libraries and instead foists those costs upon the surrounding communities which must supply those services for Disney employees and their families. Under the Old Act, the RCID simply did not serve any social and community interests and was completely beholden to Disney.

The RCID under the Old Act failed public expectations in other ways. In addition to spending millions on Disney tickets and discounts for employees, the RCID spent hundreds of thousands of dollars on extravagant holiday parties, retirement parties, and other "employee relations" events.

The RCID spent thousands of dollars annually on years-of-service gifts and celebrations—including by paying for RCID employees to attend private celebrations hosted by Disney at its theme parks and otherwise reserved for Disney cast members. The former District Administrator charged hundreds of thousands of dollars on his District American Express card for celebrations, sports tickets, memberships, meetings, and other events.

The RCID also failed to adopt the best practices that would be expected for a Florida local government. The RCID had inadequate procurement policies that did not ensure the District obtained the best price or highest quality goods and services for its contracts. Instead, the District engaged in race-conscious DEI programs that discriminated against contractors on the basis of race.

The District built three parking garages near the Disney Springs development in the District for a total cost of approximately $700 million. These garages benefitted only Disney and the tenants on Disney property, yet they were financed by the RCID's public resources. This is an example of how Disney used the RCID as its private government to accomplish its own purposes at the expense of public resources.. The District's other taxpayers were forced to pay almost $100 million for the garages that Disney sought.

[5] Orange County charges fire impact fees, police impact fees, transportation impact fees, parks and recreation impact fees, and school impact fees on new development.

When the RCID engaged in a $70 million purchase of utility assets from Disney, it appears to have undertaken no documented due diligence—unfathomable for a government entity making an expenditure of that significance.

The RCID deferred road maintenance projects in the period from 2018 to 2022. This has led to increased future road maintenance costs as a result of inflation and other factors, and it has increased the unrestricted balance of the general fund by $18 million as of September 30, 2022. Additionally, failure to maintain these assets at an appropriate level could require the District to change its accounting approach or could negatively affect future bond ratings and the interest rate on future bond offerings.

The RCID lacked any enforcement mechanism for code violations, like violations of its fire prevention, building, and safety code. Fire prevention is critical given the hundreds of thousands of people visiting the District on a daily basis. Yet, the RCID was powerless to enforce its fire code by, for example, issuing fines for fire code violations in theme parks, hotels, and other properties.

The RCID did not record or transcribe the meetings of the Board of Supervisors and did not make agendas available in advance or publish them on its website.

Disney relied on the Cities of Bay Lake and Lake Buena Vista to carry out important tasks for the District—most significantly, contracting to provide police protection—but these "cities" (which are, in fact, nothing like a real city, with only a dozen residents in each, all current or former Disney employees or tenants) had no employees of their own. So the RCID provided the Cities' administrative services free of charge, and in July 2022, entered a 40-year contract pledging to continue doing so, still without any charge. In September 2023, the Cities hired a single individual as an outside contractor to serve as city manager to both of the Cities. This is a violation of the dual office holding provision of the Florida Constitution, which forbids a single individual from holding such offices for two cities simultaneously. Also in 2023, the CFTOD exercised its right to terminate the sweetheart, 40-year, free-of-charge contract to continue providing administrative services to the Cities.

Disney exercised undue influence over the RCID's operations in many ways, including by influencing the RCID's permit decisions. Other non-Disney District taxpayers were aware that if they chose vendors not approved by Disney for their construction and development projects, they could expect the RCID to delay issuing them required permits for one quarter. This improperly coerced non-Disney District taxpayers into preferring Disney-approved vendors.

Disney continues to exercise ongoing control over the Cities. The members of the Cities' city councils all live on Disney property, leasing steeply discounted plots of land for their mobile homes. The Cities contract with Orange County to provide police protection inside the District, including approximately $8 million in off-duty officers that the Cities provide for police protection on Disney property. Other District businesses do not receive off-duty police protection and must contract for and pay for such protection themselves, when they require it.

In July 2023, the CFTOD District Administrator proposed eliminating the approximately $8 million off-duty policing expense from the Cities' budget and millage rates in order to take the

burden of off-duty police contracting and payment from the Cities and assign it to the CFTOD instead. The CFTOD could then ensure "fair and equitable use of those off-duty officers" so that non-Disney entities who also pay taxes are "able to utilize those off duty officers as well." Bob Hazen, *Fight brewing over law enforcement on Disney property*, WESH (July 27, 2023), available at https://bit.ly/3sZ0w95. Both city councils initially voted in favor of the reduced millage rate and budget, but two weeks later, they convened special meetings to reverse the vote and ensure that Disney would continue to be the exclusive beneficiary of taxpayer-funded off-duty officers in the District.

* * *

In short, Disney created an unprecedented privilege in the District: the privilege to govern itself free of the kinds of ordinary good-citizen obligations that other corporations and businesses have throughout the State of Florida. No other competitor in the theme park or entertainment industry enjoyed such a privilege, which clearly gave Disney a commercial advantage. It is no wonder, then, that while the Florida Legislature was considering how to restructure the District to increase its public accountability, Disney was working behind the scenes to protect its RCID "kingdom."

At the eleventh hour before the transfer of power from the old RCID Board of Supervisors to the new CFTOD Board of Supervisors, the RCID entered into a series of agreements with Disney that attempted to lock in the current RCID structure and benefits for Disney contrary to the will of the people of Florida as expressed through their elected representatives. These agreements included the Development Agreement (which purported to vest all development rights in the District in Disney), the Restrictive Covenants (which purported to restrict the District's authority to use its own property), and the Labor Services Agreement with Reedy Creek Energy Services (which purported to require the District to rely on a Disney subsidiary to manage and maintain its utilities for the next thirty years). The Board of Supervisors that approved these items saw them as business as usual for the District. When considering these contracts, one board member asked, "I'm assuming the way this is written, it doesn't change the way you're currently doing business?", and the former District Administrator replied, "It does not. It basically memorializes how we have been doing this." In other words, these one-sided agreements that benefitted Disney alone were "how we have been doing this" at the District.

When the CFTOD uncovered these 11th-hour agreements, it hired outside counsel to evaluate their legality. Outside counsel determined emphatically that these alleged contracts were illegal in myriad ways and void *ab initio*. As the CFTOD's Board of Supervisors was hearing a presentation from its outside counsel on this issue, Disney filed a lawsuit against the CFTOD in federal court. The District subsequently filed its own state court lawsuit asking a court to declare the illegality of the 11th-hour agreements. Both lawsuits are ongoing.

While the litigation proceeds, the CFTOD has undertaken numerous actions to increase public accountability and transparency, avoid conflicts of interest and the appearance of corruption, regularize procedures, and adopt best practices. The CFTOD has hired nationally recognized experts to advise on financial practices and urban planning, has passed numerous resolutions consistent with state law and the best practices of other Florida local governments, and has adopted necessary internal procedures and controls that the District previously lacked. For

example, the CFTOD has adopted a new procurement policy, under which approximately $50 million in contracts have been awarded, at a $3.5 million savings to taxpayers. More than $14 million of the contracts have been awarded to vendors new to the District, and more than $9 million of the contracts have been awarded to local vendors, some of which are owned by veterans.

### B. Summary of Expert Reports

#### 1. Expert Report of Professor Donald Kochan—Governance of the District

Professor Donald Kochan, expert in property law and land use planning, reviewed the Old Act and provided expert analysis in his report, attached as Kochan Report, Exhibit 1-B. Professor Kochan concluded that the District as constituted by the Florida Legislature in 1967 was a "sui generis … special district[]," unlike any other in Florida before or after, that enjoyed extensive powers, was exempt from County regulation, and was controlled by Disney. *Id*. at 9–10.

Professor Kochan further concluded that Disney obtained its sui generis special district through a "bait without even a switch." Kochan Report, Exhibit 1-B at 14. Disney lobbied the Florida Legislature for its powerful, unilateral, and unaccountable special district by claiming it would build a city on its Central Florida property. Once Disney secured the special district it sought, however, it abandoned the city-building pretense. The historical record demonstrates that Disney disdained voters from the outset and did not want its special district or its corporate choices to be subject to public accountability through popular elections, despite how it had marketed its ideas to the legislature. *Id*. at 13–16. Disney's consultants on the Disney World and special district project advised Disney to "limit the scope of democracy" so Disney would be "freed from the impediments to change, such as … elected political officials." *Id*. at 19. Documentary evidence from Walt Disney himself makes clear that he did not want permanent residents in his model community. *Id*. at 48. Because the legislature did not tie Disney's special district privileges to any enforceable metrics, Disney could abandon its promises without repercussions.

Professor Kochan also describes in detail the way that interest groups, like Disney, achieve their corporate objectives by influencing government. *Id*. at 31–57. Among other things, Disney employed "masking" to conceal the true intentions of its legislative proposals by cloaking its proposals in lofty rhetoric that disguised the underlying wealth transfer benefitting Disney. *Id.* at 50–57. This included rhetoric about futurism, progress, urban reform (a pressing issue during the 1960s), and economic growth. Disney preserved its influence over government in a variety of ways, too, even giving public officials free Silver Passes, *see infra* V.G.1.a (defining Silver Passes), to create a natural good will and feeling of indebtedness toward Disney among legislators and other officials. *Id*. at 50, 57.

As conceived by Disney and created by the Florida legislature, the District under the Old Act dispensed with the democratic protections that characterize the federal, state, and local governments in the United States. While perceived efficiency might be good for private enterprise, it cannot be the lodestar for governmental action—yet in the District, it was. *Id*. at 27. Because Disney ran the District, its land use and planning decisions were not subject to "veto points" and "choke points," which are purposeful institutional restraints in our constitutional system. *Id*. at 28.

These barriers and blockages force deliberation that promotes better, even if slower, decision making. *Id*. at 29. Instead, Disney made decisions for itself, without the need to deliberate at all.

Professor Kochan's report analyzes these and other aspects of public choice theory, rent-seeking behaviors, and corporate influence over government in his report. Kochan Report, Exhibit 1-B.

### 2. Expert Report of Bill Jennings—Forensic Accounting

Bill Jennings performed a forensic accounting analysis of the RCID's past records and produced a report, attached as Exhibit 2-B. Mr. Jennings concluded that former District Administrator had incurred nearly $166,000 in charges on his RCID American Express card for expenses ranging from retirement parties, holiday and city resident parties, tickets for athletic events, and food and beverages during a 15-month time frame that began in 2021 and ended in 2022. Jennings Report, Exhibit 2-B at Ex. 1 to the Report, p. 89 (PDF pagination). RCID employees received Disney theme park passes and discounts on Disney merchandise, and these benefits were not included in the employees' taxable income. *Id*. at ¶ 5.b.

Mr. Jennings uncovered numerous flaws in contract sourcing, procurement, administration and payment, including unclear approval processes or documentation, lack of a vendor management system, and procurements without competition or mechanisms to determine whether the goods or services provided are of the highest quality available and competitively priced. *Id*. at ¶ 5.c.

Mr. Jennings determined that the RCID contracted to pay Disney $7.7 million for expected impact costs due to road construction affecting a Disney-owned golf course, yet no evidence existed to support any economic analysis of that price or a comparison between the cost of entering the agreement as opposed to going through a condemnation proceeding. *Id*. at 44.

Mr. Jennings's report further details that: the RCID provided administrative services to the Cities of Bay Lake and Lake Buena Vista free of charge; and deferred road maintenance and underfunded road maintenance has affected the unrestricted balance of the District's general fund. *Id*. at ¶ 139. Disney's lawyers denied Mr. Jennings access to utility records or employees to assess the condition of and make recommendations regarding the eight utilities owned by the District and managed and maintained by RCES. *Id*. at 48.e.

### 3. Expert Report of Kimley Horn—Urban Planning

Kimley Horn investigated the District's past land use planning practices and operative Comprehensive Plan and produced a report, which is attached as Exhibit 3-B. Kimley Horn concluded that the operative Comprehensive Plan (adopted by the District in 1991 and subsequently amended) is no longer a state-of-the-art plan. The District's Comprehensive Plan is focused almost entirely on optimizing corporate goals, rather than considering and responding to conditions in the region surrounding the District. It does not account for state-of-the-art local planning concepts like those set out in MetroPlan Orlando; this includes balancing jobs and housing to be closer together to reduce vehicle miles and hours travelled and reduce traffic congestion on the stressed regional roadway system.

The plan does not fully meet some of its goals and objectives, including those related to affordable housing, workforce employment, and sustainability. The plan lacks diversity in land uses, excessively relies on large parking lots that create adverse environmental and land use effects, and fails to implement state requirements intended to address Florida's housing shortage. Between 2019 and the present, the workforce required by Disney has grown from 70,000 to more than 100,000, and future anticipated development could add another 30,000 employees.

Kimley Horn concluded that the current Comprehensive Plan does not adequately address this growth. Additional details and analysis are available in the Kimley Horn Report, Exhibit 3-B, at 7–9.

## IV. Prior Act

*At the outset, the Florida Legislature granted the District extraordinarily broad powers that far exceeded those of other water control districts or special districts, including the power to function autonomously without the imposition of County zoning and planning regulations. Disney controlled the members of the Board of Supervisors, who therefore acted in Disney's best interests rather than for the good of all District stakeholders.*

*The Board of Supervisors deputized the RCID's District Administrator to undertake many actions without specific Board approval. Although the District came to own many of the utilities that serve the jurisdiction, it contracted with a Disney subsidiary (Reedy Creek Energy Services "RCES") to maintain and operate the utilities, and in February 2023, the RCID amended its year-to-year contract with RCES in favor of locking in a ten-year contract.*

*The District also includes two cities—the Cities of Bay Lake and Lake Buena Vista—which are not typical cities at all. The RCID contracted to provide all of their administrative needs free of charge; the cities' only residents are Disney employees beholden to the corporation; and 99 percent of the cities' tax revenue pays for police coverage in the District.*

*The net result of all of the above was that the District suffered from compromised integrity, a lack of transparency, questionable public purposes, functional limitations, and the possibility of corruption.*

### A. Powers and Authorities

The Reedy Creek Improvement District (RCID or District) was an independent special district initially created in 1966 as the Reedy Creek Drainage District by a decree of the Ninth Judicial Circuit and subsequently ratified and approved by a special act of the Florida Legislature, the Reedy Creek Improvement Act (the "Old Act" sometimes referred to as the "RCID Charter"), in 1967. The district covered 24,969 acres in Orange and Osceola Counties that were primarily owned by the Walt Disney World Company.

The Old Act gave the RCID extensive authority, including these powers of a water control district:

- Power to levy and assess ad valorem tax and maintenance tax;

- Authority to issue general obligation, revenue, assessment, or other bonds to finance the acquisition, construction, extension, or improvement of any projects;
- Authority and responsibility to construct, complete, operate, maintain, repair, and replace any and all works and improvements necessary to execute the water control plan adopted by the district;
- Ability to build and construct any other works and improvements deemed necessary to preserve and maintain the works in or out of said district; and
- Authority to acquire, construct, operate, maintain, use, purchase, sell, lease, convey, or transfer real or personal property, including pumping stations, pumping machinery, motive equipment, electric lines and all appurtenant or auxiliary machines, devices, or equipment.

The Old Act also granted the RCID far greater authority and powers than those of a typical water control district. The Florida Legislature envisioned that these additional powers and authority would facilitate economic and tourism interests, exceptional and novel residential development, and innovation. These powers included the authority to:

- Provide utility services and facilities, including water, sewer, waste collection and disposal, electric, gas, telecommunications, and new and experimental sources of power, energy and other public utilities;
- Establish a program for the control, abatement, and elimination of mosquitos and other pests;
- Own and operate an airport and other transportation facilities, both within and beyond the District's boundaries, including buses, railroads, monorails, airplanes, helicopters, boats, other transportation facilities and "novel and experimental facilities";
- Own and operate recreational facilities, including athletic fields, marinas, pools, stadiums, civic centers, and convention halls;
- Own and operate parking facilities;
- Provide for fire protection facilities and services;
- Spend public funds to advertise businesses, facilities, and attractions within the District;
- Designate and maintain conservation areas;
- Operate and conduct research activities for "experimental public facilities and services," including explicit authority to operate a nuclear fission reactor; and
- Exercise eminent domain both within and outside of the District's boundaries for the purpose of constructing projects or otherwise carrying out the District's purposes.

Beyond these enhanced powers, the RCID Charter gave the District another power unique among special districts: The RCID was exempted from county zoning, building, subdivision, and construction regulations. Other privileges, advantages, self-governance powers, and authority granted RCID included:

- Providing that the RCID charter controls in the event of any conflict with any other law then existing or enacted thereafter unless the enacted law specifically repealed or amended the Act;

- Granting the RCID the exclusive authority to acquire, construct, and maintain public roads within the District, excluding the portions of State Road 530, State Road 535, and Interstate 4 lying within the district;
- Requiring District approval for the location, design, and construction of any access or connecting roads and extensions for State Road 530, State Road 535, and Interstate 4;
- Establishing criminal penalties for violation of certain district rules and regulations;
- Providing the ability to exercise its powers within the boundaries of any municipality located in the district in a manner that conflicts with other applicable law concerning that municipality or other political subdivision wholly or partly within the District;
- Providing an exemption from laws concerning financial reporting for special districts;
- Providing the ability to adopt its own planning, zoning, and land use regulations, to the exclusion of county regulations;
- Providing an exemption from county professional licensure regulations;
- Authorizing the RCID to adopt its own building and safety codes and providing an exemption from state zoning laws, the Florida Building Code, and the Florida Fire Prevention Code;
- Adopting regulations concerning subdivision and platting of land;
- Providing an exemption from general law requirements for the issuance of bonds by local government entities;
- Providing a shorter time frame for filing tort claims against the District;
- Providing the ability to expand or contract its own boundaries without a special act; and
- Requiring the District's approval for the creation of any new municipality within its boundaries.

### B. Structure of Government

The RCID Board of Supervisors was the District's primary decision-making body and had significant independence from county and state authorities. The RCID charter provided that "all of the powers and duties of the District shall be exercised by and through the Board of Supervisors." The principal enumerated powers of the board included:

- Employing staff, engineers, contractors, consultants, attorneys, and auditors;
- Adopting by-laws, rules, resolutions, and orders;
- Maintaining an RCID office; and
- Establishing departments, boards, and agencies to carry out the powers granted to the RCID by the charter, including the appointment of a general manager.

The RCID Board of Supervisors consisted of five members, each elected by the landowners within the District to staggered four-year terms. At least three of the members of the Board were required to be residents of Orange County, Osceola County, or any adjoining county and were required to own land within the District. Board members historically received a five-acre tract of inaccessible and undevelopable land from the Walt Disney World Company, subject to a contract

that authorized the company to purchase the land from the board member at the conclusion of the board member's service.[6] *See infra* Section IV.G.1.a.

Pursuant to the RCID's power to appoint a general manager, the District appointed a District Administrator to act as general manager and the chief administrative officer of the District. The District Administrator worked under the direction of the Board of Supervisors. Throughout the RCID's history, the Board of Supervisors passed formal resolutions granting the District Administrator the power to act without the Board's additional action. Departments directly under the District Administrator's included[7]:

- Building and Safety (under which the RCID Board of Appeals was established);
- Environmental Sciences (under which the RCID Pollution Control Board was established);
- Planning and Engineering (under which the RCID Planning Board was established); and
- Geographic Information System (GIS).

A Deputy District Administrator reported to the District Administrator. A Comptroller appointed by the Board of Supervisors was responsible for financial matters within the District. By 2018, the Deputy District administrator also served as Comptroller. The following departments were under the control of the deputy administrator/comptroller[8]:

- Emergency services;
- Property management;
- Contract and risk management;
- Technical services;
- Finance; and
- Human resources.

### C. Government Operations

The bulk of the RCID's governmental functions were provided under its building department, fire department, planning and engineering department, environmental department, utilities department, and facilities department. For more details, *see* Exhibit 5, Governmental Operations of the RCID.

### D. Interlocal Agreements

The Old Act authorized the District to enter into agreements with municipalities within the District to work together to discharge common functions, powers and duties and in rendering

[6] "Central Florida's Reedy Creek Improvement District Has Wide-Ranging Authority." OPPAGA. Report No. 04-81, (Dec. 2004), available at https://bit.ly/47BBMCL.

[7] "Annual Report Utilities System." Organizational Chart. Leidos Engineering. Fig. 2-5. Sept. 2017, available at https://bit.ly/46ExwkT.

[8] "Annual Report Utilities System." Organizational Chart. Leidos Engineering. Fig. 2-5. Sept. 2017, available at https://bit.ly/46ExwkT.

services to residents and property owners within the cities and the District. For more information on these interlocal agreements, *see* Exhibit 6, Interlocal Agreements Under the RCID.

### E. Relationship Between the District and the Cities of Lake Buena Vista and Bay Lake

The Cities of Lake Buena Vista and Bay Lake (together, the "Cities") are unusual and not typical cities. Until recently, the two cities have had no employees and the RCID has completely run all the Cities' municipal functions. However, the municipal functions exercised by the two cities have been extremely limited since their inception. The Cities generally use approximately 99 percent of their ad valorem taxation and budget to fund the Orange County Sheriffs' Office (OCSO) policing of the cities through the interlocal agreement. The Cities use and rely on the RCID, at the RCID's full cost, to oversee the OCSO interlocal agreement and to provide buildings and other facilities to OCSO. Additionally, the Cities have adopted alcohol and beverage regulations and public assembly regulations by adopting ordinances using their home rule power, which the RCID employees implement and enforce at the RCID's expense.

The only assets that the two cities have are cash and cash equivalent investments. The Cities have no issued bonds or other debt. The Cities own no buildings, roads, utilities, vehicles or any other physical assets or capital infrastructure.

The City Councils of the two cities are made up of a handful of residents (less than 30 residents in each city) living in two mobile home parks (one mobile home park in each city) owned by Walt Disney Parks & Resorts U.S., Inc. Only people approved by Disney are permitted to enter into leases and live within such mobile home parks within the two cities. Thus, only registered voters handpicked by Disney to live within Disney's mobile home parks are eligible to serve on the City Councils of the two cities. This bizarre landlord-tenant relationship between the City Council members of the Cities and Disney raises serious questions.[9]

### F. Relationship Between the District, Taxpayers, and Businesses

The overriding factor within the RCID affecting the relationship between the RCID, the taxpayers and businesses is the hugely disproportionate acreage owned by The Walt Disney Company within the District and the control Disney exercised over the election and actions of the five members of the Board of Supervisors. Disney dwarfed, in every way, the other taxpayers and businesses within the District.

In addition to theme parks, Disney and its associated entities operated a wide range of businesses within the District, including hotels, restaurants, retail stores, and other entertainment venues. Decisions made by the RCID Board of Supervisors and the RCID District Administrator and staff were crucial to supporting the growth and operation of these businesses. The RCID provided infrastructure, utilities, public services, and economic support for all of the businesses within the District, but the principal beneficiary was Disney and its affiliated entities.

[9] *See* Florida's ethics laws for public officers under Chapter 112, Florida Statutes, and specifically the provisions of Section 112.313(2) & (7)(a), Florida Statutes, regarding gifts and conflicting employment and contractual relationships, and Section 112.3143, Florida Statutes, regarding voting conflicts.

The RCID's infrastructure included roads, utilities, and water management, all essential to Disney and other businesses and owners. While non-Disney businesses certainly benefited from this infrastructure, due to Disney's control, infrastructure decisions were tailored to benefit Disney without significant regard or consideration of the needs of other businesses and taxpayers within the District.

The RCID also provided municipal services for businesses within the district, such as fire protection and medical services, benefiting businesses and tourists. While these municipal services were provided within the District to all businesses and owners, the non-Disney businesses and owners had little say in the RCID's decisions and operations.

Businesses within the District benefited because the Old Act granted the District power to spend public funds to advertise businesses, facilities, and attractions within the District, of which the largest by far was Disney and its affiliated companies.

There are 57 other taxpayers in the District and many more tenants whose leases with Disney require them to pay District property taxes. Yet because the District lacked representation for these non-Disney taxpayers and businesses, RCID decisions disproportionately benefited Disney, leaving other businesses at a disadvantage. The relationship between the RCID and its taxpayers and businesses was dominated by—and therefore favored—Disney. In other words, one private for-profit company used the RCID for its private benefit.

### G. Negative Outcomes:

#### 1. Governance

##### a. Compromised Integrity

As stated throughout this report, the RCID did not operate as an independent local government, but rather effectively as a corporate subsidiary of The Walt Disney Company. Disney controlled the membership of the Board of Supervisors, so the public had little to no influence on the District or its policies. The Board of Supervisors' decision-making and resolutions were significantly, if not entirely, controlled by Disney's corporate interests. Although the RCID technically operated as a public entity with public notice and public meetings, there was little reason for the public to participate in RCID meetings and hearings.

Further, the Board of Supervisors granted the District Administrator the authority to act in many circumstances without further action of the Board and without review at any meeting open to the public. Thus, with little transparency and no practical reason for the public or smaller businesses or taxpayers to petition the Board of Supervisors for their causes and interests, the public and non-Disney businesses and taxpayers were sidelined in favor of Disney's objectives. Public participation and input, effectively, had no role in the RCID's decision-making.

Disney also captured the RCID's loyalty by making Disney perks available to RCID employees on the same terms as Disney cast members. These perks included: high-end annual passes that provided free access to Disney parks around the world and were not available to the public; steep discounts on Disney cruises, dining, and merchandise; access to cast-member-only shopping depots; discounted entrance to ticketed Disney special events; and other similar perks.

These benefits created the mindset at the RCID that employees were *supposed to* serve Disney, not the public good or other District taxpayers.

The prevailing mindset was that the RCID appropriately did what Disney wanted because Disney was paying the taxes that funded the RCID, thus making it proper that Disney would benefit from the RCID's actions. Kochan Report, Exhibit 1-B, at 20–21. This narrative was false and pernicious, for several reasons.

First, as a governmental entity, the RCID should always have acted in the *public*'s interest, based not on whether a given action benefitted a particular private entity but whether it was "a wise, prudent, and public-regarding idea capable of being accomplished within the limits of the RCID's authority." *Id*. At 21.

Second, 57 other landowners in the RCID pay taxes directly to the RCID, plus many other businesses whose leases with Disney require them to pay RCID taxes. These other taxpayers' interests should have mattered, too. Smaller taxpayers are entitled to integrity, transparency, and accountability in government on equal terms with larger taxpayers. Third, Disney's direct tax payments to the District contain pass-through tax payments (commonly contained in common area maintenance charges known as "CAM" charges in real estate lease agreements) that Disney receives from its tenants. Thus, the narrative that Disney was "the taxpayer" or "the landowner" in the RCID, *id.* at 21, were false and improperly influenced decision-making at the RCID.

Because of Disney's corporate influence, the autonomy and legitimacy of the RCID was in question. Infrastructure development, zoning laws, environmental regulations, and public safety measures clearly prioritized and favored Disney's interests. Such a focus not only undermines the original mandate of the RCID as a public entity but also raises questions about the transparency, fairness, and legality of its operations.

**b. Lack of Transparency**

In most Florida local governments, land use and municipal services are the source of intense public and media scrutiny, but not in the RCID. The practical effect of the cozy relationship between the RCID and Disney was that even though the RCID's Board of Supervisors meetings were open to the public, the RCID meetings were not actually visible to the public. The District Administrator's broad authority to act without the Board exacerbated the opacity problem. This was the effect of Disney's exclusive control over the RCID. It allowed the RCID to make decisions that were in Disney's best interest without input or scrutiny from the public or other District stakeholders.

**c. Questionable Purpose**

The original purpose of the District was inextricably linked to Walt Disney's ambitious vision for a futuristic community. When Walt Disney presented his vision to Central Florida, it included a futuristic city where people would live, work, and innovate. The State of Florida granted the District extraordinary powers and freedoms to encourage the urban innovation and development that Walt himself promised. Within the RCID, Disney would essentially operate with the autonomy of a separate government, making it easier to innovate and experiment with new ideas and technologies without being hindered by bureaucratic processes and regulations.

Yet after the RCID was established, Disney focused on developing a theme park and resort and abandoned its city of tomorrow. This change marked a significant deviation from one of the principal public purposes under the Old Act. The District's purpose, according to the Old Act, was to promote Florida's economic progress and well-being by attracting visitors, permanent residents, and new industries through the development of high-quality vacation and recreation facilities as well as residential communities.

The District was also responsible for conserving natural resources and attractions, creating favorable conditions for new community living and recreation concepts, and undertaking various infrastructure and environmental projects, such as reclamation, drainage, irrigation, water and sewer systems, and public transportation. These objectives were deemed a valid public purpose and essential for the welfare of the District's inhabitants and landowners.

Over time, however, a principal portion of the District's legislative purpose was not realized. Instead of facilitating the management and growth of a futuristic city, the RCID's efforts devolved to principally facilitate the expansion and operation of the Walt Disney World Resort. Thus, a core basis for justifying the unique privileges that the Florida Legislature granted to the RCID under the Old Act was frustrated and abandoned to the profit motive.

Walt's promise to bring an incredible urban development to Central Florida never materialized. Instead, the RCID became a public body in service of a commercial theme park and resort.

### d. Limited Function

When the purpose of the RCID shifted from creating a novel urban community to supporting a theme park and resort, the focus changed from providing a broad range of municipal services and governance to addressing the specific needs of a theme park and resort. The services the RCID provided, including utility and infrastructure construction and management, were specifically focused on meeting the needs of the Disney resort and its guests. There was a lack of broader public services typically associated with city, county, and other local governments, as the RCID was focused principally on the resort's private operations and needs.

### e. Potential Corruption

The facts just described created the risk of corruption and potential fraud in the District. Conflicts of interest—and certainly the *appearance* of conflicts of interest—were common in the District's governance. In traditional local governments, the governing body reports to its electors and represents the electors' interests. Certain provisions of the Old Act were likely intended to ensure the governing body reported to and represented the electors' interests, such as the requirement that the Board members own land within the District.

The legislature likely included this landowner requirement to ensure the Board had members that were stakeholders with a personal interest (land ownership) in the District—not a Board made up entirely of individuals with corporate interests. Over time, however, Disney circumvented this requirement by controlling whether and for how long an individual could own a parcel in the District that qualified him or her for Board membership. In short, Disney misled the

Historically, the electric, natural gas, water, chilled water, and hot water utility systems in the RCID were owned by Disney. In 2003, RCID purchased these assets in a bond-financed transaction at a cost of nearly $70 million. There is no record of RCID performing any due diligence in relation to this transaction, which is highly irregular for an expense of this kind and which deprived District taxpayers of transparency and accountability for the utility purchase.

RCID owns a variety of utilities that serve the District, and it contracts with RCES to maintain and operate those utilities pursuant to the labor services agreements. Some RCID employees—including at least one who worked closely with RCES—did not understand that RCES was a Disney-owned company. Employees thought that the "RCID/RCES/Disney relationship is a little complicated." Exhibit 69, RCID and RCES Relationship Complicated; Exhibit 70, RCID and RCES Confusing.

On other occasions, RCID employees struggled to gain the access they needed to RCID-owned equipment on Disney property (for example, needing to photograph RCID equipment located on Disney's backlot, where photography is not allowed). Some aspects of the RCID/RCES relationship were impossible to untangle after the fact—for example, determining which entity had provided fuel for certain vehicles. During the transition from RCID to CFTOD, employees discussed the need "to get more separation between RCID & Disney," including in relation to RCES. Exhibit 69, RCID and RCES Relationship Complicated.

On another occasion, an RCID employee described his job description as being "responsible for maintaining all of the RCES buildings," even though RCES is a Disney subsidiary. Exhibit 8, Email re Annual Passes. This employee described that "RCES Disney employees are creating and managing the budget for RCID buildings that we [RCID] are maintaining." Exhibit 71, RCES Budget. These comments illustrate the tangled and confusing relationship between RCID and RCES.

**e. Minority and Women Owned Business Enterprises**

In 2022, RCID began developing a "Minority and Women Owned Business Enterprises" contracting preference. Exhibit 72, Timeline for MWBE Program. The program specified quotas of minority- and women-owned businesses that RCID expected its contractors to hire during an RCID project. Some RCID employees advocated for and obtained provisions in some contracts that permitted RCID to withhold payment if a contractor failed to meet the quota of minority- and women-owned businesses. Exhibit 73, Contract Quota Consequences.

RCID employees were aware that the MWBE preferences they were demanding in contracts would increase the RCID's costs, particularly if the contracts (or bid requests for contracts) did not include a "good faith" provision (requiring that a contractor make a "good faith" effort to meet the MWBE quotas rather than guaranteeing them). Exhibit 74, Higher Electrician Rates; Exhibit 75, MWBE Trucking Rates. RCID employees acknowledged that the increased costs could be "in the magnitude of Millions." Exhibit 76, Magnitude of Millions; Exhibit 77, Considerable Premium of Costs.

RCID also understood that programs of this kind can be difficult and burdensome to manage, and RCID likely lacked the staffing resources that would be required to do so.

Nonetheless, RCID continued pursuing the MWBE program until it was discontinued after the CFTOD transition.

#### f. Deferral of Road Maintenance Projects

The RCID deferred road maintenance projects during the period from 2018 until 2022, which has resulted in increased future road maintenance costs as a result of inflation and other factors. The underfunding of road maintenance has increased the unrestricted balance of the general fund by a cumulative amount of $18 million as of September 30, 2022. Exhibit 2-B, Jennings Report, ¶¶ 77–78. Because the District uses the modified accounting approach for District assets, including roads, bridges, and water control structures, the District is obligated to maintain these assets in reasonable condition consistent with how the assets were constructed. This requires appropriate annual maintenance. *Id*. ¶ 88. Failing to maintain these assets as an appropriate level could require the District to change its accounting approach and negatively affect future bond ratings and interest rates on future bond offerings. *Id*. ¶ 89.

#### g. Using Public Resources for Disney's Private Purposes

The District constructed three parking garages for the Disney-owned Disney Springs development, at a cost of approximately $700 million. These garages benefitted only Disney and the tenants on Disney property, yet the RCID financed them through its public resources. This is an example of how Disney used the RCID as its private government to accomplish its own purposes at the expense of public. Other District taxpayers recognize the unfairness of paying tax dollars to the District, only to see the money spent on projects that benefit Disney exclusively.

### 4. Accounting and Financial Transactions: Report of William Jennings

The forensic accounting investigation conducted by expert William Jennings provides additional details about RCID's past financial practices. Mr. Jenning's report is appended as Exhibit 2-B.

## VI. New Act

### A. Powers and Authorities

On February 27, 2023, the Florida Legislature passed House Bill 9B ("New Act or New Charter") to amend, replace, and supersede the RCID with the CFTOD. The New Act ratifies and confirms the continued existence of the District under this new name and asserts the legislature's intent to preserve the District's authority to generate revenue and pay outstanding indebtedness as provided in its original charter and as such authority is preserved by Article XII, Sections 2 and 15 of the Florida Constitution.

#### 1. Retained Powers

The New Act retains the District's necessary authority related to ad valorem taxation and the issuance of bonds. The New Act retains the District's authority to utilize the powers of a water control district under chapter 298, Florida Statutes, but removes certain Charter provisions that have been codified in general law. The New Act allows the District to continue to own and operate projects outside of its boundaries if those projects were constructed or under construction as of the effective date of the New Act. Thereafter, the District may construct projects outside of the boundaries of the District with the consent, approval, or certification of any regulatory agency, the state, or the governing body of any county, municipality, or other political subdivision in which the project is located.

**2. Revisions to District Charter**

The New Act also makes extensive revisions to the District's Charter, including:

- Replacing the landowner-elected board of the RCID with a five-member Board of Supervisors appointed by the Governor, subject to Senate confirmation, and providing that Board members must be Florida residents and for three years prior to the appointment neither the member or the member's relatives may have held certain positions or contractual relationships with a theme park or entertainment complex;

- Providing extensive reporting requirements for the District, including a periodic review of the District's powers;

- Retaining the District's power to adopt its own planning, zoning, building, and safety codes, while clarifying the application of general law to those codes and requiring any building and safety codes to be substantially similar or provide more stringent standards than the Florida Building Code and Florida Fire Prevention Code;

- Removing sections of the RCID charter that duplicate provisions of general law applicable to the District; and

- Revising the District's authority concerning public roads and other transportation infrastructure by:

    - Removing the District's ability to charge tolls;
    - Removing the District's exclusive authority to acquire, construct, and maintain public roads within the District; and
    - Removing the requirement that the District approve any location, design, and construction for access and connecting roads for State Road 530, State Road 525, and Interstate 4.

- Defining the District's spending authority by providing that the District may use up to the equivalent of five mills of ad valorem taxes to provide funding for public road projects, rail projects, and other regional transportation projects outside of the District's boundaries and providing that such projects must:

- be in Orange County or Osceola County;
- improve a street, road, highway, interstate, or rail system that abuts or crosses into or through the District;
- serve or benefit the property owners in the District as determined by the board; and
- be performed, operated, governed, managed, or appropriated by the state or its agencies, Orange County, or Osceola County.

**3. Removed Powers**

The New Act eliminates other powers granted to the RCID in the Old Act by removing the District's ability to:

- Exercise eminent domain outside of the District's boundaries;
- Own and operate airport facilities;
- Own and operate certain types of recreational facilities, but retaining the authority to own and operate parks, playgrounds, campsites, and fishing facilities;
- Spend public funds to advertise businesses, facilities, and attractions within the District;
- Own and operate "novel and experimental" transportation facilities;
- Own and operate a nuclear fission power plant or other "novel and experimental" public utilities;
- Amend its own boundaries without a special act;
- Choose to not conduct public meetings when taking certain actions; and
- Adopt an alternative fiscal year.

The New Act removes from the RCID charter the provision stating that the charter of the District controls in the event of any conflict between the charter and general law.

The New Act removes the District's blanket exemption from state land use regulation, zoning, building, and safety codes. Instead, the District is authorized to continue adopting its own building and safety codes, exclusive of the Florida Building Code and Florida Fire Prevention Code, as long the District's codes are substantially similar to or provide more stringent standards than those codes.

The New Act requires the District to:

- Provide notice of any public meeting at least 10 days in advance of the meeting, instead of seven days as required by general law;
- Conduct public meetings on a monthly basis;
- Publish any adopted or amended plans of reclamation within 30 days of adoption;
- Receive permission from the state or federal government, as applicable, before constructing any project in rights-of-way owned by those governments;
- Conduct a comprehensive review and evaluation of its comprehensive plan, zoning regulations, land development regulations, environmental protection regulations,

building and safety codes and regulations, platting and subdivision regulations, and fire prevention regulations by July 1, 2026;

- Follow the procedures that apply to other local governments when issuing bonds; and
- Engage in competitive bidding for construction projects not performed by the District staff.

#### 4. Finance and Taxation

The New Act retains provisions of the RCID charter related to the District's authority to levy ad valorem and other taxes, but clarifies that ad valorem taxes levied by the District must be used for the benefit of property owners in the District. The New Act preserves the District's authority to issue bonds, while requiring those issuances to follow the procedures set forth in general law for the issuance of debt by special districts. The New Act maintains the tax-exempt status of the District's property and bonds issued by the District.

### B. Government Structure – Board and Employees

The New Act replaces the RCID Board members with a new five-member Board of Supervisors who are appointed by the Governor and subject to Senate confirmation. The Board of Supervisors is the governing body of the District and has controlling authority over the District. Board members serve a four-year term, except that two of the initial appointees serve two-year terms thereby creating staggered terms. Board members may serve no more than three consecutive terms and must be Florida residents. Consideration must be given to appointing members with experience in a broad range of fields including, without limitation, accounting, business management, construction, cybersecurity or data privacy, engineering, environmental sciences, financial management, infrastructure management, land use, permitting, public administration, public safety, transportation, and utility operations and management.

The New Act prohibits a person from serving on the Board if the person, or his or her relative, has within the past three years been an officer, owner, director, employee, agent, contractor, or subcontractor of, or had a contractual relationship with:

- A business entity that owns or operates a theme park or entertainment complex as defined in section 509.013(9), Florida Statutes; or

- A parent company, subsidiary, or sibling organization under common ownership or control with a business entity that owns or operates a theme park or entertainment complex.

If a board member becomes ineligible during the member's tenure of office, that board member's seat is declared vacant and the Governor must file an executive order pursuant to section 114.01, Florida Statutes, to appoint a replacement to serve the remainder of the term. The New Act eliminates compensation for board members and requires any reimbursement for per diem and travel expenses for attending meetings or performing official duties of the District to be subject to the limits provided in general law for other governmental officers and employees. The New Act requires the board to hire, subject to an affirmative vote of at least three members of the board, a clerk, District administrator, and general counsel, any of whom may be removed by the board at

any time and the board may contract with third parties to perform the functions of the clerk and general counsel.

### C. Government Operations

The New Act largely preserves the District's authority to provide governmental functions and operations as described, *supra* in Section IV.C. Some reorganization, however, has occurred—for example, Construction Management is no longer placed underneath the Facilities Department.

Also, the New Act authorizes the District to continue to do business as the Reedy Creek Improvement District for up to two years following the effective date of the Act to provide time to make necessary changes to legal and financial documents, physical assets, and other locations where the District's name is used. All legal proceedings and financial arrangements of the District may be continued and completed under its new name and all valid legal and financial documents and agreements of the District continue to be binding.

### D. Interlocal Agreements

No new interlocal agreements have yet been approved by the District under the New Act.

### E. New Act Relationship Between Businesses, District, and Taxpayers

The New Act corrects the disproportionality of influence and benefits that Disney enjoyed under the Old Act.

Under the Old Act, Disney's overwhelming acreage and business presence within the District dictated the election and actions of the Board of Supervisors. By contrast, the New Act introduces a new Board of Supervisors appointed and confirmed by elected officials, thus reducing Disney's stronghold over the District's governance and better reflecting the will of the citizens of Florida. The new Board of Supervisors brings broader representation because the Board members are five residents of Florida who have no relationship with Disney and will also consider non-Disney stakeholders' interests while making fair, open, and balanced decisions.

The new Board of Supervisors has been vested with "superior authority" over the cities concerning planning, zoning, and land development. This new authority structure ensures that infrastructure and development decisions are made with a broader perspective, considering the needs and interests of all stakeholders within the District, not predominantly favoring Disney, as was the case under the Old Act. Additionally, the new Board of Supervisors adopted a transparent procurement policy, benefiting local business owners and enhancing Central Florida's economy. The new governance structure ensures that no District decisions, including millage rates and other tax decisions, skew in favor of Disney.

The New Act establishes a balanced and fair operational framework that accommodates the interests and needs of both Disney and non-Disney business owners and taxpayers. The new governance structure ensures decisions are made with a broader approach, which fosters an equitable business environment for all stakeholders.

### F. The New Act Promotes Positive Outcomes in Governance

### 1. Integrity

The New Act promotes the District's integrity by eliminating Disney's control over the Board of Supervisors.

The process for selecting members of the Boards of Supervisors promotes integrity by requiring the selection of appropriately qualified members willing to serve in the public interest, without conflicts of interest. *See supra* Section IV.B.

Further, the New Act eliminates compensation for board members and requires any reimbursement for per diem and travel expenses for attending meetings or performing official duties of the district to be subject to the limits provided in general law for other governmental officers and employees. The New Act requires the board to hire, subject to an affirmative vote of at least three members of the board, a clerk, district administrator, and general counsel. The board may remove these employees at any time and the board may contract with third parties to perform the functions of the clerk and general counsel.

The District and its public officers and employees are also subject to Part III of Chapter 112, Florida Statutes, known as the Code of Ethics for Public Officers and Employees. The Board of Supervisors may also enact and enforce an ethics code that is more stringent than general law. Additionally, the District is subject to and shall comply with Chapter 119, Florida Statutes (the Public Records Act), Chapter 189.015, Florida Statutes (Meetings; notice; required reports) and Chapter 286, Florida Statutes (the Sunshine Law).

### 2. Transparency

The New Act holds the District to the same or higher transparency standards that apply to other Florida local governments, including requiring annual financial disclosures and public meetings on a regular basis.

The New Act encourages transparency by requiring the District to file an annual financial report to the Department of Financial Services, as required of other local governments by Fla. Statute 218.32, and provide a copy of the filing to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The New Act also requires, notwithstanding section 189.08(9), Florida Statutes, the District to submit a public-facilities report and an annual notice of any changes to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

Further, within one year of the effective date of the bill, and every five years thereafter, the New Act requires the District's board to submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives that contains a review of all remaining powers and authorities of the District and makes recommendations concerning powers that could be repealed. The New Act also removes the District's exemption from budget and financial reporting requirements for special districts.

In an effort to hold the District to the same or higher standard as other local governmental agencies, the New Act requires the District to:

- Provide notice of any public meeting at least 10 days in advance of the meeting, instead of seven days as required by general law;
- Conduct public meetings on a monthly basis;
- Publish any adopted or amended plans of reclamation within 30 days of adoption;
- Receive permission from the state or federal government, as applicable, before constructing any project in rights-of-way owned by those governments;
- Conduct a comprehensive review and evaluation of its comprehensive plan, zoning regulations, land development regulations, environmental protection regulations, building and safety codes and regulations, platting and subdivision regulations, and fire prevention regulations by July 1, 2026;
- Follow the procedures that apply to other local governments when issuing bonds; and
- Engage in competitive bidding for construction projects not performed by district staff.

**3. Strong Purpose**

The New Act realigns the District with its public purpose to serve all businesses, taxpayers, and residents in the District, not simply to serve Disney's best interests as a private corporation.

The New Act reins in the privileges that Florida originally granted to Disney when the District was created. The New Act provides transparent, open, fair, accountable, and equitable governance for the District and benefits all of the businesses, taxpayers, and residents within the District and Central Florida. The Old Act contemplated that the RCID would be an asset to Central Florida and the State as a vehicle to further tourism, exceptional residential communities, economic growth and innovative concepts.

Instead, as a result of Disney's actions, the RCID became a privately controlled public entity that was serving only the private economic benefit of Disney. The Old Act allowed Disney to increase its corporate profits and enhance the expansion and operations of the Walt Disney World Resort at the expense of the public, surrounding communities, and the environment without mitigation. This far exceeded the powers and influence that the Old Act originally contemplated.

By contrast, the New Act realigns the District's focus by creating a more equitable environment for other businesses and taxpayers within the District, as opposed to serving Disney's best interests alone. The New Act provides a fair and balanced framework that accommodates both Disney and non-Disney entities.

**4. Broad Functions**

The New Act retains but enhances the District's broad mandate.

The New Act retains many of the fundamental functions, operations, and framework authorized under the Old Act but the New Act provides greater accountability, enhanced public

scrutiny, formal evaluation of the District, enhanced reporting requirements, and most importantly, a board appointed by, and responsible to, the public through the State's publicly elected officials.

#### 5. Open Accountability

The New Act promotes open accountability by requiring the District to adhere to statewide standards.

The New Act provides that the District is subject to state agency permitting, regulation, and oversight in accordance with general law except to the extent specifically stated otherwise in the New Act, including, without limitation, the Florida Commission on Ethics, Department of Economic Opportunity, Department of Revenue, Department of Financial Services, Florida Fish and Wildlife Conservation Commission, and Department of Environmental Protection.

Also, the New Act furthers accountability by:

- Removing the District's ability to amend its own boundaries without a special act;
- Requiring reporting requirements for the District, including a periodic review of the District's powers; and
- Removing the District's ability to spend public funds to advertise businesses, facilities, and attractions within the district, and to levy tolls.

## VII. Pending Litigation

### A. Federal: *Walt Disney Parks & Resorts, U.S., Inc. v. CFTOD*

On April 26, 2023, while the CFTOD Board of Supervisors was hearing a presentation from its outside counsel about two of Disney's 11th-hour agreements with the RCID, Walt Disney Parks and Resorts U.S., Inc. was filing a complaint in the United States District Court for the Northern District of Florida against the members of the CFTOD Board of Supervisors in their official capacities and the CFTOD's then-District Administrator, John Classe. The complaint also named Governor Ron DeSantis and Florida Acting Secretary of the Florida Department of Economic Opportunity Meredith Ivey as defendants.

The complaint alleged 5 claims. Four of them arise out of the CFTOD's legislative declaration (declaring the Development Agreement and Restrictive Covenants void and unenforceable), which Disney alleged violated the U.S. Constitution's: (1) Contracts Clause (2) Takings Clause, (3) Due Process Clause; and (4) First Amendment's Free Speech Clause. Disney's claim (5) alleges that Senate Bill 4C and House Bill 9B (both of which affected the makeup of the RCID) were enacted to retaliate against Disney for its protected speech in violation of the First Amendment.

The case was initially assigned to Judge Mark Walker, but after Judge Walker recused himself, the case was reassigned to Judge Allen Winsor. Disney subsequently amended its

complaint to dismiss all but its fifth claim alleging that Senate Bill 4C and House Bill 9B retaliated against Disney for its protected speech in violation of the First Amendment. That claim is the only claim remaining in the case at this time.

All defendants have moved to dismiss Disney's federal complaint. Briefing on those motions ended on November 9, 2023, and the court has scheduled a hearing for December 12, 2023 at 9:30am.

### B. State Court: *CFTOD v. Walt Disney Parks & Resorts*

On May 1, 2023, the District sued Disney in the 9th Judicial Circuit Court for Orange County, Florida, seeking declaratory and injunctive relief related to the Development Agreement and the Restrictive Covenants (together, the "Agreements").

The District's complaint alleges nine counts, each of which is fatal to the Agreements and independently entitles the District to a declaratory judgment that the Agreements never had any legal effect—they are void *ab initio*—and an order enjoining Disney from enforcing them. The nine counts are:

(1) failure to provide statutorily required notice of a public hearing to consider and adopt a development agreement in violation of section 163.3225, Florida Statutes;

(2) *ultra vires* action by the RCID in violation of section 163.3223, Florida Statutes, which mandates that a local government have an existing ordinance in effect that establishes the procedures and process governing development agreements;

(3) The RCID lacked the authority and jurisdiction to enter into the Development Agreement because the two municipalities within the District are not parties to the Agreement;

(4) violation of Article VII, Section 12 of the Florida Constitution, which requires a vote prior to the RCID's pledge of its ad valorem tax revenues to finance bonds mandated by the Development Agreement;

(5) failures to comply with sections 166.041 and 163.321, Florida Statutes, which govern the adoption of comprehensive plans and land development regulations;

(6) unlawful delegation of governmental authority to private entity;

(7) violation of public policy;

(8) unconscionability; and

(9) lack of consideration.

Disney moved to dismiss or stay the District's state court action. In its motion, Disney argued that enactment of SB 1604 mooted the District's claims and the case should be dismissed. In the alternative, Disney argued that even if not moot, the state court case should be stayed

pending resolution of Disney's federal court action. In its July 28, 2023, Order, the Court rejected all of Disney's arguments and ordered Disney to answer the District's complaint.

As ordered by the Court, Disney answered the District's complaint, and also asserted several affirmative defenses and filed a multi-count counterclaim. The counterclaim seeks to enforce the Agreements and alleges several federal and state constitutional violations that, very generally, mirror the claims Disney originally asserted in its federal complaint. The District replied to Disney's affirmative defenses and moved to dismiss Disney's counterclaim.

The District has moved for summary judgment on five of the nine counts in its Complaint. Those counts reflect violations of Florida law by the former Disney-controlled RCID board for which there are also no material factual disputes. Summary judgment on any one of these counts would not only resolve the issue of whether the Agreements are void *ab initio* but would also defeat that the entirety of Disney's counterclaim. A hearing on the pending motion for summary judgment is scheduled for March 12, 2024.

## VIII. New Board Governance Policies and Other New Board Actions

### A. Adopted Resolutions

Since the appointment of the new board members under the New Act, the Board has adopted ten Resolutions that create policies or regulations. The resolutions summarized below amended the Land Development Code and are effective in the Cities of the District. Among the other things, the resolutions prohibit COVID-19 restrictions and mandates, create lobbyist rules, create an enforcement citation program providing for a Special Magistrate, adopt the Florida Fire Prevention Code and create regulations concerning false alarms and enforcement, and establish policies for whistleblowers, fund balancing, conflicts of interest, procurement, and hurricane emergency management.

#### 1. Resolution No. 639 – Relating to the District's Comprehensive Zoning and Planning Authority

Pursuant to the New Act, the District has superior authority within the entire District, including within the jurisdictional limits of the City of Lake Buena Vista and the City of Bay Lake, for comprehensive planning, zoning, land development regulations, environmental protection regulations, and platting and subdivision regulations. The New Act gives the District the authority to review, process, and comment on applications for development orders and building permits within the entire District, with the option to approve, approve with conditions, or reject such applications.

Further, the New Act requires that the District exercise its authority to adopt, amend, and enforce a comprehensive plan in accordance with the Community Planning Act, ss. 163.3161-163.3253, Florida Statutes, and adopt and enforce zoning regulations, land development regulations, environmental protection regulations, building and safety codes and regulations, platting and subdivision regulations, and fire prevention regulations governing the entire district, including within the city limits of any municipality within the District.

It is essential that the District review and evaluate applications for development orders to ensure the enforcement of its regulations, which are superior to any adopted by the Cities.

On April 26, 2023, the CFTOD adopted Resolution No. 639, which amends Article 6, Chapter 6-90 and Article 7, Chapter 7-20 and Chapter 7-30 of the RCID Land Development Regulations. Resolution No. 639 adds a new Section 7-20.13, to reflect the District's superior authority to issue development orders within the District, as set out in the New Act and just described. Resolution No. 639 also makes the Board of Supervisors the District's planning agency, to perform the duties of the Planning Board under the RCID Land Development Regulations. Further, it amends the notice procedures for amending the RCID Land Development Regulations and establishes a process for proposed amendments to municipal land development regulations to ensure that municipal regulations do not conflict with District regulations and can only be more stringent than District regulations.

### 2. Resolution No. 640 – Prohibiting COVID-19 Restrictions and Business Mandates within the District

On April 26, 2023, the District adopted Resolution No. 640 which removes COVID-19 restrictions that harm society by depriving healthy persons the ability to participate in society, access goods, services, and amusements. Resolution No. 640 provides that a business entity shall not require patrons or customers to provide any documentation certifying COVID-19 vaccination or post-infection recovery.

Further, the policy disallows businesses from imposing a COVID-19 testing mandate to gain access to, enter, or service buildings and structures in the District, including within the incorporated areas of the District.

Additionally, Resolution No. 640 provides that no employee of the District shall be required to wear a facemask, a face shield, or any other facial covering that covers the mouth and nose as a condition of employment with the District. This provision does not apply to, nor is it meant to circumscribe, the use of safety equipment required as part of the occupational, safety, training, and educational requirements of firefighters, other emergency responders, personal protection for health care providers, or other District personnel.

Resolution No. 640 also regulates the COVID-19 policies of contractors doing business with the District. A contractor may not require any employee or subcontractor to provide documentation certifying a COVID-19 vaccination or post-infection recovery or impose a COVID-19 testing mandate. Further, a contractor may not refuse to hire or discharge a person or adversely affect his or her status as an employee, or otherwise discriminate against a person with respect to compensation, terms, conditions, or privileges of employment based on the knowledge or belief of a person's COVID-19 vaccination status. Resolution No. 640 also readopts prior COVID-19-related rules as previously adopted in Resolution No. 638.

### 3. Resolution No. 641 – Creating Lobbyist Rules and Regulations

On May 10, 2023, the District adopted Resolution No. 641 to create a uniform policy for monitoring and regulating the activities of lobbyists interacting with the District. Resolution No. 641 defines lobbyist and lobbying activities for purposes of such regulations. It requires all

lobbyists to register with the District by providing certain information before engaging in any lobbying activities and to re-register each year. It also prohibits lobbying concerning formal procurement matters during a blackout period until a final procurement decision is rendered.

This policy provides that it is the lobbyist's sole responsibility to comply with the District's resolutions, regulations, rules, codes, and ordinances. Resolution No. 641 authorizes investigations of violations of the lobbying regulations and prescribes penalties for violations.

**4. Resolution No. 642 – Creating Enforcement Citation Program, a Special Magistrate Position and Appeal Procedures**

On May 10, 2023, the District adopted Resolution No. 642 to create a code enforcement citation program, a special magistrate position and appeal procedures. The District has adopted rules and regulations related to numerous topics, including land development, property maintenance, building codes and safety regulations. Before the 2023 legislative reforms, the RCID lacked the code enforcement mechanisms that are typical of local governments. This meant that, for example, if RCID found fire safety violations at a Disney property, it could only note the violations, not impose fines or otherwise enforce RCID regulations. Resolution No. 642 provides the enforcement mechanism that the RCID previously lacked.

Resolution No. 642 creates four classes of violations with fines in the amounts of $75, $150, $250, and $500 respectively. Violations that continue for more than one day accrue fines each day that a violation persists. To administer these fines, the Resolution creates enforcement officers and a special magistrate similar to the practice of other Florida local governments pursuant to Chapter 162, Florida Statutes. The enforcement officers are empowered to issue citations to persons and property owners who are in violation of the District rules and regulations. The Resolution provides those cited with due process.

Upon being cited, the person or property owner may pay the fine and correct the violation or the person or property owner may elect to contest the citation before the Special Magistrate. The Special Magistrate (who must be a Florida licensed attorney) is given the power to adopt rules, subpoena, take testimony under oath, hear appeals of citations, and hear any other matters that the Board of Supervisors assigns. Decisions of the Special Magistrate can be appealed to the circuit court. Unpaid code enforcement fines become liens against the real property in which the violation exists and may be foreclosed pursuant to state law.

**5. Resolution No. 643 – Adopting the Florida Fire Prevention Code and Creating Regulation concerning False Alarms and Enforcement Mechanisms**

On May 10, 2023, the District adopted Resolution No. 643 to adopt the Florida Fire Prevention Code, regulate false alarms, and establish an enforcement mechanism for violations. The District must exercise its authority set forth in the Charter to adopt, amend, and enforce fire prevention regulations governing the entire District, including within the city limits of any municipality within the District. Section 23 of the Charter authorizes the Board to adopt and enforce fire prevention regulations that are at least equivalent to the minimum standards in the Fire Prevention Code.

### a. Fire Prevention Code

Section 2 (a) of Resolution No. 643 adopts the Florida Fire Prevention Code as the District's fire prevention regulation pursuant to chapter 633, Florida Statutes, section 633.20, Florida Statutes, and chapter 69A-60 Florida Administrative Code, including as it may be amended. Resolution No. 643 further vests the fire marshal with the authority to establish policies, procedures, and permits to enforce the Code.

Section 2(b) of Resolution No. 643 provides for fire code enforcement. It sets forth fines and provides a broad range of enforcement powers, including revoking a certificate of occupancy. It allows appeals of violations.

### b. False Alarms

Resolution No. 643 also regulates false alarms and encourages businesses to maintain the operability of alarms to limit unnecessary fire and emergency medical responses to false alarms and malfunctions.

Resolution No. 643 adopts comprehensive definitions and assigns responsibility for malfunctions. It requires those responsible, typically the owner, to respond to alarms. It requires signage to be placed of whom to contact should an alarm be activated. It requires alarms to operate for a limited time period when activated. Resolution No. 643 provides for an administrative fee for the cost of responding to false alarms. It provides for the fee to be assessed after three false alarms and defines excusable false alarms due to acts of God or natural events. It provides for disconnection and deactivation of alarms in certain circumstances. It allows for reconnection as appropriate. It provides for exceptions of certain systems and the ability to appeal.

## 6. Resolution No. 644 – Adopting Whistleblower Policy for District Employees

On June 21, 2023, the CFTOD approved Resolution No. 644, which adopted a whistleblower policy for the District. The policy provides guidance to employees and persons that have knowledge of unlawful activity, misfeasance, or malfeasance by the District, its employees, or its independent contractors so they may report such knowledge without fear of reprisal. The policy prohibits the District from taking adverse action against an employee or person who has disclosed information to an appropriate official under the policy. The policy does not replace the state whistleblower's act, and persons who wish to disclose information pursuant to the state act may do so in addition to or in lieu of the procedures in the District's policy.

The District's whistleblower policy prohibits adverse action against an employee or person who has disclosed information to an appropriate official under the policy. It requires employees to report good-faith concerns regarding any violation or suspected violation of any federal, state or local law, rule or regulation committed by an employee or agent of the District or an independent contractor that creates and presents a substantial and specific danger to the public's health, safety or welfare.

In addition, it requires employees to report in a signed, written complaint good-faith concerns regarding any act or suspected act of gross mismanagement, malfeasance, misfeasance,

gross waste of public funds, or gross neglect of duty committed by an employee or agent of the District or an independent contractor.

The District's whistleblower policy provides for prompt investigation of disclosures in a discreet manner. The policy provides for corrective action to be taken if warranted. Information regarding the investigation is to be kept confidential to the extent allowed by law. The District's whistleblower policy prohibits retaliation against any employee who, in good faith, files a complaint. The policy does not diminish the rights of the employee.

### 7. Resolution No. 645 – Adopting a Fund Balance Policy

The new Board sought the services of an independent financial advisor and hired Public Resources Advisory Group, Inc. (PRAG) for this purpose. PRAG confirmed that the District needed a fund balance policy, which is a financial best practice. PRAG's memorandum providing background supporting PRAG's fund balance policy recommendation is attached as Exhibit 4, pp. 1–3. On PRAG's advice, on July 26, 2023, the CFTOD passed Resolution No. 645 to create and adopt a Fund Balance Policy. Fund balance represents the cash reserves of the District's general fund.

The purpose of the Fund Balance Policy is to ensure that the District maintains adequate levels of fund balance in its general fund for several reasons:

- Mitigating Risks: The fund balance will serve as a buffer against risks such as revenue shortfalls, unexpected expenses, natural disasters, and unforeseen circumstances.

- Tax Rate Stability: Maintaining a sufficient fund balance helps stabilize tax rates for taxpayers within the District.

- Financial Soundness: The policy aims to establish sound financial management practices to achieve the highest possible credit ratings, thereby reducing the District's future borrowing costs.

Unassigned funds are those funds in the general reserves available for any legal purpose. The District's policy mandates that the unassigned fund balance in the general fund must be budgeted at a level equivalent to at least two months of budgeted general fund operating expenditures or as required by applicable law.

Committed funds are those funds that are expected to be used for future obligations such as capital improvements or reserved for property tax disputes. The policy requires the District to commit fund balance for specific purposes, including pay-go capital projects, maintenance of the drainage system, allowances for disputed ad valorem taxes, and litigation or professional services unrelated to regular operations.

Assigned funds are any funds allocated to be used in the current budget. The District will assign additional reserves for purposes such as future budget transfers and funding for emergencies, including infrastructure damage, natural disasters, or increased replacement costs.

When unforeseen circumstances make it necessary to use the fund balance to meet District needs and policy noncompliance will result, the District will establish a plan to replenish the fund balance within a reasonable time, which may include expenditure reductions, budget surpluses, transfers, or other measures.

### 8. Resolution No. 646 – Adopting a Conflict-of-Interest Policy

On July 26, 2023, the District adopted Resolution No. 646 to create and adopt a Conflicts of Interest Policy for the District. The policy addresses potential conflicts of interest that may arise between individual Board members related to their financial and personal interests and their duties to the District. The policy achieves its goals by regulating Board member conduct, restricting the acceptance of gifts, protecting District information, and establishing penalties for violations of the policy.

Generally, the policy emphasizes that Board members should avoid actions that could be perceived as using their public office for private gain, offering preferential treatment, impeding District efficiency, compromising independence or impartiality, making District decisions outside official channels, or damaging public confidence in the District's integrity.

Specifically, the following prohibitions apply:

- Board members are prohibited from accepting gifts, favors, or other items of value from individuals or entities seeking contractual or financial benefits from the District. Exceptions include certain family relationships and nominal-value gifts.

- Board Members are prohibited from using non-public information obtained through their positions for personal gain or sharing such information to benefit themselves or others.

- Board Members are prohibited from being employed by or having any interest in firms or corporations with contractual relationships with the District. Similarly, firms with Board Members as employees or interested parties cannot have contracts with the District.

The policy complements Part III of Chapter 112, Florida Statutes, which sets the code of ethics for public officers and employees in Florida. This code of ethics is applicable to all Board members as appointed public officers. In case of a conflict between the policy and state law, the more stringent rule applies, except for matters involving reports, filings, or disclosures, where state law takes precedence.

Violations of the policy are subject to penalties defined by state law. The District may censure or reprimand Board members who violate the policy. Contractors, suppliers, or vendors who violate the policy may be denied the right to bid on District projects, and contracts entered in violation of these policies are voidable.

### 9. Resolution No. 647 – Adopting a Procurement Policy

### a. Background

On August 23, 2023, the District adopted Resolution No. 647 (taking effect on September 1, 2023) to create a District procurement policy. The policy ensures the District procures the best goods and services at reasonable prices in both a fair and transparent manner. The policy creates a uniform system of procedures for the District's procurement of goods and services. It balances stringent ethical standards, preferential treatments for local and veteran businesses, and swift emergency responses, ensuring optimal value for every dollar spent.

### b. Overview of Procurement Procedures (Policy No: PRO-010)

The Procurement and Contracting Department purchases goods and services while following best practices for risk reduction and obtaining the maximum value for expenditures. Generally, a District employee must go through the Procurement and Contracting Department to procure goods or services and to enter into any contract. The District will neither be bound by any contract nor approve any expenditure made in violation of the policy.

### c. Duties of Contracting Officer (Policy No: PRO-015)

The Contracting Officer, appointed by and reporting to the District Administrator, leads the Procurement and Contracting Department. The Contracting Officer must make procurement and contracting decisions in the best interest of the District. With few exceptions, the Contracting Officer has the final authority on contractual and procurement actions.

The Contracting Officer's wide range of duties encompasses the entire procurement life cycle. The primary duty is managing the District's procurement operations, which includes developing procurement and contracting policies. Other duties range from supervising the bid process, making award decisions, ensuring open competition, and maintaining vendor relations, to creating a suspended vendor list and ensuring compliance with laws, among many other responsibilities.

### d. Approval of Expenditure and Signature Authority for Contracts (Policy No: PRO-020)

For all expenditures made either by a purchase order or by a contract, the Department Manager/Director, Procurement Manager, and Finance personnel must approve the expenditure prior to execution. Additionally, the District Administrator must review and approve any purchase order exceeding $10,000 and any contract exceeding $25,000.

For contracts or purchase orders up to $500,000, the District Administrator is the authorized signatory. The Board of Supervisors must approve contracts or purchases exceeding $500,000, after which the Board Chair or the District Administrator may execute the contract or purchase.

Regardless of the value of a contract or purchase order, amendments to previously approved contracts that do not significantly alter the terms or scope can be executed by the District Administrator without additional Board approval.

### e. Competition Requirements (Policy No: PRO-030)

This section outlines the procurement method used depending on whether the District is purchasing supplies or services. Notably, the District gives preferences to local, veteran, and Opportunity Zone vendors for supply purchases under $10,000 and service purchases under $20,000.

Supply Purchase Requirements
**Local, Veteran, and Opportunity Zone Vendors Preferred

| Purchase Price | Method |
|---|---|
| <$10,000 | Discretionary use of competitive bidding** |
| $10,000-$50,000 | Requires at least two formal written quotes—significant price difference between the two will require a third quote. |
| >$50,000 | Formal quoting process |

Service Purchase Requirements
**Local, Veteran, and Opportunity Zone Vendors Preferred

| Purchase Price | Method |
|---|---|
| <$20,000 | Discretionary use of competitive bidding** |
| $20,000-$100,000 | Requires at least two formal written quotes—significant price difference between the two will require a third quote. |
| >$100,000 | Formal quoting process |

### f. Source Selection (Policy No: PRO-040)

The District employs Requests for Proposals (RFP) or Letters of Interest (LOI) for professional services, software, and other purchases with multiple alternative solutions and approaches. RFPs and LOIs must state evaluation factors considered in vendor selection. An Evaluation Committee reviews technical aspects of proposals, scores, ranks, and makes award recommendations. Members of the Evaluation Committee must adhere to the District's conflicts of interest policy.

The District may hold discussions with firms that submit proposals/letters to promote understanding of the District's requirements and negotiate advantageous contracts. When direct negotiation with qualified suppliers is most practical, the District may use an Invitation to Negotiate (ITN).

Contracts for construction services over $50,000 must be awarded by competitive sealed bids, with exceptions in urgent cases.

In evaluating bids, the District may accept or reject any bids and award bids to the lowest responsive bid from a responsible bidder. Determinations of bidder responsibility are based on competent substantial evidence of prior performance, qualifications, licenses, financial stability, integrity, and more. For continuing services, the District may establish a prequalification process to determine bidder responsibility and limit acceptance of bids to those prequalified bidders.

### g. Emergency or Critical Purchases (Policy No: PRO-050)

In emergencies, adhering to standard procurement processes becomes impossible or highly impractical due to the pressing need for goods or services. The Emergency Procurement Procedure is followed if failure to obtain goods or services may disrupt essential District operations, necessitate the protection of public properties, pose immediate threats to public health or safety, or lead to significant District losses or missed business opportunities.

The Emergency Procurement Procedure allows the District Administrator to authorize purchases exceeding $100,000 without following the formal solicitation requirements of this policy. The District's Contracting Officer may approve emergency purchases under $100,000 without formal solicitation. In both cases, pricing should be obtained from at least two vendors unless such efforts further risk the District's or public's well-being.

Critical security-related purchases, such as those concerning security systems, networks, and alarms revealing District infrastructure details, are exempted from public bidding. All vendors supplying such security-related goods or services must sign non-disclosure agreements.

### h. Purchases Exempt from Competition (Policy No: PRO-070)

Certain purchasing activities are exempt from the District's formal competitive solicitation requirements, but contractual agreements or purchase orders might still be necessary. Exemptions include agreements with non-profit organizations, the federal government, state or local entities; purchases received as gifts or through grants; utility services with regulated rates; goods or services procured through piggyback contracts; purchases from specific state and federal agencies; items exempt under Florida law; various financial services; supplies for resale; real estate transactions; security-related purchases; rental equipment for District infrastructure; instructor and trainer fees; food for District events; sponsorships; memberships; advertising; goods or services judged on their best value; legal services; proprietary software; employee benefits; artistic services; expert consulting; environmental services; and any goods or services granted a competitive procurement waiver by the Board of Supervisors.

Specific guidelines are set for "sole source" and "single source" procurement, outlining conditions for justification of sole or single source procurement. The policy permits "piggybacking" on pre-existing contracts of other government entities if those contracts were secured using a competitive process similar to the processes in this policy. Finally, the Board of Supervisors can waive formal procurement procedures if deemed beneficial for the District.

### i. Payment Dispute Resolution Procedure (Policy No: PRO-080)

The policy adopts the Florida Prompt Payment Act procedure for payment disputes between the District and vendors. The dispute resolution procedure is a three-part process:

- A vendor files a written dispute within five business days of any payment disagreement.
- The Contracting Officer holds a meeting with the vendor to resolve the dispute within five business days of receiving the written dispute.
- The Contracting Officer renders a final decision within ten business days of receiving the written dispute.

If the District's payment decision stands, interest will accrue on unpaid uncontested amounts. If the decision favors the vendor, interest starts accruing from the original payment due date.

### j. Suspension and Debarment Procurement Policy (Policy No: PRO-090)

The District's Contracting Officer is authorized to suspend or debar a vendor. At its core, debarment or suspension is a protective measure, not punitive. Suspended or debarred vendors cannot provide goods or services; however, upon application of the vendor, the Board may waive, stay, or lift such suspension or debarment.

There are numerous grounds for suspension or debarment, including but not limited to criminal offenses related to contracts, procurement fraud, antitrust violations, integrity, or honesty; breach of a material contract provision when providing goods or services to any public entity; vendor insolvency; or violation of District, state, or federal ethical standards and policies, such as PRO-145, Anti-Lobbying Policy.

Suspensions typically last between one to three years, contingent upon the severity of the debarment cause. The District may terminate any existing contracts with a suspended or debarred vendor, and Departments generally may not renew or extend those existing contracts.

### k. Veterans Small Business and Buy Local Program (Policy No: PRO-100)

The Veterans Small Business and Buy Local Program provides enhanced opportunities for locally-owned or veteran-owned businesses within the Orange, Osceola, Lake, Polk, and Seminole County areas. It encourages the participation of local and veteran businesses in the District's procurement process and allows these businesses to compete on a level playing field. The program grants eligible businesses preference in competitive bids and point bonuses on qualitative submittals.

To receive a solicitation preference, the District's Veterans and Local Business program must certify the business as a genuine Local or Veteran Small Business. Once certified, businesses will be added to the District's vendor database without any limit on the number of businesses or the range of services/products they can offer. A business may lose its certification if it no longer meets the certification criteria, engages in fraudulent activities, or is found guilty of a felony. Eligible businesses that are not pre-certified may submit an Affidavit of Eligibility to participate in the program.

Execution of the program lies primarily with the Program Coordinator. The Program Coordinator's role is to support local and veteran businesses throughout the procurement process, boost awareness of the program within the District, explain the program requirements to contractors/vendors, and recommend methods to improve the program.

The Procurement and Contracting Department will increase awareness in and around the District by 1) organizing workshops for veteran and local businesses to familiarize them with the procurement process, 2) attending community events and trade fairs, 3) strengthening ties with veteran and local business leaders, 4) notifying eligible businesses of future bid opportunities, and 5) distributing a list of goods and services provided by eligible business to all District departments.

### l. Qualified Opportunity Zone Bid Preference (Policy No: PRO-110)

Like the District's Veterans and Local Business program, the Qualified Opportunity Zone Bid Preference intends to enhance the economic welfare of the entire Central Florida area. The federal initiative, the Opportunity Zone Program, promotes economic growth and job generation in economically deprived areas. Every county in Florida has at least one identified Qualified Opportunity Zone. Out of 1,200 recommended Opportunity Zones, the Governor selected 427 based on population, poverty and unemployment rates, and other economic indicators.

This policy promotes bidding and contracting with businesses located within the designated Qualified Opportunity Zones in five counties: Orange, Osceola, Lake, Polk, and Seminole. The program benefits businesses located in Opportunity Zones by granting bid and tie-breaking preferences when awarding a solicitation.

### m. Declaration of State of General Emergency (Policy No: PRO-120)

In both preparation for and recovery from major hurricanes and other natural disasters, expedited procurement of goods and services is essential. The Declaration of State of General Emergency Policy establishes an emergency procurement operations team to ensure the District's operations continue in an organized and timely manner. The policy directs department staff to report to an Emergency Operations Center from which emergency requisitions and other procurement processes will occur. The authority for requesting, approving, and processing emergency requisitions is less stringent than under normal circumstances. Following FEMA guidelines, the staff at the Emergency Operations Center is exempt from the bid/quote requirements of the District.

### n. Ethics & Standards of Conduct (Policy No: PRO-140)

The Ethics and Standards of Conduct Policy outlines a set of rules to maintain integrity throughout the procurement cycle. When interacting with vendors, District representatives must not show or act on any biases. All formal communications with suppliers during the solicitation phase and up until an award decision will be managed by the Procurement and Contracting Department. District employees must uphold fairness and equity; they may not make any misrepresentations, accept any valuable gift, nor accept any hospitality offers.

### o. Anti-Lobbying Policy (PRO-145)

Furthering the District's commitment to integrity is the Anti-Lobbying Policy. In all formal bids, professional procurements, informal solicitations, and requests for quotations, vendors/bidders may not lobby District personnel, officials, other bidders/proposers, and the District's Board of Supervisors. The policy ensures lobbying does not occur by controlling communication channels during all phases of solicitation. The District may disqualify vendors and bidders found in violation of this policy from not only the current solicitation process but also all solicitations for up to three years.

### p. Procurement Protest Procedure (PRO-150)

The final section of the Procurement Policy standardizes the process for filing, processing, and resolving procurement-related protests. Aggrieved bidders or responders may submit a written protest to the District Administrator within five business days following the issuance of the notice of award recommendation. Payment of a bid protest fee is mandatory, but the fee is refunded if the protest is successful. In the event of a protest, the District Administrator will suspend the award unless emergency circumstances warrant an immediate award.

A review process then occurs, where the District Administrator, or a designated representative, oversees a meeting allowing presentations of evidence and arguments. The final decision may uphold, cancel, or revise the award recommendation or take other actions in alignment with the District's procurement authority.

Aggrieved bidders or responders have the right to appeal the District Administrator's decision, provided it pertains to a contract award that requires the approval of the Board of Supervisors. The District Clerk must receive appeals within three business days of the District Administrator's decision. The District Board of Supervisors will examine the case in a public meeting and ultimately vote on the resolution of the appeal. Their decision, including the reasons behind it, is deemed to be the District's final determination on the matter. Judicial proceedings are permissible but must be initiated within thirty days after the District's final decision on the procurement matter.

### q. New Contracts Competitively Awarded

Since adopting the Procurement Policy, the District has competitively awarded approximately $50 million in contracts. More than $14 million of that number comes from vendors who are new to the District. More than $9 million comes from local vendors. The new contracts represent a $3.5 million savings to taxpayers as well.

### r. Conclusion

With the adoption of the Procurement Policy, the District aims to create a structured and transparent system for its procurement activities. Offering locally-owned, veteran-owned, and Opportunity Zone businesses a competitive edge is a win-win for all stakeholders, contributing to Central Florida's overall economic growth and well-being. The conduct standards, ethical requirements, and anti-lobbying policy play a pivotal role in ensuring transparency, efficiency, and adherence to best practices in the District's procurement and contracting functions. With clearly defined roles and processes, the Procurement Policy adopted by Resolution No. 647 promotes fairness, minimizes risk, and guarantees value for the District and its stakeholders.

### B. Other Board or Administrator Actions Regarding Governance & Operations

The new Board of Supervisors has undertaken other governance and operations actions, including retaining new general counsel, hiring a new District Administrator, reducing the District's millage rate, and retaining experts including an independent financial advisor (PRAG, *see supra* Section II), an environmental expert, a planning consultant, and a forensic accountant. The District under new leadership has also resolved a multi-year dispute with the District's fire fighters' union by entering a new contract.

#### 1. Hired rate-setting utility expert.

The District's independent financial advisor, PRAG, recommended hiring a utility rate-setting expert to evaluate and advise the District regarding the utility rates the District is required to set. For this purpose, the District hired the national rate-setting utility expert Raftelis. The District is also continuing to review historical transactions between the District and Disney's wholly owned utility company RCES, *see* Exhibit 68, Reedy Creek Energy Services, including with the assistance of Raftelis' expertise. RCID does not appear to have conducted any due diligence on the nearly $70 million purchase price for the Disney utilities, despite funding the purchase by issuing bonds. Because there are no existing records substantiating the fair market value of these assets or other details about the purchase and its purchase, open questions exist about the rationale, purchase price, and sale/lease decisions related to these transactions. PRAG's October 20, 2023 memorandum provides more information and is attached as Exhibit 4, pp. 4–7. On October 31, 2023, PRAG identified a list of documents needed for its investigation. PRAG's memorandum of that date is attached as Exhibit 4, pp. 8–9, and the District is obtaining the requested documents for PRAG's review. PRAG's investigation is ongoing.

The new Board and its new District Administrator have taken actions to increase transparency, accountability, community engagement, and fiscal responsibility. The District is working to establish equitable treatment of all businesses and taxpayers by rooting out favoritism and the potential for corruption, mitigating the adverse impacts of District actions on neighboring communities, and cooperating with surrounding local governments to improve the District. The District has met with multiple businesses and has requested from Disney information relating to the amount of real estate taxes that lessees and vendors reimburse to Disney. Disney has declined to provide the requested information.

#### 2. Retained new general counsel

Since taking office on February 27, 2023, the new Board has worked to ensure that the District operates lawfully—like the local government that it is. Among the new Board's first actions was to hire a replacement for RCID's former general counsel. The District's new general counsel are Daniel W. Langley and A. Kurt Ardaman of the law firm Fishback Dominick LLP, local to Central Florida. Mr. Langley and Mr. Ardaman are certified by the Florida Bar in City, County, and Local Government Law, and have extensive experience representing public and private clients in all aspects of local government law, land use and development, and eminent domain matters.

### 3. Retained legal counsel to evaluate Disney 11th-hour agreements and other prior board actions and pursue litigation if necessary

When the new Board discovered Disney's efforts to use the prior, Disney-controlled board to tie the hands of future District boards for decades to come, the District immediately sought to evaluate the legality of RCID's 11th-hour agreements with Disney—particularly the Development Agreement and the related Restrictive Covenants. Attempting to make sense of what it had inherited, at its March 29, 2023, meeting, the new Board retained outside special counsel (Cooper & Kirk, PLLC, and Lawson Huck Gonzalez, PLLC) to evaluate Disney's 11th-hour agreements, as well as other board actions of the prior board, and to litigate the District's interests if necessary. Because Disney controlled the RCID board for more than 50 years, the evaluation of other prior board actions continues.

Cooper & Kirk, PLLC is a Washington, D.C.-based litigation boutique known for its broad experience in commercial, regulatory, and constitutional disputes in both federal and state courts. Cooper & Kirk, PLLC frequently represents litigants in the Northern District of Florida, Eleventh Circuit Court of Appeals, and at the U.S. Supreme Court, as well as state courts.

Lawson Huck Gonzalez PLLC is Florida's premier litigation and appellate law firm. Lawson Huck Gonzalez PLLC handles a wide range of civil litigation, including regular practice throughout the Florida state court system and before the Florida Supreme Court. The firm has extensive experience litigating complex business disputes, regulatory litigation, and government contracting procurement and disputes.

Independent review by Cooper & Kirk, PLLC and Lawson Huck Gonzalez PLLC established that the Development Agreement and Restrictive Covenants are entirely one-sided and violate Florida law so completely and incurably as to be deemed void *ab initio*. Special counsel presented the deficiencies in the Agreements to the Board on April 19, 2023. And, on April 26, 2023, the Board adopted extensive Legislative Findings that explain the host of procedural and substantive deficiencies in the Agreements and conclude that the Agreements are void *ab initio.* The Legislative Findings are attached as Exhibit 78.

After adopting the Legislative Findings, the Board authorized counsel to file suit in state court, in Orange County, Florida. The District is represented in that litigation by Lawson Huck Gonzalez PLLC, Cooper & Kirk, PLLC, and Nardella & Nardella, PLLC. As summarized in section VII.B, *supra*, the state lawsuit seeks a judicial determination that substantiates the District's legislative declaration that the Agreements are void *ab initio* and that also enjoins Disney from attempting to enforce them. As summarized in section VII.A, *supra*, Disney separately filed

a lawsuit against the District in the U.S. District Court for the Northern District of Florida, and the District is represented by Cooper & Kirk, PLLC and Lawson Huck Gonzalez PLLC in defending against that action.

## IX. Conclusion

As the foregoing analysis demonstrates, the governance of the District was in dire need of reform, and thus the Legislature was amply warranted in passing 2022 Florida Senate Bill 4C and 2023 Florida House Bill 9B. As a result of that legislation, the new District Administrator and the Board have undertaken a myriad of reforms, and the current governance structure is working well. Nevertheless, the Board reserves the right to make future recommendations as to additional structural changes that may be necessary to effectuate the complete reform of the District.