EXHIBIT 68

Reedy Creek Energy Services

Disney's improper and illegal efforts to extend its undue influence over the District's operations also reached the District's utilities operations. The Disney-controlled Reedy Creek Energy Services ("RCES") and the District repeatedly ignored Florida procurement laws, culminating in a last-minute agreement that attempted to grant RCES control over current facilities and future construction until late 2032, with potential extensions through 2052. If extended to this later date, Disney would saddle the District with over $900 million in expenses with this one contract. At a minimum, the agreement would require the District to pay RCES a fee of up to $32.7 million per year and cover at least $1 million if RCES exceeded that fee amount. And it would tie the hands of the District requiring it to continue to use Disney employees to run the utility for decades. As detailed below, this 11th-hour effort to extend these agreements violated Florida procurement law.

RCES is a wholly owned subsidiary of Disney, and RCES's employees are all employees of Disney. These Disney employees operated and maintained the District's utilities facilities. RCES provided these services for the District pursuant to a contract ("Labor Service Agreement") that the District had a contractual right to terminate with or without cause before the beginning of each fiscal year. According to the contract, the District would provide RCES with a scope of work under the contract by July 1 of each year. RCES would notify the District with a proposed fee and scope of services for the subsequent Fiscal Year by September 1. The District would then consider whether it wanted to continue the contract and budget the amount. The district's financial obligation was limited to $1 million more than the fee if actual costs ran higher than expected. Any additional costs were to be borne by RCES.

In practice, however, RCES and the District entered into a new contract each year. Disney was directly involved in revising these contracts. *See, e.g.*, Doc#44670.1 (September 2022 email from Milgrim Law Group acknowledging "John M."—John McGowan, Chief Counsel for the Walt Disney World Resort—had reviewed and approved the version of the Labor Service Agreement then under consideration).

RCES took a broad view of the services covered under the scope of the Labor Service Agreements. For example, its August 2018 memorandum on the scope of services for the Fiscal Year 2019 Labor Service Agreement stated that RCES would, among other activities, engage in "integrated resource planning; contract analysis, structuring, negotiation and compliance; risk management; regulatory and legislative interface; representation and compliance; real time resource transactional optimization; and evaluation of electric resource and natural gas resource options." Doc#1393981.1. Further, RCES would "[s]upport; plan, design and provide construction management for projects," including several major new construction projects. Doc#1393981.1-.2. RCES would also develop information "for a strategic utility asset management plan." Doc#1393981.2. The Board routinely allocated additional money for RCES to provide additional "engineering and construction support," even though the Labor Service Agreements did not expressly include such work. Doc#111843.3-.4 (agenda of Dec. 14, 2022 Board meeting).

In awarding RCES this work, the District did not follow the competitive award process of the Local Bid Law, Fla. Stat. Ann. § 255.20, or the competitive negotiation process of the Consultants Competitive Negotiation Act ("CCNA"), Fla. Stat. Ann. § 287.055. The Local Bid

Law exempts projects "undertaken as repair or maintenance of an existing facility," Fla. Stat. Ann. § 255.20(c)(5), and thus appears to protect the scope of services listed in the Labor Service Agreements. But that exemption does not apply to construction management for new construction projects or for the provision of engineering or other professional services.

Florida procurement laws apply to special districts such as RCID/CFTOD. The Local Bid Law expressly applies to a "special district." Fla. Stat. Ann. § 255.20; *see* Fla. Att'y Gen. Op. 96-73 (1996). And special districts qualify as a "political subdivision" under the CCNA. Fla. Stat. Ann. § 287.055; *see* Fla. Att'y Gen. Op. 74-89 (1974). For construction management services, Fla. Stat. Ann. § 255.103 requires procurement of such services by a "special district" using either the competitive award process of the Local Bid Law or the competitive negotiation process of the CCNA. *See* Fla. Att'y Gen. Op. 2017-02 (2017); Fla. Att'y Gen. Op. 2011-21 (2011); 43 Fla. Jur 2d Public Works and Contracts § 53 n.1.

There is no indication that the Florida legislature meant to exempt the District from procurement laws that apply to all special districts. The bidding provisions in the RCID Act did not even contain the "now or hereafter" language Disney has pointed to in litigation as purportedly allowing the District to ignore all later enacted laws for a certain subject area. The original RCID Act allowed the District to publicly bid contracts, but the District did not even attempt compliance with Florida procurement law. *Contra* Fla. Att'y Gen. Op. 96-28 (1996) (special district should comply with the Local Bid Law where earlier act creating special district gave broader options). The later-enacted procurement laws control.

In an apparent effort to thwart Florida procurement laws and cement RCES/Disney control over the utilities facilities, Disney and the Milgrim Law Group rushed to amend the Labor Service Agreement in early 2023. The draft circulated to the Board on February 3, 2023, acknowledged facts that are concerning under Florida procurement law. The existing agreement provided for the District to use "RCES' labor force to operate and maintain the Facilities," but "the District also uses RCES' labor force to provide planning, design, engineering and construction support services for new and existing Facilities." Doc.#113357.1. The amended agreement would require the District to use RCES for all such services at least until October 2032. Doc.#113357.1-.3. The draft agreement already contemplated saddling the District with the Walt Disney World Chapter 163 Development Agreement, which was prominently featured as the second section in the contract, after the incorporation of the recitations. Doc.#113357.2.

On February 7, 2023—the day before the Board was set to review the amended Labor Service Agreement, the Development Agreement, and other items discussed in this report—Disney and the Milgrim Law Group were busy making major last-minute alterations to the Labor Service Agreement in favor of RCES/Disney. RCES would not have to perform services that would exceed the Operational Services Fee Cap, and the District would have to pay RCES if RCES "inadvertently" exceeded the fee cap. Doc.#189246.6-.7. RCES gained the right to terminate the agreement without cause upon 180 days' notice. Doc.#189246.11. As Greenberg Traurig explained, the modifications were designed to make sure "the service provider cannot be 'at risk,'" changes necessitated by the abnormally long term of the agreement. Doc.#189246.7.

Greenberg Traurig's edits would also make explicit that the initial ten year term of the agreement was "[i]n order to facilitate the implementation of and provide adequate levels of service

for the Project"—the development of the Walt Disney World Resort—"for the ten (10) year period ending December 31, 2032." Doc.#189246.2." According to the edits to the agreement one day before its purported approval, the "District desires to enter into this Agreement with RCES to assist it with implementation of the District's obligations under the Development Agreement." Doc.#189246.2.

On the night of February 7, 2023, the Milgrim Law Group sent an updated draft of the agreement to the District. Doc.#44173.1. The updated draft made major alterations to the proposed agreement, including changes to the termination and fee sections that favored RCES/Disney. Doc.#77412.1-.15. As in the Greenberg Traurig draft, RCES could terminate the agreement without cause as long as it provided 180-day notice. Doc.#77412.11. The District could not terminate unless it engaged in an extensive process, and RCES gained the right to initiate a dispute resolution proceeding. Doc.#77412.11. The Board received a copy of this version of the agreement around 1 AM on February 8, 2023. Doc.#43245.1.

Disney and the Milgrim Law Group continued tweaking the agreement late into the night, slanting the terms still further in favor of RCES/Disney. Eventually, the District Administrator sent the latest version to the Board around 3:32 AM on February 8, 2023. Doc.#57198.1. This version of the agreement included new, mandatory budgeting language. In the event RCES and the District could not agree on an Operational Services Fee for future fiscal years, the new language required that the District "shall" adopt the fee and fee cap from the previous fiscal year. Doc.#132134.7. "RCES has no obligation to provide the Services if RCID does not include the Operational Services Fee and Operational Services Fee Cap in the Approved Budget," but the District has a putative obligation to budget and pay RCES a minimum amount through 2032 if RCES wants the agreement to stay in place. Doc.#132134.7. That restriction on the District's budgeting authority appears to have violated Section 22 of the RCID Act, which stated that the Board "shall have exclusive jurisdiction and control over all of the projects of the District, including… over the budget and finances of the District." The Board cannot contract away its long-term budgeting authority.

On February 8, 2023, the Board approved the amendment to the Labor Service Agreement. Doc.#27239.3-.4. The Board's minutes stated that the modification would "[b]e consistent with the District's 2032 Comprehensive Plan," which the Board had supposedly approved *before* agreeing to the 2023 Fiscal Year Labor Service contract; "[u]pdate and clarify the scope of services"; [a]mend the procedures to calculate the fees"; "[e]xtend the term of the agreement"; and "[a]ddress other administrative items." Doc.27239.4. Later that month, the Board also purported to agree to an amendment stating that the District had an obligation to provide vehicles, buildings, and equipment to RCES and setting February 8, 2023, as the date that the new agreement purportedly began.

The purported new agreement presents numerous concerns under Florida law.

First, as explained above, the supposed contract was not created using the procedures Florida procurement law requires for contracts of this type and would require the District to violate Florida procurement law for the next 9 to 29 years. Florida procurement law does not allow special districts to enter into continuing contracts of such magnitude. *See* Fla. Stat. Ann. § 255.103(4) (prohibiting continuing contract for construction management where the estimated construction

cost of any individual project exceeds $4 million); Fla. Stat. Ann. § 287.055(2)(g) (similar restriction for other professional services). The agreement purported to require the District to pay RCES an operational services fee of $32.7 million per year and use RCES for all design and support services on new construction projects, including projects where construction costs would likely exceed $4 million. Even if such a contract could have qualified as a continuing contract, the District would have needed to follow "all the procedures" of the procurement laws other than requiring firms to "bid against one another." *Id.* RCID did not follow Florida procurement law in February 2023. The purported agreement is thus void because the expansion in the scope of the contract to include RCES's provision of construction management and other professional services was a material part of the agreement. *See Frankenmuth Mut. Ins. Co. v. Magaha*, 769 So. 2d 1012, 1021-23 (Fla. 2000); *Broward Cnty. v. Conner*, 660 So. 2d 288, 290 (Fla. Dist. Ct. App. 1995).

Second, even if those illegal aspects of the agreement could somehow be disentangled from the document, the contract is likely void for lack of consideration. The definition of the scope of operational services generally tracked what RCES was already providing and had a legal obligation to provide under the old contract. And RCES likely *gained* greater power to terminate than it had under the old agreement, which gave only the District an express right to terminate. Consideration is minimal to nonexistent when RCES gained the power to terminate at any time with only 180 days' notice.

Third, the new agreement was facially premised on the idea that the 10-year Comprehensive Plan supposedly enacted in 2022 and the Walt Disney World Chapter 163 Development Agreement supposedly agreed to in February 2023 were effectively enacted and binding. To the extent those were not binding or that a court declares them nonbinding, rescission of the purported contract would be acceptable. A "mutual mistake affecting the basic assumption on which the contract was made may require avoidance of the contract and moreover may be a ground for reformation or rescission of a contract." 11 Fla. Jur 2d Contracts § 53. "[F]or a trial court to reform a contract or excuse a party from performance, the evidence must clearly and convincingly show a mutual mistake of fact as to a material, substantial element of a contract." *Id.* If a court were to declare the Comprehensive Plan or Development Agreement nonbinding, that would clearly and convincingly show a mutual mistake as to a fact that justified the new agreement.

Fourth, the purported new agreement was substantively and procedurally unconscionable. As explained above, the major changes in contract terms uniformly favored RCES. The contract attempts to lock the District into delegating authority over its budget and utilities facilities to RCES. RCES can terminate the contract at any time with only 180 days' notice. The District cannot terminate the contract without cause until October 2032 at the earliest. The contract was also procedurally unconscionable. As with other supposed agreements Disney created with the outgoing Board, the drafting of the new Labor Service Agreement displayed self-dealing and a lack of independent counsel for both parties.

Fifth, the purported agreement attempted to illegally delegate the District's sovereign power. Among other terms contrary to public policy, the agreement would prevent the District from exercising authority over its own utility facilities and newly constructed facilities until at least October 2032. And the agreement would require the District to cede authority over a major aspect of its budget to RCES for that entire period. For that entire time period, the District could

not reduce the amount it budgets for maintaining facilities without RCES approval or termination of the contract with cause.

In short, the outgoing Board had no authority to bind the District to such a contract, so the purported contract is void. *Frankenmuth*, 769 So. 2d at 1021. Partial performance should not allow RCES to enforce the purported contract against the District. *Cnty. of Brevard v. Miorelli Eng'g, Inc.*, 703 So. 2d 1049, 1050-51 (Fla. 1997); *City of Orlando v. W. Orange Country Club, Inc.*, 9 So. 3d 1268, 1272-73 (Fla. Dist. Ct. App. 2009); *Town of Indian River Shores v. Coll*, 378 So. 2d 53, 55 (Fla. Dist. Ct. App. 1979). The District can only ratify the "agreement in the same manner in which the agreement would have been initially approved" and with "full knowledge" of relevant material facts. *Frankenmuth*, 769 So. 3d at 1022-23.