

**MINUTES OF WORKSHOP
CELEBRATION COMMUNITY DEVELOPMENT DISTRICT**

A workshop of the Board of Supervisors of the Celebration Community Development District was held Wednesday, January 17, 2007 at 10:00 a.m. at The Jones Room, 631 Sycamore Street, Celebration, Fl.

Present and constituting a quorum were:

Peter Crow	Chairman
Cliff Akey	Vice Chairman
Paul Collins	Secretary
Richard Quinn	Supervisor

Also present were:

Brian Smith	District Manager's Office
Rick Woodville	District Manager's Office
Members of the Public	

FIRST ORDER OF BUSINESS

Pledge of Allegiance

Mr. Crow called the meeting to order and led the *Pledge of Allegiance*.

SECOND ORDER OF BUSINESS

Roll Call

Mr. Smith called the roll and noted a quorum was present.

THIRD ORDER OF BUSINESS

**Discussion of Severn Trent
Contract**

Mr. Crow stated we have a contract with Severn Trent, which runs through September 20, 2008 and can be cancelled on a 60-day notice. In paragraph 16 on page four of the contract, it gives us the right, if Mr. Moyer is no longer with the company, to approve any Manager they propose. I visited with Matt Kelly about this and he believes that the CCDD and the ECDD has the same contract, therefore the same clauses. Mr. Moyer did leave Severn Trent on December 31, 2006 and his non-compete also ended at that time, but he is no longer an employee of Severn Trent. Is this correct Mr. Smith?

Mr. Smith yes, but he is continuing to serve as District Manager in the interim until they find a replacement.

Mr. Collins stated since he has left Severn Trent he has been compensated by Severn Trent.

Mr. Smith stated yes, as a consultant.

Mr. Crow stated with that being said, we are technically without a District Manager at this point, as is the ECDD.

Mr. Akey stated my understanding is that he is still performing that role for Severn Trent.

Mr. Smith stated Mr. Moyer will be here this evening, so if would like to bring those questions up to him at that point, he will be glad to answer them. I am not sure about his contract with Severn Trent, but I do know his non-compete was up as of January 1, 2007, so he was obviously not an employee of Severn Trent for the past three years.

Mr. Collins stated the contract basically says that he is the primary Manager and they offered him to not be the primary Manager. The issue is whether or not Severn Trent gets compensated, but for the District, he is required to be our Manager and the only way they can change that is by coming to us and asking us to change it.

Mr. Quinn stated I read it a little differently in that they have to be able to present a suitable replacement for him.

Mr. Collins stated anybody they propose we can say no, we prefer Mr. Moyer. I understand that Mr. Moyer had a CDD business when Severn Trent bought him out and he was with Severn Trent three years and now that has ended. Our contract says that Mr. Moyer is our Manager and that cannot be changed without District approval. The contract runs through 2008, but we do have a situation and I think we need to consider that Mr. Moyer is now establishing his own business that is a direct competitor to Severn Trent. In the three or four months that I have been on this Board I have seen that we are stuck in sort of a bad situation, sort of like Pepsi and Coca Cola having to work together when they are serious competitors and we are in the same situation where we have concerns about things that are happening and a finger is pointed at Severn Trent and Severn Trent says it is not here, it is there. While we could continue in this situation, my personal feeling is that it would be better that we do not continue as we are and that we make some sort of change.

Mr. Quinn stated after reading the contract and I agree with the assessment of it, we are caught between a rock and a hard place right now. Where the contract runs for two more years, the out clause part of it is a double-edge sword in that the Board could make the decision that they want to exercise the 60-day out clause, but the only problem with that is, if you take the 60-day out clause you better have something in place to replace it when you go

out because otherwise you are left without any District services whatsoever. If you leave it and do nothing with it, you are then in the position of having a requirement in the contract for a competitor to Severn Trent to be the person that manages the operation of the District and I have never seen that end well; you end up with a probability that there is going to be a finger pointed at anything and everything that does not work the way you want it to work. I think the Board really needs to seriously consider what kind of decision we are going to make as soon as possible as to what direction we are going to in and put the process in place, whether it is staying with Severn Trent, another organization, Mr. Moyer's organization or request that Severn Trent give us a portfolio of qualified Managers, along with their resumes and files so we can basically say yes or no.

Mr. Crow stated we do have some things on the calendar later in the spring when we get into the budget and so forth and we do not want to be in the process of transitioning at that point. One thing we could do is wait to hear from Severn Trent to see what they are going to do and we could also begin the process of sending out RFPs and invite everybody who might have an interest in providing services to us. I did check with Matt Kelly to see what he might be thinking along these lines and he was aware, but not fully aware of where we are at this point because they are in the same situation. He thought we could bid this separately, but yet we have traditionally been together with Mr. Moyer representing both Districts through either his own company or through Severn Trent and I believe he came on the project in 1991 or 1992. I get the sense that Mr. Kelly would like to work with us on this and if we see benefits, financially or operationally, that we continue to have the same Management company.

Mr. Quinn stated certainly the operational centerpiece that you gain when you have two Districts that are nested inside the same geographical territory relies on the same operational services. One of the things I think we need to get a clarification on, which is relative to the RFP process and having done numerous RFPS over the course of my career, one of the things you need to put into an RFP is the effective date of the new contractor coming in to take over. That becomes somewhat of a problematic issue because in order to put a date in when the new contractor is coming in and taking over, I think you first have to notify the existing contractor and because the contract runs until 2008, if you are going to put an RFP out now for a replacement, by extension you have just notified the existing contractor that you intend to terminate the existing contract; this does not necessarily mean that you can't also ask the

existing contractor to re-bid. I also believe that as a public entity, once you make the decision that you are going to terminate the existing contractor, given the size from a financial standpoint and the necessity from an operational and policy standpoint, you have to put it out to bid; I do not think you can just drop someone and pick up somebody else.

Mr. Crow stated I think we would want to go out for bid to cover all the bases.

Mr. Akey stated I would be curious as to the State Statute that deals with that.

Mr. Quinn stated at some point in time there is a threshold that says if it is below this threshold you can sole source it and it is not Chapter 190, it is another Statute.

Mr. Crow stated I think you are right and if we decide to go down this road, we would want to officially cancel the contract, give the 60-day notice and go out for an RFP.

Mr. Collins stated in terms of the Severn Trent situation, I think they probably understand that we need to do this because their relationship with Mr. Moyer has changed. I would think they understand why we are looking at making a decision one way or the other. We need to make a decision to go one direction or the other and we could establish a six-month timeframe, this is when we are going to change and within four months we will have completed the process and at that time we will stay or we will give 60 days notice.

Mr. Crow asked do you agree that we do not want to be bringing somebody new in.

Mr. Quinn stated I absolutely agree with that. We want to be able to manage whatever the process is in such a way that it minimizes the disruptions.

Mr. Crow stated I think what you say is merited because I prefer to be reflective on things. Why don't we go forward with the RFP process and not give any official notice or make any changes.

Mr. Akey stated Severn Trent provides a number of key people, Mr. Smith and Mr. Woodville. We could very well bid the contract, award it to Severn Trent and Severn Trent is supposed to come back and subcontract to Mr. Moyer for those services, which is an option. I believe Severn Trent could handle this in the short term, but I do agree for long term we need to come up with a plan.

Mr. Woodville stated first of all I do not speak for Mr. Moyer or Severn Trent. I am an employee of Severn Trent and I want you to know my observation of what is going on. First of all, in regards to Severn Trent, Mr. Moyer is held in the utmost, highest regard and is respected. Severn Trent, from what I can tell, is going to do exactly what Mr. Moyer wants

them to do. Severn Trent has approached Mr. Moyer and asked him if Severn Trent can be the subcontractors and provide him services, accounting, recording and field management services. In my conversations with Mr. Moyer, he is trying to decide at what magnitude does he want to get back into this business, is he going to provide District Management Services, is he going to provide Field Management Services, is he going to take on employees, is he going to invest in an accounting system or recording system and hire those employees as well. There are discussions going on with Severn Trent and Mr. Moyer to offer you services through Mr. Moyer in this industry. Mr. Moyer is an icon in this industry and there is a lot of institutional knowledge with Mr. Moyer, Severn Trent and Mr. Smith. I have only been here a year and I have learned a lot myself regarding the bonds and so forth. The District will go through that again if you do change and that is your prerogative if you do so. Severn Trent has 120 Districts and anytime there is a transition there are always bumps in the road and until the new management team comes up to speed on all the bond issues, agreements, budgets and so forth, the accounting systems are key. There is no one who has a greater institutional knowledge of how this place is put together than Mr. Smith.

Mr. Akey stated I would think whoever Mr. Moyer was working with in that structure would contact someone.

Mr. Quinn stated the last time we had any kind of substantive discussion with Severn Trent about the process, Janice Larned was one of the people who were here.

Mr. Woodville stated they respect Mr. Moyer and they are not going to come in here and say they are going to take over; they are waiting for Mr. Moyer to relay what his intentions are and we are respecting his position as District Manager to this District. Mr. Moyer and Severn Trent have been in business together for ten or so years, they highly respect each other and it is just like a law firm, you go from one client to the next and nobody is going to burn bridges. Severn Trent is stepping back to say "Mr. Moyer, what do you want to do and can we provide you services."

Mr. Collins stated in the three or four months I have been on the Board I have seen a fair amount of tension between Severn Trent and Mr. Moyer and I believe we are in a tough situation with this relationship and I personally do not like it.

Mr. Woodville stated it works like Mr. Smith; he is responsible for Field Management, yet he hires subcontractors and if you are not happy with their services you go to Mr. Smith.

Mr. Moyer will still be the District Manager, if that is your intention he will still be responsible that we are performing to his expectation or the Board's expectation and if not he is going to come to the Board and say we need to make a change.

Mr. Crow stated I think we all appreciate this unusual situation and I do find it uncomfortable to a point, but it does need to settle out, hopefully sooner than later because there is a certain lack of clarity, but I am confident we will move forward.

Mr. Akey stated do we want to take this as an action item.

Mr. Crow stated this is only discussion and we will not be taking action today.

Mr. Akey stated we need to someone to contact Severn Trent to bring us up to date on what their plans are.

Mr. Crow stated Severn Trent has not been in contact with me and I do not if perhaps they have gotten in touch with anyone else, but they have not visited with me.

Mr. Woodville stated may I suggest the first step be to ask Mr. Moyer what his intention and outlook for the District would be. I think Severn Trent respects Mr. Moyer enough to let Mr. Moyer lead on this item and if they are going to part ways, become competitors and not do business together, then I think that would be the appropriate time for Severn Trent to step up; however, in the meantime Severn Trent is respecting Mr. Moyer's position as District Manager. I know Mr. Moyer approached Bill Neron, who is the Regional District Manager for Severn Trent and asked him who will be presiding over the Celebration CDD meeting tonight and Mr. Neron said by all means it was appropriate for Mr. Moyer to do so. From my observation, Severn Trent is standing back, working and negotiating with Mr. Moyer, but it is really what Mr. Moyer wants for this District and I think that is the respect that we are seeing from Severn Trent.

Mr. Crow stated additionally I think it should be noted that you all were not aware of this before you were on the Board and Mr. Moyer's situation is different. I am sure Mr. Quinn has been equally aware of it, although we are prescribed to tell the Board members.

Mr. Collins stated perhaps we should ask Mr. Moyer and Severn Trent about their intentions going forward and from that we can react and say we want what is in the best interest of the District and we also need to ask for some clarity from both parties first.

Mr. Crow stated then perhaps what we want to do is invite Severn Trent and Mr. Moyer to come in and sit down before the public and the Board.

Mr. Quinn stated regarding Mr. Akey's question on bringing this forward to this evening, because this was a properly notice workshop we can carry anything from this workshop that is on the agenda forward to a Board meeting and continue the discussion. It is not something we have to vote on, it is just something we are going to bring forward because it is already on the agenda. I think it would be more appropriate to carry on the rest of the discussion when we have a lot more direct players in the room.

Mr. Crow stated I have one last item. Last night was the closing for applications on our open seat and Mr. Moyer mentioned at the last meeting that he might visit with the ones who have applied. I think some of them are in the room here and we may want to acknowledge them. The applications we have are for Mr. Tom Sunnarborg, Rosa Alvarez and Margaret Grande.

Mr. Woodville stated we put together a list of all the contracts and the amounts that are supporting and serving the Celebration community. Mr. Smith also has a copy of the Capital Projects Budget and the General Fund Budget. The Capital Projects Budget may be useful for your touring around the community because that is money that you may want to spend on improvements.

Mr. Crow stated if we have not already discussed the contracts we may want to put that on the agenda for February.

Mr. Collins asked what is the process for the open seat?

Mr. Crow stated I would suggest that we go over the applications, take 30 days and then make a decision at our February meeting. This will afford each of us the chance to visit with the applicants. We appear to have three very good applicants with the hope they will spread additional knowledge to the CDD. We can discuss this at the CDD meeting this evening if the Board desires.

FOURTH ORDER OF BUSINESS

**Chapter 190 Florida Statutes
Incorporation Requirements**

Deferred to January 17, 2007 CDD meeting.

FIFTH ORDER OF BUSINESS

Other Business

There being no other business, the next item followed.

SIXTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Katz, seconded by Mr. Crow, with all in favor, the meeting adjourned at 10:45.

Paul Collins, Secretary

Peter Crow, Chairman