

**MINUTES OF MEETING
FRERC
COMMUNITY DEVELOPMENT DISTRICT**

The Board of Supervisors of the FRERC Community Development District held a Special Meeting on October 30, 2024 at 10:00 a.m., at American Lawyers International, PLLC, 6909 Old Hwy 441, Suite 109, Mt. Dora, Florida 32757.

Present were:

Barry Radolan
Deanna Snitko
Craig Shadrix

Chair
Assistant Secretary
Assistant Secretary

Also present:

Craig Wrathell
Jason Middleton
Jonathan Johnson
Joe Brown (via telephone)
Brian Robinson (via telephone)
Brian Crumbaker (via telephone)

District Manager
Wrathell, Hunt and Associates, LLC
District Counsel
Kutak Rock LLP
Landowner/Developer
Greenberg Traurig

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Wrathell called the meeting to order at 10:04 a.m.

Supervisors Radolan, Snitko and Shadrix were present. Supervisors Gutierrez and Lavigne were not present.

SECOND ORDER OF BUSINESS

Public Comments

No members of the public spoke.

THIRD ORDER OF BUSINESS

Consideration of Resolution 2025-01, Providing for Correction and Amendment of Resolution 2022-07; Affirmation and Ratification of District Staff and Board

**Actions; Providing a Severability Clause;
and Providing an Effective Date**

Mr. Wrathell stated the bonds have been in default since November 2023, when the debt service payment was missed. The debt service reserve was utilized at that time to make a portion of the interest payment. The May 1, 2024 payment was missed and the November payment is due in two days. Approximately \$254 remains in the revenue account and it is likely that the November payment will also be missed.

Mr. Wrathell presented the Unaudited Financial Statements as of September 30, 2024 and pointed out the amounts due from various entities. He noted that penalties and interest will accrue under the Indenture and stated that, with the exception of approximately \$145,000 remaining in the Capital Projects fund, all the monies available for construction have been expended. He indicated that penalties and interest might not be included in the totals shown.

Mr. Johnson presented Resolution 2025-01. This Resolution amends a prior Resolution to include the direct collection of assessments in three installments.

On MOTION by Mr. Radolan and seconded by Ms. Snitko, with all in favor, Resolution 2025-01, Providing for Correction and Amendment of Resolution 2022-07; Affirmation and Ratification of District Staff and Board Actions; Providing a Severability Clause; and Providing an Effective Date, was adopted.

FOURTH ORDER OF BUSINESS**Consideration of Foreclosure Funding
Agreement**

Mr. Johnson presented the Foreclosure Funding Agreement. He stated that Mr. Crumbaker, of Greenberg Traurig, who represents the Trustee Bank on behalf of bondholders and who prepared the Agreement, is participating via telephone. The Agreement provides that the CDD will diligently pursue the foreclosure and cooperate and consult in good faith with the Trustee. The CDD will receive advance monies from the Trustee to pay for these efforts, for which the CDD does not have funds available. The CDD agrees that, to the extent the foreclosure is prosecuted and funds are received, the funds will be split proportionately between the CDD for recovered Operation and Maintenance (O&M) expenses as well as with

the Trustee Bank on behalf of the bondholders for the debt service funds that are subject to foreclosure. To the extent that the Trustee advances monies to the CDD, the CDD agrees to repay from monies received through the foreclosure process.

Mr. Crumbaker requested approval, in substantial form. The Agreement was forwarded to the Trustee to confirm comments and determine the amount to be included in Section 3A.

On MOTION by Ms. Snitko and seconded by Mr. Radolan, with all in favor, the Foreclosure Funding Agreement, in substantial form, was approved.

FIFTH ORDER OF BUSINESS

Discussion and Consideration of Forbearance/Settlement Terms

Mr. Johnson stated the CDD has moved forward with the foreclosure process. As previously discussed, once a Landowner does not pay their assessments, the full par amount of assessments accelerates and becomes due in full. To the extent that a payor wants to make the CDD whole and begin paying on the amortization schedule, the Trustee must consent under the Indenture in order for the CDD to decelerate those assessments. The CDD, the Trustee's Bank and the bondholders have developed some proposed terms by which the CDD could agree to the forbearance and allow payments to resume.

Mr. Brown stated that private lenders of parcels have asked, through Counsel, how much is required to bring the accounts current. The issue is that, by law, when the debt assessment becomes delinquent, it is accelerated, which means that the entire principal balance becomes due. The terms in the agenda provide an option to allow assessments to be brought up to date, rather than paying off the entire principal balance. The CDD would agree to forbear proceeding with its foreclosure claims against those parcels. The terms include the parties acknowledging and agreeing to the allocation and reallocation of the debt assessments as outlined in the CDD's adopted Assessment Methodology; agreeing and recognizing the already recorded documents related to those assessments; and agreeing to remit the past due O&M and debt assessments for 2023 and 2024, plus fees and expenses incurred to date by the CDD on a pro rata basis based on acreage. Future O&M and debt assessments would be paid

when they normally come due. Upon taking title of the property, the lender will dedicate or convey to the CDD any lands within that property that contain public improvements that should be conveyed to the CDD as part of the Master Plan of Improvements identified in the Engineer’s Report.

Mr. Crumbaker noted that the Agreement assumes that the lender can provide satisfactory evidence of the ability to make protective payments; without that authorization, he would hesitate to advise his client to enter into the Agreement.

The Board and Staff discussed the terms and the path forward.

On MOTION by Mr. Radolan and seconded by Ms. Snitko, with all in favor, the Forbearance/Settlement Terms, in substantial form, were approved.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2025-02, Ratifying the Actions of the District Manager and District Staff in Noticing the Landowners’ Meeting; Providing a Severability Clause; and Providing an Effective Date

Mr. Wrathell presented Resolution 2025-02. Seats 3, 4 and 5, currently held by Supervisors Snitko, Gutierrez and Shadrix, respectively, will be up for election.

On MOTION by Mr. Radolan and seconded by Ms. Snitko, with all in favor, Resolution 2025-02, Ratifying the Actions of the District Manager and District Staff in Noticing the Landowners’ Meeting; Providing a Severability Clause; and Providing an Effective Date, was adopted.

SEVENTH ORDER OF BUSINESS

Consideration of Resolution 2025-03, Approving a Proposed Budget for Fiscal Year 2024/2025 and Setting a Public Hearing Thereon Pursuant to Florida Law; Addressing Transmittal, Posting and Publication Requirements; Addressing Severability; and Providing an Effective Date

Mr. Wrathell presented Resolution 2025-03. He reviewed the proposed Fiscal Year 2025 budget, highlighting increases, decreases and adjustments, compared to the Fiscal Year 2024 budget, and explained the reasons for any changes.

On MOTION by Mr. Radolan and seconded by Ms. Snitko, with all in favor, Resolution 2025-03, Approving a Proposed Budget for Fiscal Year 2024/2025 and Setting a Public Hearing Thereon Pursuant to Florida Law on January 15, 2025 at 10:00 a.m., at Ocoee City Hall, 1 Bluford Avenue, Ocoee, Florida 34761; Addressing Transmittal, Posting and Publication Requirements; Addressing Severability; and Providing an Effective Date, was adopted.

EIGHTH ORDER OF BUSINESS

Consideration of Resolution 2025-04, Designating Dates, Times and Locations for Regular Meetings of the Board of Supervisors of the District for Fiscal Year 2024/2025 and Providing for an Effective Date

Mr. Wrathell presented Resolution 2025-04. The following will be inserted into the Fiscal Year 2025 Meeting Schedule:

MEETING DATES: January 15, 2025; February 19, 2025; March 19, 2025; April 16, 2025; May 21, 2025; June 18, 2025; July 16, 2025; August 20, 2025; and September 17, 2025.

TIME: 10:00 AM

LOCATION: Ocoee City Hall, 1 Bluford Avenue, Ocoee, Florida 34761

On MOTION by Ms. Snitko and seconded by Mr. Radolan, with all in favor, Resolution 2025-04, Designating Dates, Times and Locations for Regular Meetings of the Board of Supervisors of the District for Fiscal Year 2024/2025 and Providing for an Effective Date, was adopted.

NINTH ORDER OF BUSINESS

Consideration of Goals and Objectives Reporting [HB7013 - Special Districts Performance Measures and Standards Reporting]

Mr. Wrathell presented the Memorandum explaining the new requirement for special districts to develop goals and objectives annually and develop performance measures and standards to assess the achievement of the goals and objectives. Community Communication and Engagement, Infrastructure and Facilities Maintenance, and Financial Transparency and Accountability will be the key categories to focus on for Fiscal Year 2025. He presented the Performance Measures/Standards & Annual Reporting Form developed for the CDD, which explains how the CDD will meet the goals.

On MOTION by Mr. Radolan and seconded by Mr. Shadrix, with all in favor, the Goals and Objectives and the Performance Measures/Standards & Annual Reporting Form, were approved.

TENTH ORDER OF BUSINESS

Consideration of Resolution 2025-05, Relating to the Amendment of the Budget for the Fiscal Year Beginning October 1, 2023 and Ending September 30, 2024; and Providing for an Effective Date

Mr. Wrathell presented Resolution 2025-05. It was necessary to amend the Fiscal Year 2024 budget to account for unanticipated legal expenses related to the foreclosure proceedings.

On MOTION by Mr. Radolan and seconded by Ms. Snitko, with all in favor, Resolution 2025-05, Relating to the Amendment of the Budget for the Fiscal Year Beginning October 1, 2023 and Ending September 30, 2024; and Providing for an Effective Date, was adopted.

ELEVENTH ORDER OF BUSINESS

Presentation of Audited Financial Report for Fiscal Year Ended September 30, 2023, Prepared by Grau & Associates

Mr. Wrathell presented the Audited Financial Report for the Fiscal Year Ended September 30, 2023 and noted the pertinent information found on each page. He noted the following:

- Page 7 details the negative “Total net position” related to the previously discussed amounts due to the CDD.
 - Note 7, on Page 19, describes the CDD’s “Long-Term Liabilities”, which totaled \$28,690,000 as of September 30, 2023.
 - Note 12 states that the CDD was named as a defendant in a foreclosure action filed by REEF Private Credit. The CDD answered and made the claims for its special assessment liens; the resolution of the matter is not reflected in the financial statements.
 - No deficiencies in internal controls were identified.
 - The Management Letter on Pages 27 and 28 addresses “Event of Default 2023-1” and the “Financial Condition Assessment 2022-01” and notes that the CDD is in a state of deteriorating financial condition. With the exception of the CDD’s bonds being in default, the CDD has complied with all remaining requirements.
- A. Consideration of Resolution 2025-06, Hereby Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2023**

On MOTION by Mr. Radolan and seconded by Ms. Snitko, with all in favor, Resolution 2025-06, Hereby Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2023, was adopted.

TWELFTH ORDER OF BUSINESS

Acceptance of Unaudited Financial Statements as of September 30, 2024

Mr. Wrathell presented the Unaudited Financial Statements as of September 30, 2024. As previously discussed, the Balance Sheet shows the position the CDD is in. The Accounts Payables liability of \$154,289 indicates that the CDD has not received funding in a long time, resulting in the CDD’s inability to fund any of the operating expenses of the CDD.

On MOTION by Ms. Snitko and seconded by Mr. Radolan, with all in favor, the Unaudited Financial Statements as of September 30, 2024, were accepted.

THIRTEENTH ORDER OF BUSINESS**Approval of August 9, 2023 Public Hearing and Regular Meeting Minutes**

Mr. Wrathell presented the August 9, 2023 Public Hearing and Regular Meeting Minutes.

On MOTION by Ms. Snitko and seconded by Mr. Radolan, with all in favor, the August 9, 2023 Public Hearing and Regular Meeting Minutes, as presented, were approved.

FOURTEENTH ORDER OF BUSINESS**Staff Reports****A. District Counsel: Kutak Rock LLP**

- **Update: Required Ethics Training and Disclosure Filing**
 - **Sample Form 1 2023/Instructions**

Mr. Johnson presented the Memorandum regarding updates and reminders for the ethics training and Form 1 filing information. The mandatory annual filing of Form 1 must now be done electronically. Completion of the four hours of ethics training will be reported when filing Form 1 in 2025.

B. District Engineer: Terra-Max Engineering, Inc.

There was no report.

C. District Manager: Wrathell, Hunt and Associates, LLC

- **NEXT MEETING DATE: TBD**
 - **QUORUM CHECK**

Based on the Fiscal Year 2025 Meeting Schedule that was just adopted, the next meeting will be on January 15, 2025 at 10:00 a.m., at Ocoee City Hall.

FIFTEENTH ORDER OF BUSINESS**Board Members' Comments/Requests**

A Board Member asked for the District Engineer to provide a status update for the infrastructure at the next meeting, with the goal of determining what must be done to obtain Certificates of Completion.

SIXTEENTH ORDER OF BUSINESS

Public Comments

There were no public comments.

SEVENTEENTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Radolan and seconded by Ms. Snitko, with all in favor, the meeting adjourned at 11:00 a.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]



Secretary/Assistant Secretary



Chair/Vice Chair