

MINUTES OF MEETING
BAY LAUREL CENTER
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Bay Laurel Center Community Development District was held on Tuesday, February 15, 2022 at 10:00 a.m. at Circle Square Commons Cultural Center, 8395 S.W. 80th Street, Ocala, FL.

Present and constituting a quorum were:

Kenneth D. Colen	Chairman
Richard Belz	Vice Chairman
Paul Brunner	Assistant Secretary
William D. McLeod, Jr.	Assistant Secretary
Jo Layman	Assistant Secretary

Also present were:

George Flint	District Manager
Gerald Colen	District Counsel
Rachel Wagoner	District Counsel
Crystal House	BLCCDD
Bryan Schmalz	BLCCDD
Sarah Cooper	OTOW

FIRST ORDER OF BUSINESS

Roll Call

Mr. Kenneth Colen called the meeting to order at 10:00 a.m. and Mr. Flint called the roll. All Supervisors were present.

SECOND ORDER OF BUSINESS

Public Comment Period

Mr. Kenneth Colen: Alright. I am going to open the meeting for public comment. Is there anyone from the public who wishes to address the Board? Hearing none, I'm going to close the public comment period.

THIRD ORDER OF BUSINESS

Notice of Meeting

Mr. Kenneth Colen: The meeting was published in the Ocala Star Banner on September 23, 2021.

FOURTH ORDER OF BUSINESS

Approval of Minutes of the November 16, 2021 Meeting

Mr. Kenneth Colen: Are there any corrections to the minutes?

Mr. Belz: On Page 1, in the last line, it should say, "It has been since I moved in, since I bought into On Top of the World (OTOW) some seven years ago."

Mr. Kenneth Colen: I don't know exactly what he said, but that seems to make sense.

Mr. Belz: On Page 12, under the seventh order of business, the motion was in favor of the amendment to the agreement. I think we agreed that it was a brand-new agreement so the words, "amendment to the agreement" should be deleted. At the top of the page, the motion was adopting amendments. If you go back to Page 11, there was a lot of discussion on that and the words, "Amendments" should be changed to, "Revisions." That's it.

Mr. Kenneth Colen: I had one on Page 5. In the seventh line from the bottom, delete the word, "I" before "If." Are there any other corrections to the minutes? Hearing none, we need a motion accepting the November 16, 2021 minutes as amended.

On MOTION by Mr. Belz seconded by Mr. Brunner with all in favor the Minutes of the November 16, 2021 Board of Supervisors Meeting were approved as amended.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2022-02 Designating the District's Registered Agent

Mr. Kenneth Colen: Before us is Resolution 2022-02: *A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE BAY LAUREL CENTER COMMUNITY DEVELOPMENT DISTRICT RE-DESIGNATING A REGISTERED AGENT AND REGISTERED OFFICE OF THE DISTRICT AND PROVIDING FOR AN EFFECTIVE DATE.* This appoints George S. Flint as the designated Registered Agent for the Bay Laurel Center Community Development District. We need a motion to adopt this resolution as read.

On MOTION by Mr. Belz seconded by Mr. Brunner with all in favor Resolution 2022-02 Designating the District's Registered Agent was adopted.

SIXTH ORDER OF BUSINESS

Consideration of Agreement with LLS Tax Solutions Inc. to Provide Arbitrage Rebate Calculation Services

Mr. Kenneth Colen: They have been doing this for a number of years. Mr. Flint, is there any material change to this agreement?

Mr. Flint: No. It's for a fee of \$550.

Mr. Kenneth Colen: Alright. Is there any discussion? If not, we need a motion.

On MOTION by Mr. Belz seconded by Ms. Layman with all in favor the Agreement with LLS Tax Solutions, Inc. to Provide Arbitrage Rebate Calculation Services for the Series 2011 bond issue in the amount of \$550 was approved.

SEVENTH ORDER OF BUSINESS

Ratification of SWFWMD Cooperative Funding Initiative Project Agreement

Mr. Kenneth Colen: Mr. Schmalz, would you like to address this item?

Mr. Schmalz: Yes. Mr. Bryan Schmalz, Utility Director for Bay Laurel Center. The Bay Laurel CDD is partnering with the Southwest Florida Water Management District (SWFWMD) to perform a cooperatively funded conservation incentive program. It includes replacing inefficient residential toilets with 1.28 gallon per flush high efficiency toilets. This will be focused primarily in the Friendship Village, Colony and Americana subdivisions. We will be replacing high volume shower heads with WaterSense labeled shower heads to reduce approximately 2.5 to 3 gallons per minute down to 2 gallons. We will be continuing our irrigation controller installation program by installing WaterSense labeled devices. This year, that will include the Hydrowise-TM. We can cover the Hydrowise-TM cost up to a certain amount. Starting this year, will be the first year of the landscape irrigation water audits. We are doing 400 water audits where a Certified Auditor will come to your home and perform an irrigation system evaluation and provide recommendations on how you can conserve water through reducing or capping irrigation heads or adjusting run times. That is estimated to save 27,492 gallons to 35,958 gallons per day if all of those recommendations are implemented successfully.

Mr. Kenneth Colen: Over the last number of years that we have done this program, how many toilets have been changed out? How many showerheads have been changed out?

Mr. Schmalz: This will be the first year that we have ever done the showerhead replacement program. This was due to our recent permitting with the Water Management District in trying to reduce our per capita. We have done a toilet program in the past for one year where

we changed out 399 toilets. Based off of the number of homes that would qualify, there are 2,098 approximately and for participating homes, we are estimating around 1,300 homes remaining that would qualify, if they haven't already proactively replaced those toilets. So, for a water conservation standpoint, that will be a short program, only for a couple of years, before we have reached everybody and changed out all of the toilets or anybody willing to change out their toilets.

Mr. Kenneth Colen: So, it only covers residential properties, no commercial ones.

Mr. Schmalz: Correct.

Mr. Kenneth Colen: Okay. Are there any other questions?

Mr. Brunner: Yes. The Hydrowise-TM is community-wide?

Mr. Schmalz: Yes. The one qualifier that the Water Management District is requiring for us to include is that your average monthly water bill must exceed 14,500 gallons. So, when you come and apply, our administrative staff will look at your average usage and determine if you qualify. If you do, then you can have your own irrigation contractor come and perform the work. We perform an inspection prior to and after said work.

Mr. Brunner: The rebate is up to \$175 or 50% up to \$175. Do you know what an average installation cost is?

Mr. Schmalz: \$175 is what the Water Management District's portion is and we pay the other \$175. So, it is actually \$350 in total that will be reimbursed to residents, but it depends on the contractor. I have seen a wide range of costs. Earthscapes has been matching \$325 to \$350 and I have seen some other contractors matching \$500 to \$600. So, it really depends on the markup that contractors are providing. We elected to allow the homeowner to select their own contractor. When we originally selected a contractor, and if the residents weren't happy with the system, they wanted Bay Laurel to resolve their problems and we were just a funding source to provide them with a tool to conserve. So, we allowed them to use their own contractor. All we can do is reimburse them for the work being done.

Mr. Brunner: For the homes that have Solar Sync®, which is relatively new, do you see an advantage to replacing Solar Sync® with Hydrowise-TM?

Mr. Schmalz: Just to be clear, we wouldn't replace the Solar Sync® with Hydrowise-TM. We would only take an existing system that was not a WaterSense labeled device and then update it.

Mr. Brunner: So, it wouldn't apply.

Mr. Schmalz: It would not apply to a Solar Sync® system, but as far as the question, there are benefits to both. What I like about the Solar Sync® system is that it's reading your area. Its reading your home. The nice part of the Hydrowise-TM is it connects through Wi-Fi to your clock and you can see it from your phone. You can have a separate water meter, not a District water meter, but a separate water meter, so you can see the usage on your irrigation system right at your phone. We found that a lot of residents that travel a lot like that because they can see what is happening on their irrigation system remotely. So, that is the benefit of the Hydrowise-TM system. If it's not connected to the Wi-Fi at your home, it then becomes a standard clock and a standard rain sensor because it doesn't have that virtual Solar Sync® connected from the virtual weather station.

Mr. Brunner: Thank you.

Mr. Kenneth Colen: Are there any other questions?

Mr. Brunner: No.

Mr. Kenneth Colen: Then we need a motion approving the adoption of the SWFWMD Cooperative Funding Initiative Project Agreement.

On MOTION by Ms. Layman seconded by Mr. Brunner with all in favor the SWFWMD Cooperative Funding Initiative Project Agreement was ratified.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Kenneth Colen: Do we have anything from the attorney?

Mr. Gerald Colen: No.

B. Utility Status Report

Mr. Kenneth Colen: Mr. Schmalz?

Mr. Schmalz: Mr. Bryan Schmalz, Utility Director for Bay Laurel Center. Currently, the District is producing annual average daily flow of portable drinking water of 3.6 million gallons per day. In the past 12 months, that's 1.3 billion gallons of water. That is a 1.44% increase from the same time period last year, but that would be expected considering the additional homes that we have had constructed within our service area. I would like to point out when you look at 2020 over 2021, we had almost 15 inches of more rain in 2021 than we did in 2020. So, that did help

us in reducing our overall water use. As far as wastewater flows, currently we are at 731,000 gallons per day with 267 million gallons treated in the past 12 months with 189 million gallons used to offset groundwater withdrawals used on golf course and common areas. Regarding the upcoming North Water Reclamation facility, which is where a lot of our focus has been, we received a 60% design plan from Kimley Horn & Associates. Next week, we will be having a sit-down meeting to review all 269 of our comments. I'm sure that Wharton-Smith, the Construction Manager at risk, will have their constructability comments as well. So that's moving along at a very quick pace and we hope to have some information coming regarding that shortly. One item that we did want to discuss today is how we would like to proceed with purchasing equipment. Today's market is very volatile and we are seeing extremely long lead times on equipment of sometimes up to a year. With a plant that has to be online within the next two years, that's going to approach us very fast. Some of the other issues that we are running into is that the guarantee on price is sometimes less than a week. We have seen these price guarantees for five days because the market is very volatile at this point. Right now, all of the predictions are showing that the cost of materials are on a steady rise and they are not expecting any declines in the short term. So, one of the things that we would like to ask the Board is how we would like to proceed with some of the early bid packages for the treatment facility outside of the regularly scheduled Board meetings. One of the concerns that has been brought up is if we are unable to proceed with ordering said equipment outside of the Board meetings, we are going to be behind the 8-ball on this facility and not be able to construct it in a timely manner as needed, to continue to develop within our service area as well as secure the reduced cost of that equipment. We might see increases.

Mr. Kenneth Colen: I have a couple of questions for you. On some of these long lead times, PVC pipe isn't necessarily a long lead time. It has been at one point, but it seems to have gone up in cost. There was a weather interruption in Texas with severe flooding and a cold snap. PVC does not store well.

Mr. Schmalz: No.

Mr. Kenneth Colen: It could be affected by the sun. So, would PVC pipe be considered in that early acquisition and if so, how would it be protected?

Mr. Schmalz: What we would be looking to do is to secure a shipment date of when we would like it. That way, we are not storing it onsite. With the last estimates, we were seeing

about a 12-to-16-week lead time on PVC pipe. That is another item right now that we are looking at. We are trying to value engineer the project with the right material as well. As an example, we want to use PVC on the force main where the water is more corrosive and you can have gassing. You don't want to have that necessarily on ductile iron piping. Ductile iron piping could be utilized in the reclaimed water line without those same issues. It is more cost effective than PVC, but it just had a 17% price increase last week. So, we are seeing huge price increases that is driving the cost of construction up. Over the years, we talked about a \$24 million facility, a \$50 million facility and now a \$97 million facility. So, we are really trying to get that number down as much as we can. We just feel this could be one of those issues and weren't sure how to proceed with securing bids.

Mr. Kenneth Colen: Where are we at with the DEP permitting on this facility?

Mr. Schmalz: This facility permit right now has been submitted to DEP. We are in the process of working through the Marion County comments as we speak. So, hopefully within the next month or two months, we will be securing permits for the site. Just so everyone understands the timeline, the hope is to start the clearing and grubbing in May. That is a month behind schedule. We were planning on being there in April, but it is looking that we will be clearing and grubbing in May. That is the target right now.

Mr. Kenneth Colen: Because you need a permit.

Mr. Schmalz: Yes.

Mr. Kenneth Colen: Marion County review is limited to site planning.

Mr. Schmalz: Correct.

Mr. Kenneth Colen: Okay. I think it's a pretty sure thing that we are going to be proceeding with this plan. I have also been on the development side of things, trying to acquire as much for advance commitments for acquisition and lockdown in price and supply as we can possibly manage. For exactly what you are saying, inflation is really rampant. It is not just a 17% price increase in piping. It may be more again next month.

Mr. Schmalz: Yes.

Mr. Kenneth Colen: So, there we are. I think the appropriate thing to do, before I ask for a motion, is to determine how we would fund it. The contractor is not going to be a bank.

Mr. Schmalz: No sir. Currently, the District has an R&R Fund. We are going to work with George on the available funds. I think the last time we looked, we were well over \$15

million to \$20 million with funds that we plan to utilize for the purchasing of long lead time equipment. One of the items that we were looking at is direct owner purchasing in order to not have the taxes, if we have the contractor purchase that equipment. So, a lot of that is coming from there. We are in the process of working through the DEP portion of the grant that we just received for \$26.1 million. So, we have to enter into a DEP Grant Agreement that we currently have our engineers working on.

Mr. Kenneth Colen: Does the DEP grant allow advanced purchase? I guess it inherently would because if there is no plant, everything is in advance of the plant.

Mr. Schmalz: Correct. Overall, what DEP expects is to see is a match of the funds. Obviously we said that with a \$97 million price tag, we are going to more than match that funding of \$26.1 million. So, that's where we are kind of looking at the funds from our current reserves as well as the DEP grants. We are hoping to wrap up the bond shortly and get that taken care of as we hit the estimated cost of the 60% plans. We are still about two to three weeks away from getting the Wharton-Smith expected cost based on the 60% plans. The previous \$97 million was based off of the 30% plans and now we have tweaked those, made a lot of adjustments and included more detail, which helps. So, now we are trying to see where those 60% plans land.

Mr. Kenneth Colen: Are you instructing this Board to fasten your seatbelts?

Mr. Schmalz: Yes. To reiterate, we want to bring it down. We are not trying to go beyond that \$97 million. A big part of that, though, is the cost of material. That is really what is driving this project.

Mr. Kenneth Colen: Let me phrase this. If the District is spending money in advance of an agreement with DEP for cooperative funding, which we have been approved for, will we get credit for anything that we spend in advance of that agreement being finalized and accepted by DEP?

Mr. Schmalz: Yes, including the engineering cost, which we have already been doing over the past year.

Mr. Kenneth Colen: Then I would propose a motion.

Mr. Belz: I have two questions. If you lock in the price, do we have to pay anything in advance and if so, how much?

Mr. Schmalz: It depends on the circumstances. A lot of material you don't pay until delivery.

Mr. Belz: So, it's like buying an airplane. When Delta says to Boeing, "*We are going to buy one of these,*" they don't pay for it until they take delivery.

Mr. Schmalz: There can be sometimes, a deposit that is required.

Mr. Kenneth Colen: I am seeing typically 50% where I used to typically pay 10%. People are demanding on getting 50%.

Mr. Belz: Okay.

Mr. Schmalz: To be clear, we chose Wharton-Smith as our Construction Manager at Risk and they are creating the contracts with the vendors for all of the material and equipment. The specs are going out for this on what we want to buy. These are the specs that it needs to meet. Any vendor, not a specific vendor, that meets those specifications can submit. Once all of those bid packages are received and we go through all of the bid packages and look at cost effectiveness, construction material and warranties to select the best equipment for our facility, at that time we would then say, "*Okay, this is our number one, number two or number three pick.*" At that point, typically, we would ask for approval for that item, but that is going to be coming within weeks, not months and not four times a year. So, that is the, "*How are we going to proceed with the time between Board meetings,*" without having Board meetings weekly?

Mr. Belz: The second question is who is buying the materials? Is Bay Laurel buying it or the contractor? If we buy it, do we avoid paying sales tax?

Mr. Schmalz: Yes. That is the owner direct purchase that I spoke of. Specific equipment, not all equipment, but specific large equipment, will be purchased directly by Bay Laurel Center.

Mr. Belz: Okay.

Mr. Schmalz: At the time, when we first did our evaluation, it was well over \$1 million in tax savings by us doing owner direct purchasing versus the contractor. I'm sure it's much more now.

Mr. Belz: Okay.

Mr. Kenneth Colen: Are there any other questions at this point? Conceptually, the motion would be to authorize the District to advance purchase direct purchase items for incorporation in the North Water Reclamation Project. Do we want to authorize the District to allow the contractor to advance purchase items or commit to purchase advance items?

Mr. Schmalz: What will happen is there will be a bid package. As an example, clearing and grubbing wouldn't be a direct purchase. So, step one is doing the construction roadway and clearing and grubbing, the initial site work. That would be an initial bid package that would go out for "x" amount. So, what we would be looking at is how we proceed with authorizing each bid package. Some will be owner direct purchases and some will not be owner direct purchases.

Mr. Kenneth Colen: Alright. So, are you asking for owner direct purchases or all purchases that could save the District and the rate payers money?

Mr. Schmalz: All purchases.

Mr. Kenneth Colen: Alright.

Mr. Schmalz: All bid packages to be precise.

Mr. Kenneth Colen: Counsel, do you have an idea for a motion?

Mr. Gerald Colen: We should not say, "*Advanced purchase.*" We can say, "*Purchase,*" although I like the way that Bryan set it up. There is something that bothers me about the word, "*Advance,*" and maybe it's simply because we are in a sense, authorizing something that we may or may not have in front of us. Whereas, if we are authorizing the packages, we know exactly what we are looking at and maybe that is just weird on my part, but I just don't like the word, "*Advance.*"

Mr. Kenneth Colen: Alright. So, a new motion would be to authorize the District to acquire mechanical and structural items. Maybe that is not too specific, so maybe we should say, "*To begin the process of purchasing.*"

Mr. Gerald Colen: Could I have a second of your time?

Mr. Kenneth Colen: Sure. It is like threading a needle. You don't want to go crazy, but...

Mr. Belz: We may have to do monthly Zoom meetings to approve this. Maybe that is the solution.

Mr. Flint: We can't do Zoom meetings. We have to have three people physically here.

Mr. Belz: Any thoughts on how we can solve this problem?

Mr. Flint: I think there are two different issues. One is material purchases, but he is also talking about clearing and grubbing, which is not material.

Mr. Gerald Colen: I believe that the motion should be that the Board of Supervisors authorizes Bay Laurel Center CDD to purchase, in accordance with bid packages presented, such items necessary for the construction of the North Water Reclamation Project.

Mr. Kenneth Colen: I think that's a concisely worded motion. Thank you.

Mr. Belz MOVED to authorize the District to purchase in accordance with bid packages presented such items necessary for the construction of the North Water Reclamation Project and Ms. Layman seconded the motion.

Mr. Kenneth Colen: Is there further discussion?

Mr. Belz: Yes. Does that include not just materials, but more onsite preparation?

Mr. Schmalz: Yes sir. That includes services.

Mr. Belz: Okay.

Mr. Schmalz: That includes services to advance the project forward to meet the required time limits.

Mr. Gerald Colen: I really loved the motion as I presented it, but I do want to be serious because I think with Bryan's help, we articulated exactly what the Board wants. I don't want to try to interpret it beyond the motion because that would give Bryan or the CDD flexibility. The motion gives flexibility.

Mr. Schmalz: I want to point out that all of the approved bid packages would be presented to the Board. It will show the bids that we received, the ones that we selected and why we selected Bid Package B versus Bid Package A. Staff spent a lot of time, myself included, traveling to facilities and speaking to plant operators all over the State of Florida. I have been to more wastewater plants than I ever want to go to again. I looked at equipment and talked with operators. So, we have a good idea of what we think is going to be the best equipment for our facility. So, that is what we are looking at as well as the type of equipment.

Mr. Kenneth Colen: I have been on a few of those journeys with you as well.

Mr. Schmalz: Yes you have.

Mr. Kenneth Colen: And it all looks the same.

Mr. Schmalz: We will be presenting that to the Board of Supervisors at the next Board meeting. So, all bid packages that had been processed up to that point, will be presented to the Board. I don't know if it would be for ratification or not, but it will be presented for informational purposes.

Mr. Gerald Colen: If you go ahead and approve this, we are ratifying after the fact. We are not approving it. At that point, they have already been done.

Mr. Schmalz: Correct.

Mr. Gerald Colen: We are ratifying after the fact, which we do a lot of times.

Mr. Kenneth Colen: George, are you clear on the motion?

Mr. Flint: Yes. I'm a little worried about the District's Rules of Procedure and the Florida Statutes that deal with the purchase of goods and materials. I'm looking at the rules and it talks about the Board approving or rejecting. As long as counsel is comfortable that the Board can delegate that authority to the Chair and it can be ratified, that would be the only thing I would be concerned with, because we have a specific section that mirrors the statutory bidding requirements. I just want to make sure that we are not in conflict with that.

Mr. Schmalz: The work is being bid.

Mr. Flint: Right. I understand that. My only concern is after it is bid, does the selection have to be done by the Board or can it be delegated and ratified?

Mr. Kenneth Colen: I would think that it would have to be delegated based on each year's recommendation and contractor recommendation that the Board is not qualified to make a determination of the correct item.

Mr. Schmalz: We will have the Engineer of Record, the contractor Wharton-Smith from a constructability standpoint and also Bay Laurel staff from experience of operation and ease of operation, provide their opinion on what the best bid approval would be, whether it be Number 1, Number 2 or Number 3.

Mr. Kenneth Colen: Counsel, do you have anything to add?

Mr. Gerald Colen: I think that you can delegate. We are talking about a specialized expertise that Bryan has in making these decisions. You are simply delegating to him or designating him to make those decisions based on his expertise. That is the way I see it.

On VOICE VOTE with all in favor authorizing the District to purchase in accordance with bid packages presented such items necessary for the construction of the North Water Reclamation Project was approved.

C. District Manager's Report

1. Approval of Check Register

Mr. Kenneth Colen: District Manager?

Mr. Flint: We have the Check Register from November 30, 2021 through January 31, 2022 totaling \$3,182,627.85. The detailed register is behind the summary. If the Board has questions, we can try to answer those for you.

Mr. Kenneth Colen: We need a motion to approve the Check Register.

On MOTION by Mr. Belz seconded by Mr. Brunner with all in favor the Check Register for November 30, 2021 through January 31, 2022 in the amount of \$3,182,627.85 was approved.

2. Balance Sheet and Income Statement

Mr. Kenneth Colen: Next is the Unaudited Financial Report as of December 31, 2021. Are there any highlights, Mr. Flint that you wish to point out?

Mr. Flint: No. These are through December 31st. They represent the first three months of the fiscal year. No action is required, but if the Board has any questions or comments, Brian and I can try to answer those for you.

Mr. Kenneth Colen: Thank you. Are there any questions? Hearing none,

NINTH ORDER OF BUSINESS

Other Business

Mr. Kenneth Colen: Is there any other business to come before the Board? Hearing none,

TENTH ORDER OF BUSINESS

Supervisor's Requests

Mr. Kenneth Colen: Are there any Supervisor's requests? Hearing none, we need a motion to adjourn.

ELEVENTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Belz seconded by Mr. Brunner with all in favor the meeting was adjourned.


Secretary/Assistant Secretary


Chairman/Vice Chairman