

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, May 17, 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
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
Jonathan Johnson (<i>by phone</i>)	Kutak Rock
Bob Gang (<i>by phone</i>)	Greenberg, Traurig
Crystal House	BLCCDD
Bryan Schmalz	BLCCDD
Mike Baldwin	Jefferies

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 with the exception of Mr. Belz.

SECOND ORDER OF BUSINESS

Public Comment Period

Mr. Kenneth Colen: Alright. I'm going to open the floor for public comments. Is there anybody in the audience who wishes to comment on any topic related to this meeting? Going once? Going twice? No one wishes to speak. We will move on.

THIRD ORDER OF BUSINESS

Notice of Meeting

Mr. Kenneth Colen: I call your attention to Section 3. The notice of publication is included in your Board package.

FOURTH ORDER OF BUSINESS

Approval of Minutes of the February 15, 2022 Meeting

Mr. Kenneth Colen: Were there any corrections to the minutes? I had a comment on Page 6, four paragraphs from the bottom. I said, "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." I think that should be, "In cost." Then down a little bit, I said, "It could be affected by the sun. So, would PVC pipe be considered in that and if so, how would it be protected?" I think I meant, "In that early acquisition and if so, would it be protected?" Those were the only comments that I have. Is there anybody else who has any other comments? Alright, we have a motion to accept the minutes as corrected.

On MOTION by Mr. Belz seconded by Ms. Layman with all in favor the Minutes of the February 15, 2022 Board of Supervisors Meeting were approved as amended.

FIFTH ORDER OF BUSINESS

Acceptance of Utility Systems

- A. Earl Township Phase 1A Entrance Road**
- B. Earl Township Phase 1B (Roan Hills)**
- C. Longleaf Ridge Phase 3**
- D. Longleaf Ridge Phase 4**
- E. Weybourne Landing Phase 1C**
- F. Florida Aquatic Swimming and Training (FAST) Facility**

Mr. Kenneth Colen: In your agenda package, under Section 5, you have the acceptance of utility systems. The first one is the Earl Township Phase 1A entrance road utility system. The second one is the Earl Township Phase 1B utility system. The third one is the Longleaf Ridge Phase 3 utility system. The fourth one is the Longleaf Ridge Phase 4 utility system. The fifth one is the Weybourne Landing Phase 1C utility system. The last one is the Florida Aquatic Swimming and Training Facility utility system. Are there any questions on any of these systems for acceptance and incorporation by the District? Hearing none. I'd like a motion to adopt all systems, A through F on the agenda.

On MOTION by Mr. Brunner seconded by Mr. McLeod with all in favor the utility systems as stated above were accepted.

SIXTH ORDER OF BUSINESS

**Consideration of Resolution 2022-05
Approving the Proposed Fiscal Year 2023
Budget and Setting a Public Hearing**

Mr. Kenneth Colen: The next item is for the consideration of Resolution 2022-05 approving the proposed Fiscal Year 2023 budget and setting a public hearing. The title of this resolution is:

“A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE BAY LAUREL COMMUNITY DEVELOPMENT DISTRICT (CDD) APPROVING A PROPOSED BUDGET FOR FISCAL YEAR 2022/2023 AND SETTING A PUBLIC HEARING THEREON PURSUANT TO FLORIDA LAW; ADDRESSING TRANSMITTAL, POSTING AND PUBLICATION REQUIREMENTS; ADDRESSING SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.”

Mr. Kenneth Colen: A representative of Bay Laurel Center is going to address this.

Mr. Flint: Mr. Chairman, just to clarify, in your agenda it indicates 9:00 a.m. for the public hearing. That should reflect 10:00 a.m. The signature version has been corrected, but we would recommend August 16th at 10:00 a.m. in this location for the public hearing, not 9:00 a.m.

Mr. Kenneth Colen: Thank you. Alright. State your name for the record, please.

Mr. Schmalz: Mr. Bryan Schmalz, Utility Director for Bay Laurel Center. There have been some increases in the budget, due to the growth of staff members, as well as the cost of chemicals, supplies and electrical costs. We'll go through those line-by-line if that works for the Board. If you have any questions along the way, please feel free to ask. There was no increase in *Engineering*. There was no increase in *Attorney*. For *Salaries & Wages*, we're looking to increase staff by an additional five employees. So, that did increase. *Other Salaries & Wages* increased due to length of service bonuses in Fiscal Year 2023 and estimated license promotions. We have a number of staff members that are going to plan to achieve some of their State certifications and then we have some individuals hitting 20-year, 15-year and 10-year length of services. Obviously with the additional employees, *Payroll Taxes*, *Pension Contributions*, and *Other Personnel Costs* have increased. *Education/Training* are sitting good, so there's no change there. Because we have more employees, there is going to be an increase in *Uniforms*. We actually reduced *Workers Compensation* slightly based on our historical expenses to date. We actually are not planning an increase for *Health Insurance*, due to historically, we already have enough

money with last year's budget. When I say that, what I mean is, we over budgeted last year so there's no increase this year on what was budgeted for last year. There will be an increase, almost 10%, but that was covered within what we'd already had for last year. For *Communications*, we're adding additional lift station sites that are coming online so that will be increasing as well. *Administrative Costs* increased based on historicals. *Information Tech./Maintenance* increased based on recommendations from our IT vendor as well as we're looking at doing some security risk analysis. For *Postage*, looking at historicals, we're sitting good there. We didn't need to do any increases. *Rentals & Leases* was actually reduced based on historicals, so we didn't have an increase there. We increased *Insurance – Property, Plant & Equipment* based on the assumed acquisition of Water Treatment Plant (WTP) Number (No.) 3 and projected price increases. Previously, the District did not provide insurance for the WTP itself. That was provided by On Top of the World (OTOW) Communities. *Property Taxes* were removed, due to the acquisition of WTP No. 3. We had no increase in *Operating Supplies*. We did increase *Electricity* based on historical demands, additional sites coming online and price increases that we're seeing coming from the power companies. *Office Rental* was increased based on the Lease Agreement. We didn't increase *Vehicle Repairs* or *Plant and Mechanical Repair*. We did increase *Fuel Expense* by 25%, due to costs that we are all have seen at the pumps. We did increase *Repairs – Distribution/Collection*, due to the expanding service area. As our service area continues to expand, there are more items to repair. We did increase *Mowing/Grounds Maintenance* based on our current contract expiring. We'll be renewing that. We did increase *Chemicals and Supplies*, due to the current market condition. Just as an example, for our chlorine gas, we use 150-pound gas cylinders. For years, the cost was \$100 a cylinder, but in the past year, it went up to over \$170 a cylinder. So, there's a substantial price increase there. We increased *Laboratory and Testing*, due to our tri-annual sampling. The Unregulated Contaminant Monitoring Regulation by EPA is due this upcoming year. Those samples can be quite expensive. There is no increase in *Sludge Hauling*. *Non-recurring Expense/Contingency* had no increase. *Misc. Sm. Tools & Equipment* had no increase. We did increase our *Biosolids Disposal*, based off of the current Lease Agreement that we have. *Dues, License and Subs.* increased, based off of the employees. We did increase our *SWFWMD/BLCCDD CFI Program*, due to the various programs that we have for water conservation. *Refuse* did increase slightly to allow for additional pick-ups. *Safety* increased, due to additional staff members. Then the *Turf Replacement Program*, we left the

same as last year. Regarding the *Renewal & Replacement (R&R)* items, we have storage tank inspections coming up due this year. That's required to be done every five years per the Florida Department of Environmental Protection (FDEP). The last one was done in 2018. So, that will include inspections of the ground storage tanks and hydropneumatic tanks. *Regarding the WTP Number 1 PLC upgrade*, the existing PLCs are obsolete and out of date. They don't make parts for them anymore. So, it is time to replace it. We do have a lot of spare parts for it, but we would rather be proactive and replace it before we cannot. Yes, sir?

Mr. Kenneth Colen: Is there an aftermarket for the parts?

Mr. Schmalz: Not that I have found. For probably a year or two, there was a lot of inventory on the market, so we've been buying spare parts for the units as they are damaged, online through various electrical warehouses. But we would be looking to replace them with an industry-standard. An Allen Bradley unit is what we typically go with.

Mr. Kenneth Colen: Interesting. I asked because I received a notice the other day. Someone was looking for a used screen.

Mr. Schmalz: Yeah. I saw that same one. I was thinking a couple of years from now.

Mr. Kenneth Colen: Gently used PLCs.

Mr. Schmalz: *Misc. Pump & Motors Repairs/Replacements* and *Misc. Valve Repairs/Replacements*, we carry for our water treatment, water distribution and wastewater collection and wastewater treatment facilities for all of those line items. *Residential Meter Replacements*, maintains our existing water meters, replacing registers, meters, and replacement during failure as well. *GIS Program* is our standard line item that we have every year, which will continue. As the new systems come online, we bring them into our GIS system. We have *Large Diameter Main Spare Parts*. For the past three years, the District has been acquiring large-diameter spare parts for inventory. We hope to never need them, but we have spare parts up to 36-inch in diameter because right now the lead times could be months. So, we want to make sure we're prepared in case we have a main line break of that size. *Backflow Program*, we're currently installing backflows on existing services that don't have the proper backflow. *Pipe Locator Replacement* is in the event of a pipe locator trace wire locator failure. We have a tractor loader with sweeper and miscellaneous attachments. One of the biggest difficulties we run into is when a mainline break occurs is the amount of sand that's pushed onto roadways becomes very problematic and difficult to clean up. So, what we're looking to do is to have a sweeper on our

tractor that we will be able to utilize to clean up the roadways quicker and bring the area back to normal conditions. Right now, we have to use brooms, shovels and pressure wash and as you can imagine, wet sand doesn't move very well.

Mr. Kenneth Colen: Is it more cost-efficient to hire it out?

Mr. Schmalz: Not at the time, because normally we have to clear the roadways immediately and get the roads accessible. We don't have the time to contact Sunbelt and wait until the next day, most of the time. Last year, we had three lightning strikes on mainlines in three different areas; two of them right near the Town Center. One was on a 12-inch and one was on a 10-inch. For the 10-inch, a resident's car was actually flooded. She drove through the water and it went up to the seats. With the amount of dirt that's pushed into the road, you're flowing about 12,000 gallons per minute in both of those scenarios. So, the amount of dirt that's pushed into the road is very troublesome. It blocks off the traffic. Our goal is to get the road back accessible as quick as possible. That will be one attachment on this unit. It will also allow us to be utilized at other facilities such as the new NWRP. Our backhoe has forks, which is how we unload everything that comes into the facility. But once we're at the North Water Reclamation Facility, the backhoe will be about three to four miles away. We will need another piece of equipment at the new facility to be able to unload equipment and this will serve that as well. So, it will be dual purpose. *Emergency Mobile Light Tower*, goes back to mainline breaks. One of our events was a fire hydrant was struck by lightning and it blew the fire hydrant off. Cars were stuck in the road with the sand as they were trying to drive through, but one of the things that we found is, it always happens about 5:00 p.m. on a Friday and we're there until 1:00 a.m. to 2:00 a.m. making the mainline repairs and it's very difficult to see. We're holding flashlights. We have LED lights on our trucks that we use to try to light up the area, but it's really not adequate from a safety standpoint. We recommend proceeding with this particular light tower. It's a diesel-powered light tower that we're able to pull onsite and it has 180,000 lumens. It will light up the entire block and we will be able to see what we're doing and function. A lot of times it's very difficult. We're holding flashlights trying to make the repairs. It can be tough trying to bolt together a main holding a flashlight with your neck. Our current *Ground Penetrating Radar (GPR)* is 15 years old, so we're expecting failure. We just want to make sure that we have a line item in the budget in the event that those fail. *Redundant Control System for High Flow Lift Stations (LS's)* is something that we're continuing to implement. We had it on this year's budget

and next year. It's a redundant system that will operate in the event that we have complete control system failures. So, we'll have a primary and secondary control system to stop sanitary sewer overflow events. *Force Main Pigging Program*, we actually just did our Lift Station 1, 2, and 3 force main pigging. Heavy grease and debris were found and a lot of sand and rocks. That's a standard maintenance program that we do to make sure that all of our force mains are flowing effectively. Next is *Lift Station No. 18 Wet Well Rehab*. This lift station is located in Stone Creek. That's a triplex lift station. It catches most of the flow coming from the Stone Creek community. At the time of construction, there was no liner placed in that lift station and then the piping itself was ductile iron piping, which is subject to corrosion. So, this would include installing lining and replacing our riser pipes with high-density polyethylene (HDPE). *Reclaimed Water High Pressure Re-pump Station PLC Upgrade* is for replacing an obsolete PLC. At our SWWTF, we actually have four PLCs, but we're not replacing two of those since the facility will be decommissioned in the next two to three years. We don't want to replace a PLC that is going to be decommissioned. This will be replacing the PLCs at any of the areas that will remain. Next is *FDEP Repermitting*. Our wastewater permit comes up for expiration in October of 2023. It has to be submitted 180 days prior to the expiration. So, we'll begin that re-permitting process at our existing facility. We have the *Water Treatment Plant Design/Engineering*. As you know we're designing the new facility, which does take an extensive amount of engineering. Next is *Vehicle Wraps*. We wrap our trucks in water conservation messages based off of our Water Conservation Plan. SWFWMD actually wanted us to put water conservation messages on billboards. There's not a lot of billboards at OTOW or Stone Creek, so we came to an agreement that a wrap would service that as a rolling billboard. That's where we have conserving water and low water-saving fixtures, those types of things that we advertise on the truck.

Mr. Kenneth Colen: I have wondered about that. I thought it was an extravagant way to advertise, but now it makes sense.

Mr. Schmalz: Yes. They did turn out good. We have a new *F-350 truck*. As our team is growing, we're going to be purchasing an additional truck. We'd like to purchase that as soon as possible. I'm still waiting on the truck I ordered in September of last year. I'm hoping to get it before this budget year is done. Next is *Operating (Server) System Upgrades - IT*. We have a lot of servers. IT recommends those being replaced every five years, so we'll be doing that. For *AEDs*, a lot of our facilities are remote. As an example, it takes a long time to get to WTP No. 3,

so we believe that it's in the best interests of residents that tour our facilities as well as our staff, to have that equipment available to them without a long lead time. Next is *IT Security Risk Audit*. I've mentioned that we're going to be doing a security risk assessment by a third party to identify measurable baselines for our security posture and develop an action plan to reduce our vulnerabilities. A *Rate Study* is coming up. We have that in the budget as well as *Computer Replacement*. We replace computers every five years, so it's a rolling line item.

Mr. Kenneth Colen: Very good. Are there any questions on the budget? If not, I request a motion for the approval of Resolution 2022-05 as read.

Mr. Kenneth Colen MOVED to adopt Resolution 2022-05 Approving the Proposed Fiscal Year 2023 Budget and Setting a Public Hearing for August 16, 2022 at 10:00 a.m. at Circle Square Commons Cultural Center, 8395 S.W. 80th Street, Ocala, FL and Mr. Brunner seconded the motion.

Mr. Flint: I'm just clarifying that the time is 10:00 a.m. for the public hearing.

Mr. Kenneth Colen: Yes. The public hearing is set for 10:00 a.m.

Mr. Flint: Thank you.

Mr. Kenneth Colen: Alright. Thank you.

On VOICE VOTE with all in favor Resolution 2022-05 Approving the Proposed Fiscal Year 2023 Budget and Setting a Public Hearing for August 16, 2022 at 10:00 a.m. at Circle Square Commons Cultural Center, 8395 S.W. 80th Street, Ocala, FL was approved.

SEVENTH ORDER OF BUSINESS

Consideration of Resolution 2022-06 Accepting Utility System Valuations Authorizing the Acquisition of Water Treatment Plant No. 3 and Other Necessary or Appurtenant Interests; Approving Form of Interlocal Agreement with Indigo East CDD

Mr. Flint: Jonathan is the drafter of this.

Mr. Kenneth Colen: Okay. The title of this resolution is:

“A RESOLUTION OF THE BAY LAUREL COMMUNITY DEVELOPMENT DISTRICT ACCEPTING UTILITY SYSTEM VALUATIONS AND AUTHORIZING

THE ACQUISITION OF WATER TREATMENT PLANT NO. 3 AND OTHER NECESSARY APPURTENANT INTERESTS; APPROVING THE FORM OF AN INTERLOCAL AGREEMENT WITH THE INDIGO EAST CDD; AUTHORIZING CERTAIN BOND VALIDATIONS; AND OTHER ANCILARY AND RELATED MATTERS.”

Mr. Kenneth Colen: Mr. Johnson, you have the floor.

Mr. Johnson: Thank you, Mr. Chairman. Mr. Jonathan Johnson, Kutak Rock. I'll present the resolution as well as the attachment. I won't belabor the various whereas clauses that tell the story of the various approvals that you have historically made previously, as well as most recently, leading up to the current marketing effort to sell the proposed taxable utility revenue bonds, which are currently in the market. But as you discussed at a prior meeting, let me stick with the taxable bonds, which currently are in the market. We have a number of reports that have been accepted and presented as a part of the public interest hearing. Just turning to Section 1, after the, " Now *therefore be it resolved,*" we are accepting, ratifying and confirming the various valuations and costs that have been presented for the additions to the utility systems, specifically in the Feasibility Study and the Kimley Horn Engineer's Report that you previously considered. We're also authorizing District Staff, Supervisors, officers and consultants to take various actions that are needed to effectuate the closing on those bonds, as well as to provide for the disclosure of statutory beneficial interests pursuant to Chapter 286. Those are items that relate to the pending closing on the anticipated sale of the taxable bonds. This resolution also addresses an alternative path forward relative to the refunding of your Series 2011 outstanding bonds. We discussed this in context, but that is addressed in the Interlocal Agreement, which is attached to this resolution as an exhibit. That Interlocal Agreement contemplates that the Indigo East CDD would undertake to first validate its authority to issue refunding bonds, and then issue those refunding bonds of the outstanding Bay Laurel 2011 debt. It does contain some key provisions that I want to point out you to, as well as some changes that were made by the Indigo East CDD this morning at their meeting. They approved the form of the Interlocal Agreement, as well as a bond resolution that authorized moving forward with the validation and the refunding. Specifically, in the context of the changes, I'll start with Section 9, which is on Page 2 of the Interlocal Agreement. There was a typo which was corrected, which is in the third line. The word "Are" should be "Is." So, we've made that change. Then we concluded Section 9 right after the phrase, "2011 bonds via this Interlocal Agreement," and struck the remaining clause about the

history of cooperation among the Districts pursuant to the Interlocal Agreement. I'll get to the other change as we progress through the agreement. The meat of the agreement starts on Page 3. Section 3 is the joint authority to pursue the refunding of the bonds. Indigo East will be pursuing that with Bay Laurel Center's cooperation. It does reference joint representation in undertaking those efforts. Section 4 provides that the only security being pledged are the utility revenues, which would otherwise be going to repay the bonds that are proposed to be refunded. Until later in the agreement, there is no pledge of taxes, special assessments or other revenues on the part of Indigo East. The Bay Laurel Center CDD is agreeing to provide those utility revenues to the Trustee to pay the proposed bonds upon issuance. Section 5 contains what we hope is a very comprehensive listing of the costs that would be paid by Bay Laurel Center, in essence seeking to hold Indigo East harmless out of this effort. Those include various attorney's fees, underwriting costs, Rate Study costs, Trustee fees, disclosure costs and other similar fees that may be reasonably necessary for the issuance of the refunding bonds. Section 6 acknowledges a Supplemental Indenture, which Mr. Gang prepared and would go along with for the proposed refunding bonds. Section 7 deals with the joint effort to participate in the disclosure process, the preparation and issuance of an Offering Memorandum, as well as in Section 8, dealing with future secondary market disclosure. Sections 9, 10 and 11 deal with authorization of the two Districts to provide the various certificates, resolutions or opinions that may be necessary to achieve that closing. Going to Page 5, I'll point out the next change that was made by Indigo East, was the deletion of Paragraph 14. I'll defer to George as to any interpretation of the Board action, but I would say that there was a feeling that if Bay Laurel Center, was in essence, holding Indigo East harmless that providing an indemnity back from Indigo East was inappropriate, I think both parties, assuming this Interlocal Agreement is approved and executed, retained all of the normal legal and equitable contractual remedies that they might have against another party, to the extent there were to be an error in performance under the agreement or omission. Section 15 is the one that I mentioned previously, which deals with the fact that there are no general obligations, no ad valorem taxes, no special assessments or other security whatsoever being pledged to support the proposed refunding bonds, only the utility revenues that we've previously discussed. Section 16 acknowledges that Indigo East may have increased audit costs in future years associated with having an additional bond issue and provides for Bay Laurel Center's payment of those costs. Then I would say that the balance of the provision in the Interlocal

Agreement are standard dealing with severability and no waiver of sovereign immunity. This agreement as presented and modified by the Indigo East Board, I believe that I can encapsulate the comments of District General Counsel, Colen and Wagoner. With that, I think I'll stop and take any questions that you may have, Mr. Chairman or members of the Board.

Mr. Kenneth Colen: Thank you, are there any questions for Mr. Johnson? If not, I come back to Resolution 2022-06 as read. What is your pleasure?

Mr. McLeod MOVED to adopt Resolution 2022-06 Accepting Utility System Valuations Authorizing the Acquisition of Water Treatment Plant No. 3 and Other Necessary or Appurtenant Interests; Approving Form of Interlocal Agreement with Indigo East CDD and Mr. Brunner seconded the motion.

Mr. Johnson: Just by way of clarification, I wanted to ask the maker of the motion and the second, does that include the revisions to the Interlocal Agreement as approved by Indigo East?

Mr. McLeod: In Section 14?

Mr. Kenneth Colen: Yes, Sections 13 and 14.

Mr. McLeod: I thought it was just Section 14.

Mr. Johnson: Section 14 was deleted and Section 9 was slightly modified.

Mr. Kenneth Colen: Does the motion include that?

Mr. Flint: Section 13 is not impacted. Section 13 stays.

Mr. Kenneth Colen: Section 13 stays. Okay, so it's Sections 9 and 14. Thank you for clarifying. Does the motion include that?

Mr. McLeod: Yes.

Mr. Kenneth Colen: George, do I need to declare a conflict here?

Mr. Flint: Yeah. You're approving items in reports related to the acquisition of WTP No. 3. It's probably safer for you to do that and fill the form out.

Mr. Kenneth Colen: I will fill the form out then. Okay. I abstain.

On VOICE VOTE with Ms. Layman, Mr. McLeod and Mr. Brunner in favor and Mr. Kenneth Colen abstaining, Resolution 2022-06 Accepting Utility System Valuations Authorizing the Acquisition of Water Treatment Plant No. 3 and Other Necessary or Appurtenant Interests; Approving Form of Interlocal Agreement with Indigo East CDD was approved. (Motion Passed 3-1)

EIGHTH ORDER OF BUSINESS

Consideration of Resolution 2022-07 Approving the Temporary Construction Access and Maintenance License with On Top of the World Communities, LLC

Mr. Kenneth Colen: Section 8 is the consideration of Resolution 2022-07, approving the temporary construction access and maintenance license with OTOW Communities LLC. I am the president of OTOW Communities LLC, which is the entity granting the license to the District.

“A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE BAY LAUREL COMMUNITY DEVELOPMENT DISTRICT ACCEPTING, RATIFYING AND APPROVING THE TERMS OF THE TEMPORARY CONSTRUCTION ACCESS AND MAINTENANCE LICENSE.”

Mr. Kenneth Colen: Who wants to address this?

Mr. Flint: I think the terms of this agreement have been agreed to by staff and Counsel. It's been executed by both parties. It has not been recorded, but we're asking the Board to ratify this. Bryan, do you want to give the background on the actual License Agreement?

Mr. Schmalz: Absolutely. The short explanation is that based on the current site for the North Water Reclamation Facility, we have to travel through OTOW property to get there. Until that property and the egress has been documented and a plat has been completed, we have to have a License Agreement with OTOW to allow access. It's a temporary, non-exclusive license over and across real property located in the county to permit a licensee to convince, which is Bay Laurel, making improvements upon the property, prior to the closing of the sale of the fee simple parcel between OTOW and Bay Laurel. It is also for ingress and egress, staging, material storage and the parking and passage of construction and other vehicles upon the property. This was necessary for us to begin construction, which we started on May 9th.

Mr. Kenneth Colen: Very good. What's your pleasure? We need a motion to accept Resolution, 2022-07 as presented.

On MOTION by Mr. Brunner seconded by Ms. Layman with Mr. McLeod, Mr. Brunner and Ms. Layman in favor and Mr. Kenneth Colen abstaining, Resolution 2022-07 Approving the Temporary Construction Access and Maintenance License with On Top of the World Communities, LLC. was approved. (Motion Passed 3-1)

NINTH ORDER OF BUSINESS

Consideration of Resolution and Adoption Agreement for the Reinstatement of the 457(b) Retirement Plan for Employees

Mr. Kenneth Colen: Mr. Flint?

Mr. Flint: I'll defer to Crystal on this and the next item. These are both regarding the retirement plan for the District's employees.

Ms. House: Ms. Crystal House, Office Manager. The IRS will change the requirements pertaining to retirement plans, which triggers a restatement in order to remain in compliance from time-to-time. Legal reached out to me regarding the District's 401(a) Retirement Plan as shown in Section 10 of your agenda package, explaining that the restatement of this plan must be completed by July 31, 2022. It was identified through this restatement process, that the District's retirement plan was not set up correctly with the District's recordkeeper. To correct this error and move forward, we are requesting that the Board to adopt the restatement of the 457 in Section 9 of your agenda package. This allows for the employer match to be moved on paperwork from the 401(a) to the 457, to match the recordkeeper statements. A couple of other voluntary changes included moving the age of participation from 21 to 18 and allowing new hires to immediately start differing versus having to wait a year. I would also like to mention that no employees have been negatively affected due to this error and all matches have been properly recorded. With the shift to the match from the 401(a) plan to the 457 plan, the 401(a) will be corrected with the IRS and slowly phased out. A termination of the 401(a) plan will be presented to the Board at a later date for approval.

Mr. Kenneth Colen: Alright. Thank you for that clarification. What is the Board's pleasure here to accept the restatement of qualified Retirement Plan, which is the 457(b)?

On MOTION by Mr. Brunner seconded by Ms. Layman with all in favor the Resolution and Adoption Agreement for the Reinstatement of the 457(b) Retirement Plan for Employees was approved.

TENTH ORDER OF BUSINESS

Consideration of Resolution and Adoption Agreement #001 for the Reinstatement of the 401(a) Retirement Plan for Employees

Mr. Kenneth Colen: Agenda Item 10 is the consideration of a resolution and Adoption Agreement #001 for the reinstatement of the 401(a) Retirement Plan for employees. Is there any discussion that's required here? Are there any questions for staff? If not, I need a motion in favor of the Reinstatement Qualified Retirement Plan for the 401(a).

On MOTION by Mr. Brunner seconded by Ms. Layman with all in favor the Resolution and Adoption Agreement #001 for the Reinstatement of the 401(a) Retirement Plan for Employees was approved.

ELEVENTH ORDER OF BUSINESS

Consideration of First Amendment to Amended and Restated Interlocal Agreement with Marion County - Added

Mr. Kenneth Colen: We'll move on to Agenda Item 11, the consideration of the First Amendment to the Amended, Restated Interlocal Agreement with Marion County. This was a supplemental. I will call your attention to the agreement. Who wishes to address that?

Mr. Flint: I can briefly.

Mr. Kenneth Colen: Thank you, George.

Mr. Flint: This was supposed to be on the agenda. We apologize, but with all of the financing matters, it fell through the cracks. There was a Settlement Agreement between OTOW and Marion County. As part of the Settlement Agreement, the county agreed to modify the boundaries of the Bay Laurel Center CDD service area. So, this amendment is to the current amended and restated Interlocal Agreement between Marion County and the Bay Laurel Center CDD, which defines the District's utility service area. This amendment expands the District's service areas slightly to take in some additional properties that were not previously included. Exhibit 1 shows the additional lands. It is a little bit difficult to see on this exhibit, but it indicates the areas that have been added.

Mr. Kenneth Colen: George, some of those 10 acres is owned by me, that's being incorporated, does that create a conflict for me?

Mr. Flint: I would defer to Counsel.

Mr. Kenneth Colen: Counsel? One of the parcels that's being expanded into the CDD are the 10 acres owned by me.

Mr. Gerald Colen: I think that creates the issue.

Mr. Kenneth Colen: Okay, so I will abstain from voting. I need a motion accepting the First Amendment and Amended and Restated Interlocal Agreement between Bay Laurel Center CDD and Marion County.

On MOTION by Mr. Brunner seconded by Mr. McLeod with Mr. Brunner, Ms. Layman and Mr. McLeod in favor and Mr. Kenneth Colen abstaining, the Consideration of First Amendment to Amended and Restated Interlocal Agreement with Marion County was approved. (Motion Passed 3-1)

TWELFTH ORDER OF BUSINESS

Staff Reports

A. Attorney

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

Mr. Gerald Colen: No.

Mr. Kenneth Colen: Thank you.

B. Utility Status Report

Mr. Kenneth Colen: Mr. Schmalz?

Mr. Schmalz: Mr. Bryan Schmalz, Utility Director for Bay Laurel Center. We have a couple of items that I want to provide updates on. One item is that we currently are producing 3.6 million gallons per day on an annual average basis, which is 1.34 billion gallons of water in the past 12 months. That's a 5.45% increase year over year. That tracks with our growth within our service area. It's actually doing better than our growth because its mostly an increase of 8%.

Mr. Kenneth Colen: It's closer 7.5 or 8%.

Mr. Schmalz: Our wastewater flows were up there as well, 739,000 gallons per day on an annual average daily basis with what we're currently treating, which is 270 million gallons over the past 12 months. 177 million of that was utilized in reclaimed water areas out on the golf courses and in common areas. As far as the North Water Reclamation Facility, as I mentioned earlier, on the 9th, we began clearing and grubbing the site to prepare construction for the access road. We're working through electrical and structural bid sets currently. That's hours of fun going through electrical submittals. We are looking to have those bids go out for electrical and

structural on May 26th and have final approval of the construction plans on June 24th. That is the current schedule we're tracking. We've been working with Stone Creek, meeting with residents, talking about their concerns and making sure that they understand what the impacts would be to their properties. It's all been well received there. As far as the South Wastewater Facility EQ Basin Project, I did have some items that I wanted to go over. As you know, due to the increased flows at the South WTF, the facility currently has limited hydraulic capabilities, which means only so much flow can enter the facility in a minute. So, we're currently limited to right about 2,000 gallons per minute. Our current projections by the time our new facility comes online, is going to be right about 2,600 to 2,700 gallons per minute. So, that's our peak hourly flow condition. As you all know, everybody flushes the toilet at typically the same time and it goes pretty quiet at night since there's not a lot of flushing at night. So, in order to evaluate that, we looked at many different options and we found that we had quite a few bottlenecks within the facility with the head work screen, the outfalls from the paralleling treatment plants, even the pipe from the filter to the chlorine contact chamber. In order to deal with that particular issue, we decided to install an equalization basin on the inlet side of the facility. So, instead of it going straight into the plant, it will come into an equalization basin where we can slowly pace the flow into the WWTF over a 24-hour period. It will allow us to continue to operate and meet all of our permit requirements. The Board has already signed on the agreement for the structure. The project ended up getting split into four different scopes, if you would. One was structure, the other was yard and lift station piping and then we have mechanical and electric. The facility itself requires aeration blowers, additional pumps, as well as piping reconfigurations. We originally project the project to be right around \$1.25 million. Well, due to inflation and price increases, we're seeing that number has elevated. But I do want to point out that the systems were designed and amended to allow certain components to be repurposed at the North Water Reclamation Facility. The equalization pumps will be picked up and moved to the plant drain pump station at the new site. So, they'll be re-purposed there. The blowers will be the same. They will be repurposed for our digester blowers. Then a lot of the piping and improvements that are being done to Lift Station 6, which is the master lift station, all of that is being configured in a manner to allow us to ultimately pump to the north when we make that change in direction of flow. So, a lot of the components will be repurposed and utilized for continued operation after the South Wastewater Facility is decommissioned. But with all that being said, we came in right

at \$1.7 million on the overall project, which is almost half million over what we expected. The walls have already been poured. The walls are poured off site and they come in and are literally built like a Lego set and put it all together. A lot of the equipment has already started to be ordered due to the long lead times on that and the facility has already seen impacts from the hydraulic overloading that's occurring. What happens in a facility when you have too much water pushing through suddenly, is it can actually cause your solids to push out of the facility. You don't want solids to leave the facility. You want to keep that in the facility. This will allow the facility to continue to operate. But I would request that the Board allow us to proceed with those remaining items so we can bring that EQ basin online. I can provide to the Chairman the quotations for its execution and then we can ultimately bring a contract back for the Board to execute.

Mr. Kenneth Colen: Alright. Are there any questions? When do you expect that to be completed again?

Mr. Schmalz: I don't know.

Mr. Kenneth Colen: Not soon enough is the answer?

Mr. Schmalz: Absolutely. The biggest problem is lead times on equipment is driving it. We've already poured the walls, like I said. We're still working with the county, trying to get permits through. We already have our DEP permits already completed and are working on the county permits. They wanted a lot of permits that we didn't think were in the purview of the county. They wanted lift station mechanical permits and things of that sort.

Mr. Kenneth Colen: You're not modifying the lift station.

Mr. Schmalz: No. We're just repairing the lift station. We're actually not modifying it. Typically, the county doesn't inspect that.

Mr. Kenneth Colen: Is this the building department?

Mr. Schmalz: Yes. They wanted civil plumbing plans and mechanical plans.

Mr. Kenneth Colen: Are you pushing back or are you capitulating?

Mr. Schmalz: No. We're pushing back and we are coming in with a structural accessory permit and electrical permit as well, everything on that.

Mr. Kenneth Colen: Who is taking the point on that? What engineer?

Mr. Schmalz: Kimley Horn.

Mr. Kenneth Colen: Good. How are we doing on the DEP permits for the Water Reclamation Facility?

Mr. Kenneth Colen: The operating permit has already been submitted. We're still waiting on the response back from them for their first RAI. As far as the DEP stormwater permitting, we've already responded back to the first RAI and are still working through the county site plan approval. I sent an email to the engineer this morning. It was scheduled to be resubmitted to the county on Friday, the 19th.

Mr. Kenneth Colen: When do you anticipate approval of the operating permit and site plan approval with Marion County?

Mr. Schmalz: For the county itself, there's supposed to be a two-week turnaround for RAIs. What everybody has been seeing is closer to a one-month turnaround on that. So, hopefully, they hit at least the one-month mark. As far as DEP, it really depends on how fast they turn around their first RAI, but I would expect in the next 30 to 60 days, we should be coming across the finish line with the permits.

Mr. Kenneth Colen: Okay.

Mr. Brunner: Thank you for that estimate.

Mr. Kenneth Colen: Keep us informed.

Mr. Schmalz: Yes, sir.

Mr. Kenneth Colen: Alright. Thank you. Are there any questions?

Mr. Flint: Was there some action that you wanted the Board to take?

Mr. Schmalz: Approval of the quotations. I have three quotations for the Board for the individual line items.

Mr. Kenneth Colen: Do we have those in our package?

Mr. Schmalz: No. I apologize. They did not make the agenda package.

Mr. Kenneth Colen: Alright.

Mr. Schmalz: There are four quotations. The Board has already executed the structural side of that, so there are three quotations for the yard and lift station piping, which is \$670,200.70. Then the mechanical, which are the pumps and blowers, for the equipment, the cost is \$367,693. Then the electrical came in at \$205,514.

Mr. Kenneth Colen: Alright. These would be submitted at the next meeting. Thank you.

Mr. Schmalz: Well, if the Board could execute those today, then we can proceed.

Mr. Kenneth Colen: We have the continuing resolution.

Mr. Flint: We will bring back the same proposals for ratification, but it sounds like we need Board approval.

Mr. Kenneth Colen: We need action now before the prices go up any higher. Alright, what's the pleasure of the Board? May I have a motion accepting these three items for the acquisition? I didn't total it up, but it's over a \$1 million.

On MOTION by Mr. Brunner seconded by Ms. Layman with all in favor the quotations for the South Wastewater Facility EQ Basin Project for the yard and lift station piping in the amount of \$670,200.70, the pumps and blowers in the amount of \$367,693 and the electrical in the amount of \$205,514 was approved.

Mr. Kenneth Colen: Thank you.

C. District Manager's Report

1. Approval of Check Register

Mr. Kenneth Colen: What do you have for us, George?

Mr. Flint: I have the Check Register from February 1st through April 30, 2022 totaling \$2,864,709.79. The detail is behind the summary.

On MOTION by Ms. Layman seconded by Mr. Brunner with all in favor the Check Register for February 1, 2022 through April 30, 2022 in the amount of \$2,864,709.79 was approved.

2. Balance Sheet and Income Statement

Mr. Flint: We have the unaudited financials through March 31st. If the Board has any questions, we can try to answer those for you. There's no action required on that.

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

3. Presentation of Number of Registered Voters - 0

Mr. Flint: We are required to announce the number of registered voters within the District as of April 15th. There are currently no registered voters.

4. Designation of November 15, 2022 as Landowners' Meeting

Mr. Flint: We have a Landowner's Election that will need to occur during the month of November. Three seats will be up for election. We are recommending November 15, 2022 at

10:00 a.m. in this location for the Landowners Meeting. If there's no objection, I'd ask for a motion to designate that date.

On MOTION by Mr. Brunner seconded by Mr. McLeod with all in favor designating the November 15, 2022 Meeting as the Landowners' Meeting was approved.

THIRTEENTH ORDER OF BUSINESS Other Business

Mr. Flint: We have Mr. Mike Baldwin here with Jefferies. I don't know if you want him to give you an update.

Mr. Kenneth Colen: Sure.

Mr. Flint: I also wanted to mention to keep Mr. Belz in your thoughts and prayers. He's had some health issues and that's why he's not here today.

Mr. Kenneth Colen: Alright. Mr. Baldwin?

Mr. Baldwin: Good morning. I'm Mike Baldwin from Jefferies. Right now, we are currently in the market with the new money portion of the Series 2022B financing. Honestly, right now, treasury rates have increased. Right now, we're sitting at a 315. In terms of the bonds, we already have orders for the serial bonds through 2032 and 2042 and are actually working on the final term bond of 2051. What's interesting about it is that rates have increased slightly since the last Board meeting on a taxable basis. It's on the cusp at the moment, because as interest rates have increased, we're trying to fund up that full project fund amount. The debt service coverage is right at the Board's policy of a 1.25 times coverage. We do not want to go below that 1.25. So, right now, as a matter of fact, I have to leave the meeting shortly to talk to our Underwriter. We're obviously working on that 2051 bond and we're hoping to get it done in the next day or two. Unfortunately, in the market right now, for a lot of the bond funds, they are losing money out of their funds. Here, we're trying to say, "*Hey, take on additional investments here.*" So, we're continuing to work at it and hopefully in the next day or two, we can have resolution with that. Then obviously with that Interlocal Agreement, once we get the validation approval, hopefully three months from now if interest rates are behaving themselves, then we pull the trigger on refunding those 2011 bonds.

Mr. Kenneth Colen: Thank you for that update.

Mr. Baldwin: Are there any questions? Thank you.

Mr. Kenneth Colen: Thank you. Very good. Is there anything else?

FOURTEENTH ORDER OF BUSINESS

Supervisor's Requests

There being none, the next item followed.

FIFTEENTH ORDER OF BUSINESS

Next Meeting Date – June 7, 2022

Mr. Flint: The next meeting is on June 7, 2022.

SIXTEENTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Bruner seconded by Ms. Layman with all in favor the meeting was adjourned.


Secretary/Assistant Secretary


Chairman/Vice Chairman