

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, August 15, 2023 at 10:00 a.m. at Circle Square Commons Cultural Center, 8395 S.W. 80th Street, Ocala, Florida.

Present and constituting a quorum were:

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

Also present were:

George Flint	District Manager
Rachel Wagoner	District Counsel
Bryan Schmalz	BLCCDD
Crystal House	BLCCDD
Robert Stepp	Colen Built
Tara Hollis	Willdan Financial

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Public Comment Period

Mr. Colen: Is there anyone who wishes to address the Board on any item on this agenda? If so, now is your opportunity to come forward and speak. Hearing none,

THIRD ORDER OF BUSINESS

Notice of Meeting

Mr. Colen: The notice of meeting was advertised in the Ocala Star Banner on July 28, and August 4, 2023.

FOURTH ORDER OF BUSINESS

Approval of Minutes

A. May 16, 2023 Meeting

Mr. Colen: We have the minutes of the May 16, 2023 meeting. Are there any comments?

Mr. Brunner: I just have one. On Page 5, in the first line, the word, "bet" should be, "be."

Mr. Colen: Three lines down, "done" should be "built." Those were my only changes. Does anyone else have any corrections? Hearing none, we need a motion to accept the minutes of the May 16, 2023 meeting.

On MOTION by Mr. Brunner seconded by Ms. Layman with all in favor the Minutes of the May 16, 2023 Meeting were approved, as amended.

FIFTH ORDER OF BUSINESS

Acceptance of Utility System(s)

A. Stone Creek Lexington Phase II

Mr. Colen: Mr. Schmalz, do you have any comments?

Mr. Schmalz: The system was pressure tested and water distribution samples were collected. The testing met District and State requirements.

Mr. Colen: Thank you. Alright, we need a motion to accept the utility system as presented.

On MOTION by Mr. Brunner seconded by Mr. Gysen with all in favor acceptance of the turnover of the Stone Creek Lexington Phase II utility system to the District was approved.

SIXTH ORDER OF BUSINESS

**Consideration of Resolution 2023-05
Designating Assistant Treasurer of the
District**

Mr. Colen: Resolution 2023-05 reads:

"A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE BAY LAUREL CENTER COMMUNITY DEVELOPMENT DISTRICT DESIGNATING AN ASSISTANT TREASURER OF THE DISTRICT AND PROVIDING AN EFFECTIVE DATE."

Mr. Colen: This resolution appoints Mr. Darrin Mossing, Sr. as Assistant Treasurer. We need a motion to adopt the resolution.

Mr. Gysen MOVED to approve Resolution 2023-05 Designating Darrin Mossing Sr. Assistant Treasurer of the District and Ms. Layman seconded the motion.

Mr. Colen: Is there any discussion? Hearing none,

On VOICE VOTE with all in favor Resolution 2023-05 Designating Darrin Mossing Sr. Assistant Treasurer of the District was approved.

SEVENTH ORDER OF BUSINESS

Presentation of Water, Wastewater and Reclaimed Water Rate Study & Miscellaneous Charge Study

Mr. Colen: State your name, affiliation and address for the record.

Ms. Hollis: Ms. Tara Hollis with Willdan Financial Services. Our address is 200 S. Orange Avenue, Suite 1550, Orlando, Florida 32801. We were hired to do a *Water, Wastewater and Reclaimed Water Rate Study* as well as look at your Miscellaneous Charges, which are in connection with your meter. When someone sets up a new account, AFPI charges are applied as well as different types of Miscellaneous Charges. The presentation is going to be broken out into 1) *Water, Wastewater and Reclaimed Water Rate Study* and 2) *Miscellaneous Charge Study*. The first item is consideration for the Rate Study. What is driving the Rate Study, is it is fiscally responsible to perform a comprehensive Rate Study on a regular basis. Some communities do it every year and look at whether there is a sufficiency in rates. Some do it every five years or every ten years. This is a five-year projection, but we also included a ten-year analysis because you have some improvements that are coming up over the next ten years. We wanted to make sure that the rates would continue to be adequate over that period. What I'm going to present to you is the first five years, from 2024 through 2028. Why we do a Rate Study, is you want to look at the utility financial needs. Obviously, there is inflation right now, so you have increasing operating costs as well as additional growth, which is increasing your operating costs. In the last two years, you issued new bonds, Series 2022A and Series 2022B. So, we want to look at those

debt service obligations and make sure that you are continuing to be able to repay those as well as meet the coverage requirements on those. Then you have your ongoing capital expenditures. You have a ten-year Capital Improvement Plan (CIP). On the horizon, there is a potential new Water Treatment Plant (WTP). Other improvements and upgrades that you're doing, you just issued bonds for the Wastewater Treatment Plant (WWTP), that is in the process of being built right now. We are also looking at maintaining reserves for future capital projects. You have a Renewal and Replacement (R&R) Fund. You have a Capital Reserve Fund. Five years ago, we recommended a Rate Stabilization Fund, which would help mitigate rate increases as you move forward, so if you have a year that you needed additional funds for capital, etc., you would not see a spike in your rates. So, another thing, is continuing to put a little aside each year into a Rate Stabilization Fund. We also split everything out into three different utilities; water, wastewater and reclaimed water and we do an analysis to make sure that each utility is looking at recovering the costs. Reclaimed is difficult to tie in because you are still in the process of bringing more reclaimed water forward. However, for water and wastewater, we want to make sure that the utility and rates for one is not subsidizing the other. So that's another thing that we do when we do the rates. Then you want to make sure that you are continuing to promote resource conservation. So, it is making sure that your rate structure is promoting water conservation, responsible irrigation, etc. The basic principles of rate setting is that rates must be fair, just, equitable and non-discriminatory. We don't want to set rates for a specific house and a different one for another house. We want to make sure that they are non-discriminatory. You have customer costs, you have residential, which have similar characteristics, you have multi-family and then you have commercial. Then you have irrigation and master-meter irrigation rates. There should be a direct relationship between the costs that they are paying and the service they are receiving. Customers should pay for what they use. There shouldn't be any free service. Rates must recover the appropriate cost of service. That is why we split it into each utility, to make sure that it was recovering the appropriate amount for each utility system and covering those requirements and the fiscal requirements for each system. We are looking at resource conservation and protecting the resources, but also making sure that you are providing for the health, safety and welfare of the customers being serviced. You want to make sure that you are providing good water and not dirty water. You are making sure that you are cleaning the wastewater and treating it appropriately, so you are not putting something back into the ground

that could contaminate your water source going forward. Regarding the Rate Study objectives, the primary goals of the Rate Study include:

- **Full recovery of costs**, so it was not being subsidized somewhere else within the District and you are fully recovering the costs for providing the water, wastewater and reclaimed service.
- **Cost-based rate structure**. The more you use, the more you pay.
- **Equity among customer classes**.
- **Administrative efficiency**. Not burdensome on customer service personnel. Easy to administer so that customers understand the rate structure.
- **5-year Financial Plan**, not just for this next year, but in the future, continue to provide financially for the utility.
- **Consistency with industry standards**.

Ms. Hollis: Regarding the basic process of rate making, there are customer accounts and usage. First, they do provide a revenue sufficiency, by applying the existing rates to the projected customer and usage patterns, to see if those rates were sufficient to recover all of the projected operating expenses. They would look at operations and maintenance (O&M), debt service, capital and any other Reserve Fund transfers, including debt service coverage. They would see if the existing rates were sufficient. If they were insufficient, they would look at making changes. Another thing that they would look at, is rate structure modifications. This time they did not see any real modifications to the rate structure that needed to be made. So, this is really looking at across the board rate increases to continue to meet the financial health of the utility. For rate setting purposes, they would look at common industry standards, the existing rate structure and the impact on existing customers, to ensure that they were meeting all water conservation rules. You still have growth in your system. We started at 6% and kept that through the first five years for most of your residential customers. That's obviously in the main area. We looked at that growth. We also look at comparability with neighboring utilities and where the existing and proposed rates will fall with other communities within the area. Lastly, is your impact on future economic development. We also want to make sure that the rates aren't going to hinder that development. We want to make sure that we have a rate structure that's equitable, but also isn't unduly burdensome on certain customer classes to hinder that development. Your rates are currently three parts: Base Charge, Volumetric Rate and Customer Account Charge. The

Customer Account Charge is for the time for putting together the bill, answer customer service questions, those types of items. The Volumetric Rate is applied per 1,000 gallons. It is an inclining block rate structure, the more usage, the higher the rate. The Base Charge is a minimum charge per connection. For residential, it's based on meter size. For multi-family, it's an equivalency per dwelling unit, which is slightly less than what a typical single-family would be. Commercial and irrigation Equivalent Residential Connections (ERCs) are determined by District Staff at the time of connection. An ERC is typically based on 350 gallons per day for water and 250 gallons per day for wastewater. For each individual commercial customer, the utility talks with them on the type of usage that they are going to have. They calculate the potential ERCs that they would have. Each are assigned their own ERC based on 350 gallons per day for water and 250 gallons per day for wastewater. Wastewater does not have an inclining block. It's based on so much per 1,000 gallons. Residential is capped at 5,000 gallons per month. The logic behind that is, any water above that is more for outside such as irrigation, so you aren't putting the sewer that needs to be treated back in the system. That's why we capped it. Next is what did we do. The first thing that we did was a Fiscal Requirements Operating Analysis. We took your proposed 2024 budget. We obviously have information so we can see trends that happen historically. We met with staff to also discuss any future adjustments that they felt would be coming, based on the new plant coming online, etc. to expenses. We then apply inflationary adjustments line item by line item to each expense, to put our proforma through Fiscal Year 2028. We looked at your CIP and any other revenue needs. Like I said, certain ones go by inflation, customer growth and chemicals. The more customers you have, the more flow you have. It will have to increase by those items as well as your cost for chemicals are going up. Again, you will see in the Rate Study that each line item has an adjustment, an inflationary or escalation factor and then you can follow what that factor is for each year. They tend to adjust each year too. It's not just a set 3% inflation or 5%. We adjust them each year. We developed a computer model which we turned over to staff to be able to update, on an annual basis for the next five years, to make sure you are continuing to meet revenue sufficiency. On your fiscal requirements, you can see total O&M expenses, debt service, which you refinanced and R&R. You have to put away a minimum of 5% of your prior years' operating revenues. Your capital from rates is \$5,000,000. You can see a slight dip in revenue in 2027, although we still meet revenue and debt service requirements because that is below the line item. You have your Capital

Reserve Fund transfer and Rate Stabilization Fund transfer. Where we have other miscellaneous revenues at the bottom, stems from your AFPI Charges. Some of the Miscellaneous Charges account for Non-turn Off Fees, Reconnection Fees, etc. Your net revenue requirements that must be generated by rates for 2024, is \$15,342,000. That goes up by the end. It kind of dips down in 2027, having that large amount for capital, but in the end, we are up to a little over \$20,000,000, that needs to be recovered through rates over the five-year period. So, what does that mean? We've been looking at doing annual rate adjustments of 3% for water and 4% for wastewater. You have not been adjusting your reclaimed rate and we are recommending that you keep doing that. Again, that helps offset inflation, so you are not having to do a spike after three or four years and do a 10% or 15% increase. So, we recommend 3% and 4% increases per year. The projected net operating results is after you take out all of the expenses and transfers to the Reserve Fund. This would be what would be left to go into an Operating Fund. Anything that goes through the bottom line goes to your Unrestricted Operating Reserve, which can be used if you had a shortfall in the year, etc. As you can see, in the first year, you would have a net of \$1.1 million. The one year you dip out is 2027, because of capital outlay, although you have the money in reserves to offset that. If you did have a Fund Balance to begin with going into this, the three years before that, you were getting almost \$5 million. So, even with that one-year dip in \$1 million, you still have plenty in your operating reserves. You would go up to \$1.8 million in 2028. This is what the resulting rates would look like. The first column is the existing 2023, if you did the 4% per year. This shows how each of those would progress for water and wastewater. Again, reclaimed would stay consistent. There were no rate increases currently. For residential, if you were using 1,000 gallons a month, your rate would go up \$2.11 per month. If you're using 55,000 gallons, it would go up \$16.41 for your combined bill. That is showing you, basically for each thousand gallons until we get to the end, it would jump by 5,000-gallon increments of what your total bill would be, existing and proposed and what that dollar amount percentage would be. Next is a comparison with other utilities. Your average is higher than some communities. We're looking at an average usage of approximately 15,000 gallons. We would want to compare you to other communities at the 15,000-gallon rate. Existing, that would be \$117.23 and it would go to \$121.49. These are where other rates are right now. They may change on October 1st, but these are the current rates as of May of this year. You can see where that averages. You are in the middle. Several of them are higher than where you would be at. You

have your existing and your proposed is almost in the middle of the graph. Dunnellon is way off of the chart. Marion County has a low-rate structure for their water usage at the lower end. They are slightly lower than you. Belleview, Umatilla, Gainesville Regional Utilities are above you. These projections are at the 15,000 usage. We look at our findings from the Rate Study. I worked with the utility, this company and another company for many years and worked with you as you were acquiring the utility systems and then refinancing the debt. Your staff knows the system like the back of the hand. You have good administrative management. They continue to look for ways of improving service and reducing costs. Every time that I come and talk to them, they are showing me different things that they are doing to help the community reduce their usage and save and conserve water. It is well maintained and a well operated system. You do have numerous improvements like I mentioned, that are going to be needed in the next 10 years, including your new WWTP, which is in process and you are projected to add another WTP starting in years six or seven of the projection period. We looked at the rate structure and continue to look at it. It is a fair and equitable rate structure and these adjustments are just and equitable and result in charges that are in line with other nearby utilities. Our recommendation is effective October 1, 2023, you adopt the 3% adjustment for water services and 4% adjustment for wastewater rates. You continue to fund the Capital Reserve Fund. That helps you with these capital improvements. It helps you so you're not having to go out and borrow as much, because you are putting money aside now to help lower the amount and reduce the amount that you have to borrow when you do the WTP. You used some of the reserves when you did the WWTP. So, you want to continue that burden going out 30 years. because you were able to help reduce and mitigate some of the debt that was needed. Everyone else paid it up front, so you weren't having to pay all of the interest on it. We recommended that you continue a Rate Stabilization Reserve Fund, which helps again with offset inflation. It helps to offset. if there are certain regulations that go in place, as it would help stabilize the rate so you would mitigate rate increases in the future. We still recommend continuing to look at this at least every five years at a minimum. You would look at the rate structure, to make sure that its continuing to promote the resource conservation, etc. If there are any other changes in regulations, we would recommend potentially going back four to five years or the system needs to come in soon. If you would determine in two years that you need to start it now, we recommend that you look at the rates at that time. Is it easier to ask questions at the end or do you have questions on the Rate Study?

Mr. Colen: Does any Board Member have any questions?

Ms. Layman: I do.

Mr. Colen: Yes, Jo.

Ms. Layman: Our last Rate Study was five years ago?

Ms. Hollis: Yes.

Ms. Layman: When was our last ten-year Rate Study?

Ms. Hollis: We present at five years. Our model looks at ten years. We did the same thing because we knew that the WWTP was coming. So, we look just to make sure that you weren't going to be going along at 3% and 4% and then all of a sudden, in year six, you spike up to 20% or 10%. We wanted to make sure that we were preparing and we weren't all of a sudden just looking at a five year and the next year out, you needed a significant revision.

Ms. Layman: How are those projected rates aligned with these?

Ms. Hollis: They were very similar. We can continue the 3% and 4%. The WWTP was a little more than we were anticipating at the time. The coverage isn't just a spike. You are coming in at about a 1.5 coverage. We were projecting slightly higher, just because we didn't anticipate the WWTP being quite as expensive as it was at the time. That was offset by having capital reserves. Also, you did get a large grant towards the WWTP, which helped what the ultimate resulting debt service was.

Ms. Layman: What is the status of our Rate Stabilization Fund? Do we use that to stabilize rates?

Ms. Hollis: That's extra money. Like I said, inflation for the last couple of years was 10%. That helped with that where you weren't having to do those larger rate increases. Your customer growth helps to offset that as well.

Ms. Layman: So, we did use some of that for rate increases?

Ms. Hollis: I believe that a certain amount of that was used. Yes. I have one total fund that goes into the individual funds, but we also look at the total. I'm sure that I can get the information and tell you how much was used.

Ms. Layman: Just a couple of observations. We should compare our rates to Marion County, which is quite a bit less. We do hear how expensive our water is. The office can speak to that.

Ms. Hollis: We would look at the type of treatment. I don't know what type Marion County is using as treatment. They could be using a less expensive type. Part of it depends on how you finance versus how they may have financed, how much grant they have versus how much grants you have. We put these comparables up there, but we always caveated that it could be an older system, older assets versus your newer system with newer assets. Again, you are going to have a brand new WWTP in the next year, operating. I would have to look at how old their WWTPs are, but that could also impact what the rates are. I can pull that information because I think we are going to present this to the public next month. I can have more information on that and insert those comparable rates at that time.

Mr. Schmalz: Could I add something? Mr. Bryan Schmalz, Utility Director for Bay Laurel Center. One of the things that we are noticing is we are seeing utilities do very similar things as us with the 3% and 4% every year. Recently, the City of Ocala had to do a 46% rate increase over the next three to four years. We are seeing a lot of utilities go to the way that we've been doing it for quite some time. One of the CDDs in The Villages, has to do either a 25% or 30% rate increase. They are proposing that over the next three years and then moving forward with a 3% increase every year thereafter, in order to maintain the current cost of providing those services with inflation. So, we are seeing more and more utilities follow a similar method of rate increases every year, instead of waiting five to six years for a big cost to come up. As far as Marion County Utilities, they did just recently do an improvement over at Golden Ocala, at the Equestrian Center. They were fortunate that they had an existing plant there that they were able to upgrade and didn't have to do a completely new facility. Their cost for that particular facility was less. They were able to get some grant funding for it. Where ours was what we call, "*A green field plant,*" we didn't have the space to expand ours. Ultimately, it would've been wasted money, so we determined that it would be more cost effective to demo the existing plant and construct a new one. So, we did have additional costs there, where the Marion County Utilities wouldn't have seen those related costs.

Ms. Layman: So, 3% and 4% is decided how?

Mr. Schmalz: As far as how we decided?

Ms. Layman: Yes.

Mr. Schmalz: That's how Willdan looks at the schedule and how that protects us with our expected expenditures for capital improvements. As an example, we are going to be presenting to

the Board an Integrated Water Resource Master Plan, hopefully at the next Board meeting, which will outline our CIP all the way to buildout. So, that is going to demonstrate putting large high service pumps at WTP No. 1, WTP No. 3, additional wells at WTP No. 3 and constructing WTP No. 4, Phase 1, which will be Lower Floridian Aquifer wells. That's why you saw a big dip in operating costs for 2027. We have to drill those Lower Floridian Aquifer wells, which cost on average \$1 million to \$2 million each. So, we have a big expense there as well as the design for the WTP that we're projecting. So, all of those items as well as wastewater collection system improvements, we have some older stations, just looking at that big picture CIP. That's what Willdan puts into their schedule. I had the Draft Integrated Water Resource Master Plan as we were going to do the Rate Study. We were able to take those figures that provided the Engineer's Opinion of Probable Costs and plugged that into her study, that was able to determine that 3% and 4% were adequate numbers to continuous moving forward. Again, as a guarantee for five years without any unforeseen expenses, we looked at the ten-year study because the new treatment plants were pushed out to around 2030 or so, to estimate as far as actually constructing WTP No. 4 out by Calesa. We wanted to make sure that we had the funds and necessary operating costs to take care of that as well.

Mr. Colen: Thank you. Are there any other questions? Alright, let's move on to the *Miscellaneous Charge Study*.

Ms. Hollis: For the *Miscellaneous Charge Study*, we looked at existing Miscellaneous Charges and identified if there were any additional Miscellaneous Charges. All of this was done sitting down with staff, to develop standard unit cost rates. You will see that we have labor rates, capital equipment, supplies and mileage, which is now based on the current IRS mileage rate and putting those together. Each of those costs in the report, show every single component that comprises each Miscellaneous Charge. We looked at the needs of administrative staff, professional staff or service staff. Each of those have different rates. We looked at capital equipment such as a meter, other supplies that would need to go in, if there was postage, all of those different things. Then all of the time that's required. Again, we went through every Miscellaneous Charge with staff and how much time they were taking on average for professional staff, administrative staff and service personnel. Each of these are built up based on that. Then we are looking at what the additional changes would be and recommendations based on those updated labor equipment costs and the actual time that is required to do each of these

services. We also have AFPI Charges, which are impacted based on the cost of the facility, current costs, current value of the WTP and WWTP. That goes into determining what the AFPI Charge would be. You will also see an adjustment of AFPI Charges. As I mentioned, you have labor costs. These are weighted. These are not just the direct labor; they also include benefits. This is assuming what their standard hourly rate or salary would be with benefits. We looked at professional personnel, which would be your Utility Director and also your administrative personnel. Your Office Manager would go into professional services. Administrative personnel would be customer service and those that are basically setting up the accounts, etc. Service personnel are your field personal that would be required. If a meter needs to be installed, they would be the one that would go out and actually put the meter on the property. For capital equipment, we have truck usage. You can see the average miles per trip. Then there is also the after-hours call out. If you have to call out after hours, you pay your staff to come in. They come to get the service truck and they go out and do whatever the after-hours call out is. So that also has to be added in because that is a cost of the utility. The utility has to pay them overtime to come in after hours as well as pay them to get to the utility. Supplies are your basic supplies, the meter, meter box and meter connections. They are broken down and we break the charges down into when they occur, preliminary, administrative and other type of charges. The first ones are your Preliminary Charges. Those include Plan Review Charges, Inspection Charges, Reinspection Charge, Customer Deposit and Meter Installation/Service Initiation Charges. With such variety in the Service Initiation Charges, we are setting one for a residential typical meter size, which is a 5/8" by 3/4" meter. Anything larger than that, there is going to be a cost, because the different meter sizes can be a totally different cost for the meter. So, we are saying that those should be at cost. We are not recommending any changes to your customer deposits. We did look at the Plan Review Charges and the time that it was taking professional staff on those. So, we are recommending for the Plan Review Charges, an increase in that charge, but for the Inspection Charge, we are showing slightly less than that to begin with, based on the allocation of hours for that charge. Again, we went through all of these and tracked the amount of time that they are spending on different projects, these different services, so that we can come up and develop the most accurate charge possible. For Service Charges, again it shows your existing and proposed. The biggest thing on these was because labor costs went up. Those are impacting a portion of the Service Charge, but also some of the hours and the time of the job decreased. So, that mitigated

that labor increase. For Administrative Charges, the biggest one was the Account Transfer Fee. That was taking more time. So that one was an increase. The Returned Check Fee is set by Statute. There are no changes on that. Other Miscellaneous Charges is for Illegal Water Use. The Private Fire Protection Charge changes are based on the base charge for that meter size for one month. We technically say that it is for a year and take 1/12 of it. So, we would multiply it by 12 and divide by 12. The Consumption Charge per 1,000 gallons is your second block rate. That would be going up based on the fact that we are looking at recommended increases. So, that's why there is a Consumption Charge. The AFPI Charge, like I mentioned, recently that's an Allowance for Funds Prudently Invested. What we look at, is you start with the cost of the facility. Obviously, you just acquired the WTP for \$35,000,000 and were leasing it. So that's where we start. You did that on the wastewater side, instead of doing a 1.5 plant and bringing it to 1.75. You are putting it in and prudently investing those funds to construct it now. So, you are able to basically have a return on those funds, because you're waiting for the customers to come on. So, that's why those charges are going up. We are looking at the least use to call for a higher rate of return. We are assuming a 7.5% rate of return on these costs. You used to have a 15% rate of return. So that has been reduced, but you are looking at the water going from \$1,576 to \$1,715. For the wastewater, you're looking at putting in a WWTP that's \$125 million. We took out what was grant funded. You are looking at having approximately \$90 million invested in that WWTP. So that's why that one is going from \$2,434 to \$4,080. There's detail in the report. There are two exhibits showing you exactly step-by-step how those are calculated.

Mr. Colen: Very good. Are there any questions? Not at this point. Thank you.

Mr. Brunner: Thank you very much.

Mr. Gysen: Thank you.

Mr. Colen: It was a very comprehensive study and explanation. We look forward to hearing you give it again next month.

Ms. Hollis: If there is any other additional information that you want me to have, just let me know before that time.

Mr. Colen: We'll certainly consider it. Do we need a motion to accept this presentation?

Mr. Flint: I think you can take Item 9 now and move it before the public hearing.

- **Authorization to Set Rate Hearing (Item 9)**

Mr. Flint: I think the motion would be to accept the report and authorize staff to advertise a public hearing for your September 19th meeting at 10:00 a.m. in this location.

Mr. Colen: Do I hear a motion on that?

On MOTION by Mr. Brunner seconded by Mr. Gysen with all in favor accepting the Water, Wastewater and Reclaimed Water Rate Study & Miscellaneous Charge Study and setting a rate hearing for September 19, 2023 at 10:00 a.m. at this location was approved.

EIGHTH ORDER OF BUSINESS

Public Hearing

A. Consideration of Resolution 2023-06 Adopting the Fiscal Year 2024 Budget and Relating to the Annual Appropriations

Mr. Flint: Mr. Chairman, originally, when you approved the Proposed Budget back in May, you set the public hearing for today. The Rate Study, I think, took a little longer than we anticipated. Ideally, you would have your Rate Hearing prior to your budget adoption. We advertised the public hearing for today for the budget, because that’s how you set it back in May. What my recommendation would be, is that you continue the public hearing on the budget to September 19th and take the presentation again on the rates. If you adopt the rate increases, then you would continue the budget hearing after the rate hearing. That would put it in the proper order. So, if you agree to continue the budget hearing until after the rate hearing, you can either choose to discuss the budget today or have that discussion in September or you can have it both today and September.

Mr. Colen: If we’re pushing the meeting to September 30th, do we have to re-advertise?

Mr. Flint: No. We are recommending that you open the public hearing for the budget today, continue the public hearing, hold your rate hearing and then re-open your budget hearing after the rate hearing. You won’t have to re-advertise that way.

Mr. Colen: Alright. We’re opening the public hearing to consider Resolution 2023-06:

“THE ANNUAL APPROPRIATION RESOLUTION OF THE BAY LAUREL CENTER COMMUNITY DEVELOPMENT DISTRICT (“THE DISTRICT”) RELATING TO THE ANNUAL APPROPRIATIONS AND ADOPTING THE BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2023, AND ENDING SEPTEMBER 30, 2024; AND PROVIDING AN EFFECTIVE DATE.”

I'm going to open the floor for public comment. Is there anyone who wishes to address this topic at the public hearing? Hearing none, I would close public comments and would ask for a motion to continue this public hearing on September 19th at 10:00 a.m. at the same location.

On MOTION by Mr. McLeod seconded by Mr. Gysen with all in favor continuing the public hearing on the adoption of the Fiscal Year 2024 budget to September 19, 2023 at 10:00 a.m. at this location was approved.

NINTH ORDER OF BUSINESS

Authorization to Set Rate Hearing

This item was discussed.

TENTH ORDER OF BUSINESS

Consideration of Change Order No. 1 for Owner Direct Purchase (ODP) Program Deduct

Mr. Colen: These are very substantial. Mr. Schmalz, would you walk us through that?

Mr. Schmalz: Mr. Bryan Schmalz, Utility Director for Bay Laurel Center. The Change Order provided, is in the amount of \$14,792,135.24 to the Wharton-Smith, Inc. (Wharton-Smith) and Bay Laurel Center CDD Agreement, which at that time totaled \$119,771,504.57, leaving the Wharton-Smith contract at \$104,979,369.33. The District will still purchase this amount of equipment, with the Owner Direct Purchase (ODP) Program. By doing it this way, we were able to realize savings of \$1,035,449.47 in taxes. So, I went through the spreadsheet that you have in your agenda package and confirmed that they match all of the Changer Order deduct and ODP Orders that I issued and everything was in line.

Mr. Colen: Very good. So, we need a motion to accept Change Order No. 1 for ODP.

On MOTION by Ms. Layman seconded by Mr. Brunner with all in favor Change Order No. 1 for Owner Direct Purchase (ODP) with Wharton-Smith, Inc. in the amount of \$14,792,135.24 was approved.

ELEVENTH ORDER OF BUSINESS

Consideration of Resolution 2023-07 Determining the Review of the Financial Condition of the Utilities System – Item Added

Mr. Colen: Resolution 2023-07 is:

“A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE BAY LAUREL CENTER COMMUNITY DEVELOPMENT DISTRICT, DETERMINING THE REVIEW OF THE FINANCIAL CONDITION OF THE UTILITY SYSTEM FOR ENSUING FISCAL YEAR, MEET THE RATE COVENANT IN SECTION 6.01A(A) OF TRUST INDENTURE FOR WATER AND SEWER REVENUE BONDS, SERIES 2022B AND WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2022A; AND PROVIDING AN EFFECTIVE DATE.”

Mr. Flint: Mr. Chairman, this is just an annual requirement under the Trust Indenture, to adopt a resolution confirming that the Proposed Budget that was being adopted, complies with the requirements of the Trust Indenture and the coverage requirements. This is a resolution that you adopt every year, that basically says that the Proposed Budget reflects actual and projected net revenues that meet the requirements of the Trust Indenture, as far as the coverage requirements and that a copy of the resolution is provided to the Trustee.

Mr. Colen: Thank you. We need a motion adopting Resolution 2023-07.

On MOTION by Mr. Brunner seconded by Mr. Gysen with all in favor Resolution 2023-07 Determining the Review of the Financial Condition of the Utilities System was approved.

TWELFTH ORDER OF BUSINESS

Ratification of Series 2022B Requisition #20 - #25

Mr. Flint: Mr. Chairman, as part of accessing the District’s Construction and Acquisition Account, the District has to requisition the funds. The form of the requisition is signed by Kimley-Horn as the District Engineer and an authorized officer of the District. It’s not required to come before the Board before funding, but we usually put them on the agenda to have them ratified, so they get in the records of the District. You can see Requisitions No. 20 through 25 in your agenda that reflect requisitions that were paid out of the Trust Account.

Mr. Colen: Do I hear a motion for ratification of the 2022B requisitions, No. 20 through 25?

On MOTION by Mr. Brunner seconded by Mr. Gysen with all in favor Requisitions #20 through #25 for Series 2022B were ratified.

THIRTEENTH ORDER OF BUSINESS Ratification of 3-Year Generator Maintenance Agreements with RingPower (2)

Mr. Colen: Mr. Schmalz, do you have any comments?

Mr. Schmalz: I just wanted to point out that the District previously had a three-year Maintenance Agreement with RingPower that was in effect from August 2020 until August 2023. As we approach the expiration date, we reached out to RingPower and another generator maintenance company called, "GenServe," to get comparable pricing and ensure that we were competitively bidding the maintenance of our generators. GenServe came in 20% higher than the proposed agreements before you in your agenda. They came in at \$80,691, at an annual cost, compared to RingPower, who came in at \$67,289.89 for our annual maintenance, which includes oil changes, fuel filter changes, load bank testing, oil analysis and coolant analysis, to ensure that they were running it efficiently and effectively.

Mr. Colen: Thank you. Do I hear a motion ratifying the acceptance of the three-year Generator Maintenance Agreement with RingPower.

On MOTION by Mr. Brunner seconded by Mr. Gysen with all in favor the Three-Year Generator Maintenance Agreement with RingPower in the amount of \$67,289.89 was ratified.

FOURTEENTH ORDER OF BUSINESS Staff Reports

A. Attorney

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

Ms. Wagoner: No.

Mr. Colen: Alright, thank you.

B. Utility Status Report

Mr. Schmalz: Mr. Bryan Schmalz, Utility Director for Bay Laurel Center. I'll be quick, since it's been somewhat of a long meeting for us. As far as the annual average of potable water production, we are currently producing an annual average daily flow of 4.2 million gallons of water per day, which is 1.5 billion in the past 12 months. Wastewater flows are up, based on all of the new development. I provided aerial photos of the North Water Reclamation Facility, so you can see that is coming along nicely. If any Board Member would like to go out to the site, you are welcome to reach out and we will schedule a site visit, but it is moving along very nicely. The last thing that I wanted to mention to the Board, is that Bay Laurel Center was

nominated to the Florida Irrigation Society for an award for innovative requirements specific to water conservation. The District will be going to Orlando to their annual meeting and receiving an award for that. That is due to all of our conservation efforts to conserve water and our irrigation requirements that we have in our policies that the Board has approved.

Mr. Colen: Very good.

C. District Manager’s Report

1. Approval of Check Register

Mr. Flint: You have the Check Register from May 1, 2023 through July 31, 2023 totaling \$3,978,491.86. The detailed register is behind the summary. If there are any questions, we can discuss those.

Mr. Kenneth Colen: May I have a motion accepting the Check Register?

On MOTION by Mr. Brunner seconded by Ms. Layman with all in favor the Check Register from May 1, 2023 through July 31, 2023 in the amount \$3,978,491.86 was approved.

2. Balance Sheet and Income Statement

Mr. Colen: You have the Unaudited Financial Statements. It doesn’t require a motion. The good news is that we’re solvent.

3. Approval of Fiscal Year 2024 Meeting Schedule

Mr. Flint: On the Annual Meeting Schedule, I would ask if the Board wanted to defer action on this to your September meeting. I know there are some conflicts with room availability and I want to make sure that the meeting notice takes those into account. So, we can just defer that until next month with no harm.

FIFTEENTH ORDER OF BUSINESS

Other Business

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

SIXTEENTH ORDER OF BUSINESS

Supervisor’s Requests

Mr. Colen: Do we have any requests from the Supervisors? Hearing none,

SEVENTEENTH ORDER OF BUSINESS

Next Meeting Date – September 5, 2023

Mr. Colen: When is the next meeting?

Mr. Flint: We have one scheduled for September 5th, if we need it. Otherwise, September 19th is the public hearing.

Mr. Colen: Thank you, we need a motion to adjourn.

EIGHTEENTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Brunner seconded by Mr. Gysen with all in favor the meeting was adjourned at 10:56 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman