MINUTES OF MEETING
BELLA COLLINA
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Bella Collina Community Development District was held Thursday, June 12, 2025 at 10:00 a.m. at the Bella Collina Clubhouse, 16350 Vetta Drive, Montverde, Florida.

Present and constituting a quorum were:

David Burman	Vice Chairman
Duane Owen	Assistant Secretary
Andy Gorrill	Assistant Secretary
Rick Scharich *by phone*	Assistant Secretary

Also present were:

George Flint	District Manager
Jay Lazarovich	District Counsel
Steve Boyd *by phone*	District Engineer
Robert Szozda	Field Manager

FIRST ORDER OF BUSINESS **Roll Call**

Mr. Flint called the meeting to order. Three Board members were in attendance constituting a quorum. Mr. Scharich joined by phone.

SECOND ORDER OF BUSINESS **Public Comment Period**

Mr. Flint: Are there any public comments? Hearing no comments, the next item followed.

THIRD ORDER OF BUSINESS **Approval of Minutes of the April 10, 2025 Meeting**

Mr. Flint: You have approval of the minutes from your April 10, 2025 meeting. Did the Board have any comments or questions to the minutes?

> On MOTION by Mr. Gorrill, seconded by Mr. Owen, with all in favor, the Minutes of the April 10, 2025 Meeting, were approved, as presented.

FOURTH ORDER OF BUSINESS **Ratification of Requisition #29 – #31 and Consideration Series 2024 Requisitions #32 - #33**

Mr. Flint: These requisitions were signed by your District Engineer except for the two that are being approved. We are asking the Board to ratify #29 - #31 and approve #32 and #33. Were there any questions on those?

> On MOTION by Mr. Burman, seconded by Mr. Owen, with all in favor, Requisitions #29 - #31 were ratified and Series 2024 Requisitions #32 - #33, were approved.

FIFTH ORDER OF BUSINESS **Presentation of Water, Wastewater, and Irrigation Rate Study – *Under Separate Cover***

Mr. Flint: The Board had previously engaged Willdan to perform a water waste water irrigation rate study for the District. This was originally initiated as a result of us transitioning from ground water to surface water for the irrigation system. Also, in the course of the study looking at recommendations that would assist the District in encouraging conservation of water. Tara Hollis with Willdan is here. The plan would be that she would present the rate study today and then the Board would authorize us to advertise a rate hearing that requires a 29- and 28-day notice. I think we are planning on the August meeting or special meeting in July.

Mr. Szozda: I say whatever the permit says. August will be fine.

Mr. Flint: We would be asking after the presentation if you are comfortable to authorize us to set a rate hearing for your August meeting. Tara, do you want to take it away?

Ms. Hollis: Sure. On slide 3 you get the system background and this is to let you know the water, sewer and irrigation systems are owned and operated by Bella Collina CDD. You have two treatment plants. The Hillcrest Water Treatment Plant and then the Pine Island Water Treatment Plant. You have one sewer treatment plant. They are located on Vetta Drive and also the Pine Island Water Treatment Plant off Cavallo Drive as well as the sewer treatment plant. You are in the process of putting in the new surface water irrigation system that is under construction. Again, you have two separate consumptive use permits, one for Pine Island which we refer to as Bella Collina East and a separate for Hillcrest which is Bella Collina West. All of your customer information is broken down also so we know if they are customers in Pine Island or Bella Collina East versus Hillcrest. That is going to become important when we start talking about the irrigation rate structure that we are proposing once the new system is online. The consumptive use permit

has the following elements. It looks at the location where water is extracted from for use. Right now, you are currently on ground water and you are looking at moving irrigation to surface water. You have limits for what can be extracted to use both for your potable water indoor usage as well as for irrigation usage. The aspects of system configuration and operations for providing the potable, irrigation, and wastewater treatment, those have to be in accordance with both state and federal regulations. The issues driving the rate study, you want to make sure you have enough revenue to cover your operating expenses, day to day expenses, and your capital expenditures. Right now, revenue isn't the real issue driving this. The issue is the resource conservation and making sure you are in compliance with the consumptive use permits. But basically, any rate study you are looking at, you want to be as fiscally responsible to perform a rate study to make sure you you're recovering enough from the rate so that you're matching the expenses to the system and to the rates that are being generated by the system. Utility financial needs, inflation has been crazy so you have increasing operating and maintenance costs with ongoing capital expenditures which again continue to increase. They're increasing even faster than just general inflation. The installation of this new surface water system, the surface water system itself is being paid with the bonds. So that's not coming through the rates, the actual initial capital cost associated with the system. But you do also have to make sure that your rates are going to generate enough to continue to maintain and provide maintenance and renewal and replacement to that system. We've also done a capital reserve study for you. So, we talked about how much you need to keep in reserves. You want to make sure you're maintaining reserves for future capital projects. So that's one of the components. We wanted to make sure that you weren't using all of those reserves going forward in this five-year projection period. You want to make sure you're maintaining those as well as maintaining an operating reserve so that you have enough to cover your operating expenses. So, we normally look at 90 to 180 days, if not more on hand for your operating reserve. We just went through every line-item expense, allocated that to water, wastewater, irrigation and then are making sure the new rates recover those costs that are associated with each system. Basic rate principles. Our rates must be fair, just, equitable and nondiscriminatory. So, we can't set a rate that's just for one class because we like that class of customer. We need to make sure they're just equitable and nondiscriminatory. There should be a direct relationship between the cost of the service and the customer receiving the benefit of that service. Customers should pay for what they use. They should recover the appropriate cost of service and they must provide the revenue

required to provide for the health, safety and welfare of the customers being served. We need to make sure you're generating enough revenue so that you can maintain and operate the system. The primary goals and objectives of the rate study are full cost recovery of utility expenditures, cost-based rate structure, equity among the customer classes, it's administratively efficient. We spent a lot of time with your billing customer service to make sure what we're recommending could go. We did spend time; we sat down with Teresa and also the person that set up your billing software to make sure this could be accommodated. Anything that we recommended could be accommodated by your current billing system. And like I said, we're not just looking at this year, but we basically started with 2025 as our base year, but then we're recommending the rates and some rates for basically a change right at the end of this year to get the system online and then rates from 2026 all the way through 2030. Then you have consistency with common industry standards. American Water Works Association sets up some basic guidelines for establishing rates. We want to make sure that we're consistent with that as well as there's recommendations from the water management Districts on conservation rates and conservation rate structures. Everything that we're looking at is promoting and in line with those guidelines. The basic process, you can see all these different boxes, but basically what we do is we need to get your numerator, which is going to be all your costs that needs to be recovered. That is the basic concept is your numerator, your cost, your expenses, what you need in recovery, your fiscal requirements we are going to call them, your denominator. Then usage characteristics; this next chart restates what we already stated make sure you're in line with industry standards. We want to look at your existing rate structure and the impact you're going to have on existing rates customers. We want to make sure what kind of impact it's going to have on your water conservation goals. We sat down and went through what the projected growth was going to be – an absorption schedule for the remaining lots that you have in Bella Collina and then we also do a comparison towards the end with what neighboring utilities are charging. We put that in there, but your costs are your costs. So, your rates are what your rates are. Your existing rate structure, you have a base charge or a minimum charge that's applied per meter size. Your meters, American Waterworks Association has what they call water meter equivalencies. So, for different meter sizes they equate that to what a typical single family, three quarter, you know, five eighths and three-quarter inch meters. You start with three quarter inch meters here and right now your rate structure basically follows that. So, you're in line with just a few rounding differences. And we're going to put them back to being the exact equivalencies. But

you know you were 24.4 because you've been increasing it each year and with the rounding that one should be 25. But that's how you basically do your base charge or your minimum charge. So, everybody gets charged that per month based on meter size whether you use water or not. So that's basically to recover some of your fixed costs because whether somebody's here using it or not, you've had to build the capacity for them. And then the volumetric rates, that's applied per thousand gallons of metered or billable flow. Like I said, your base charge is based on meter size so you get a separate base charge for water, irrigation and for wastewater. Wastewater typically doesn't have a meter so your wastewater is based on what your water meter size is. You could potentially have different meter sizes for your water and your irrigation so that you may have a slight difference there. There weren't too many that have that difference, but there were some customers that do. Your water volumetric charges, it's an inclining block rate structure. You currently have four blocks. The block allowances are supposed to be per ERC which means basically if you're a larger or commercial customer, your block allowances could typically be adjusted because you have a large meter and therefore you would have more water allowed in your first block. If the first block was 0 to 10 instead of if you had five equivalencies, your first block would be 0 to 50,000 but that again is based on the fact you're also paying a higher base charge because you have a larger meter size. The wastewater volumetric charges. It's the same rate for all customers. We do currently cap on residential customers wastewater at 10,000 gallons a month. It's based on your usage from your potable water meter. If you're using 20,000 gallons on your potable water meter, not irrigation meter, you're only going to pay 10,000 gallons currently for wastewater. We're going to address this a little later and talk about some changes that maybe should occur to that and why. Commercial usage is not capped. So, any water usage they have on their water heater should be paying wastewater for all of that. If they use 100,000 gallons for the month, they should be paying 100,000 gallons of wastewater. So, what was done is we sat down with you and got several of your historical data and your current operating budget. We looked and allocated that into O&M, any renewal replacements that you have, any pay as you go capital that you have, because right now you don't have it separated into a water, sewer, irrigation budget. We went through and sat down line item by line item and allocated that to either water, wastewater or irrigation. We also sat down with Rob and went through some of the expenditures and costs that are projected once the new irrigation system is online so that we make sure that we have those in there and recover those. So additional labor that you may have, additional maybe chemical expense, those types of things, wanted to

make sure that we had that so we start that in the 2026 budget. We're assuming those in there. Then we did that pro forma through 2030. So, we take for every line item and put escalation factors on each line item for inflation, or some of your labor is going to go up. Labor typically goes up a little faster than inflation, a little higher than inflation. So, we did each of those line items and then this is all put into an interactive computer model that we can look and run different scenarios, make different adjustments, see what happens if we make those adjustments and what impact that would have. We also went through multiple years of your customer data so we have that by block. We know how much usage every customer is using and we're also able to adjust the blocks that we want to adjust the allowances in each block. Then we can make those adjustments and see what impact that would have. I'm going to preface this as we go through this now. We're looking at two things. Right now, you're having an issue with exceeding your consumptive use permit. We want to put something in place and we're going to make some recommendations on some changes you can do to your rates right now before the new irrigation system is on, and then some of these other adjustments will come once that new irrigation system is on. I think we were assuming this was maybe going to be at the July meeting. So, one set that we're going to show coming in August 1st, that may be September 1st. Then with the irrigation system, we made the assumption that it would be online no later than July of 2026. We have those new rates, the revamped rates structure modifications, those coming in effective July 1, 2026. So, three things we're going to look at is adjust your rate factors between your blocks, elimination of the wastewater cap, and then adjusting the block allowances for the irrigation rates. The first thing when we talk about rate factors between the blocks, that means for example, if you're on your existing structure, it's higher than a dollar. But it's easier for me to show you here. If your first block was a dollar, your second block rate is $1.23. Your third is $1.85. What we're looking at again, your rate is slightly higher than that. But what you're looking at is proposing higher differentials between the block to promote conservation.

Mr. Flint: What are these first two columns? You have existing and proposed, and then you have existing again.

Ms. Hollis: The first is water.

Mr. Flint: That is irrigation, okay. I got it.

Ms. Hollis: I could put it either on top or the bottom. The second is irrigation. But why that one has so many columns now is because once we get on the new irrigation system, we're going to propose different blocks for your Pine Island versus your Hillcrest customers. What we're

looking at right now is you've got to get people to start conserving. You have several customers that are using 50,000 to 60,000 gallons a month, and on waste and on irrigation, kind of the same thing, which is exceeding your permit. We need to get them to start cutting back on their usage. One typical way is to make the inclining block rate structure a little more inclining, so a little more punitive. What we're recommending is you make that we're going to call it a super rate for block four for water and right now what's going to be block three, because your irrigation only has three blocks. So, we're looking at putting a super rate in that's going to make that rate per 1,000 gallons $14.03. I have the structure in a few more pages, but that's trying to get people to start cutting back, getting used to being a little more conservative, we need to be a little more careful and pay attention to what we're using. That is going to hit right now at the 20,000-gallon mark. Your fourth block for water is at 20,000. It's kind of the same thing for irrigation. We're trying to get people to start cutting back. We are recommending until you get the new irrigation system online, you start getting them to cut back. We start getting this in their heads, we're having this higher rate. Then we will talk about what we're going to do for Hillcrest and Pine Island after. The second thing we are looking at is eliminating the wastewater cap. Wastewater cap is typically there because it's supposed to account for the fact that you don't use all your water inside. That's the logic behind the cap is because you have outside use for water. However, here you have pretty much every customer has an irrigation meter. So, what's going through their potable water meter should be for inside usage. Therefore, it's not really justified to have that cap because anything coming through their potable water meter should really be for inside and not outside usage, which means it's going back into the wastewater system. If it's outside usage, it doesn't come back in the system. So, that's the logic of why you have a cap too, because you're not putting it back on the system. But here what's going in from the potable water meter should be going back into the system. So really, you're looking at eliminating because if people are putting more back in the system than they're paying for, then everybody's having to pay those costs because you're not paying for what impact you're having on the system. If you're using 20,000 gallons and putting 20,000 gallons back and you're only paying for 10, everybody else is having to pay that upkeep for the portion that you're using. So that's the logic of why we're looking at removing the wastewater cap. Again, for commercial, it's already in there because it was already assumed that everybody would get the water, that's all for inside use because again, commercial already has a separate irrigation meter. It's just following the same logic that you're following for your, I know you don't have very many

commercial customers. And we also call a master, which this building is a master meter, residential. That would be eliminated then for everyone and then the block allowances for the irrigation rates. We went back and forth several times with your Engineers, made sure we were understanding the consumptive use permits and the allocations of the usage based on the consumptive use permits. What you have is the different lots and different lot sizes are allocated a different amount of usage per year in line with your consumptive use permit. The Hillcrest lots are approximately 39,300 gallons per year that can be used for irrigation. That's not quite 4,000 a month. Your lots in Pine Island are a little bit different. You have less than a three-quarter acre lot. A three-quarter acre lot is allocated 107,000. It's really 5,490 so approximately 107,500. Then you have a three-quarter acre to a one acre that's allowed about 268,000. Then greater than one acre it is 286,640. So approximately 600 and so that's what you're allocating per year. We want to set a rate structure that is similar and starts as you're exceeding that. You're going to start getting that super because we're trying to promote the conservation. Then is your commercial, the clubhouse, Siena Towers, the master, and they're allowed slightly different. Those blocks will be set individually per customer based on either the District or the District Engineer because they have certain allowances. We've set that up. They would each have a different allowance based on what their allowance is in the consumptive use permit. Here is what we're looking at for blocks. This kind of shows you again, if it's on the Hillcrest side, basically the max they're going to get is 4,000 gallons. Once they get 4,000, they have to start conserving because we're only allowed 40,000 gallons per year. We have set in and recommending you have the first block that's going to be the basic rate. Once you hit for them the second block you're already into that super rate because they've got to cut back. And again, this is just on the irrigation side so we're not making any changes to the blocks on the water side, just irrigation. With Pine Island, you're going to continue with the three block structure that you currently have. So residential, less than three quarter acre is going to have 0 to 4. They recommend you 4 to 9 and then above 9 again they get that about 108,000 a year allocation. The greater than three quarter less than an acre lot, 0 to 11, 11 to 22 and then above 22 and then the greater than an acre lot is going to be 0 to 12, 12 to 24 and then above 24 and then there are some lots that are combined. Any lots that are combined would basically get, if it was two, three, you know, less than three quarter acre lots that combine into one, their allowance would be two times what the less than three quarter acre lot is. You have very few of those, but there are some that have combined. That would change for their irrigation, water just

stays the same. They don't get multiples of that because all water customers have the same basic allocation for water usage. This next page shows your existing and projected customers inflows. We had all of 2023 information, we had most of when we started going through this 2024. We're still getting estimated because we had to estimate the last couple months. We have everything broken down into blocks. What we were assuming is as when you put this structure in place, we're assuming some conservation. We're not assuming you're going to have 100% conservation so there will be nothing in block three or block four. But we were assuming on the irrigation side about a 35% reduction in the block three usage for Pine Island and the block two usage for Hillcrest. That has been accounted for here. If you get more than that, which it would be helpful that you get more reduction than that, you would want to go back and just make sure that you're still recovering enough. The rates that we're recommending are going to be based on that type of a reduction as well as we have a slight reduction in the other blocks just because your normalization. We looked at a few years period, but if you have a really wet year or a really dry year that can impact your usage and so that's water, wastewater and irrigation. We do assume in 2026, you're taking away that wastewater cap. What we're calling block two is any of your flow that's currently above the cap. Then that's saying the rate now would be applied to all of that usage and so when we go forward in the model, we're applying it to both what we're calling block one and two, once we move forward with eliminating that cap. Then like I said, here's the irrigation and we have assumed more reduction in the higher block because that's the point of the conservation rate structure and this super rate that we're putting on the high block. After that, when we say at least 3% across the board. Basically, you've been adjusting for inflation. We are assuming a minimum of 3% a year for inflation going forward. We're not showing that you would need anything more than that. We are showing that has been between your customer growth and some of the usage that you've had, but that's been keeping up with you having generating significant enough rates to cover your expenses. We're assuming that continuing with just you doing the minor inflationary adjustments. So projected operating results, these are assuming for 2025, you put the super rate into effect in August. If it's slightly different, you'll slightly lower. If you don't wait until September, you have slightly lower revenue charges for services, but that's charges for services, other revenues, miscellaneous charges, interest income, all of those things in your operating revenues. We have operating expenses. This is how your budget has been broken down and how GMS does that for you. You have administrative costs and you have operating maintenance. Then how we handle it

here is we show a transfer to your capital reserve fund and then any of your capital improvements are getting paid out of that capital reserve fund each year. We are showing approximately 500,000, between 450 and 500,000 in capital improvements every year coming back out of that reserve fund. Then at the bottom, we show you what they mentioned, your unrestricted operating fund. We're trying to get you to get to at least 180 days as a minimum. That's just so when things come up. If there is a delay in receipt of revenue, etc. that you can still pay your bills. For utilities your size, we would look at least trying to have in that unrestricted a minimum of 180 days. Then the capital reserve, like I mentioned, we had recommended approximately 2.6 million is a minimum in your capital reserve, 2.6 to about 3 million. You can see that capital reserve fund is staying in line with that recommendation. What we don't have in here is you will get from new connections connection fees. You do pay those back to the developer. That's not in our revenue line item and it's not in our expense line item. So those are handled in a separate account and not shown here.

Mr. Flint: What slide are you on now?

Ms. Hollis: I am on 25. Any questions so far? As I mentioned and you can see here you adjusted your rates about 3.24% on October 1, 2024. That's what you'll see in your first column. Just because there's so many rates. I have water and wastewater on this first slide and the next slide is going to be where we talk about irrigation. We are looking at this proposed in August of 2025. No real changes to the base charge because we haven't reset the rates and done the cost of service yet. We are looking at putting in that super rate and we made a slight adjustment to block three to make that a little more in line with the three times versus the two times. You can see that super rate instead of the block four, which is above 20,000 gallons being $5, we're looking at it being $14 per thousand gallons on water. Then once we go out and we do the actual cost of service, you are recovering approximately what you needed to recover from the water system and the water rates. You can see there's a slight adjustment up that the base charge is going to go up slightly when we did that cost allocation. You can see you were pretty much in line and recovering what you should be recovering from your water rates. We are keeping that super rate in again so if people are using more than 20,000 inside, that's a lot of a lot of water so we want them to try to cut back. You have about 20,000 allocated a month. If we look at what you're getting per year, you get about 240,000 for inside usage. We can't really go above that. We need to start getting people to cut back. On the wastewater, you can see there are no changes for this August, except for a minor rounding difference it looks like. But what we did is in 2026, when we take that cap off,

you're recovering about what you need to recover again from your base charge. We kept your same allocation, which was coming from base versus what's coming from gallonage. You can see now when everybody's paying for all their flow that's going in instead of that cap, it lowers the rate per thousand gallons for your wastewater to $6.14 from $7.57. Then it starts trending forward from there. I think those are the 3% per year. For irrigation, what we're seeing is again putting that super rate in until you have the system online, leaving the three blocks at that time. When you get the new system online so in July of 2026, we have reset the rates and recalculated them again, similar base charge. What's odd here actually is when you're looking at cost, you are recovering a lot more than your cost on the irrigation side. Previously, when we reset these to what the costs of the new system are going to be, the rate per thousand gallons goes down slightly. What we're still trying to do though is make sure that you're promoting that conservation. Like I said on Pine Island, you're going to see there's still the three blocks and Hillcrest there's only going to be the two blocks because you're only allowed the 4,000 a month. We are still putting the super rate in, but it's not quite half of what the current rates are on that side. That is aligning the cost recovery to the actual cost that we're anticipating for running and maintaining the irrigation system. That is also putting away for renewals and replacement of the system. You're paying the capital costs associated with the construction of the system separately. You do have to maintain the system and put money away for renewal and replacements of the system, so that's added in. It's an approximately 10-million-dollar asset. We are looking at a 40-year recovery time. Make sure you're putting enough in each year so that you could continue to maintain that and do the renewals and replacing all that system. This next slide 27 is just the same one we've already shown you with what the blocks would look like. Just kind of a refresher of what the new blocks would be. There's several of them. They're in the report too. We put them here because at the time we had issued the updated draft report. This is just basically showing you a typical bill comparison from this is showing the 2025 adjustment. Putting that super rate in, you can see people start paying more as we get further down in usage and really start paying more after you hit the 20.

Mr. Flint: When you get above 20, that's when you get dinged. You can see on page 28 the far right column.

Ms. Hollis: Yeah. Once you hit that 20.

Mr. Flint: That would be the increase.

Ms. Hollis: Yeah. The other minor ones are just that one, that third block that we increased just slightly to get it more in line with what we thought the differential should be after. So the 2026 adjustment, that's where we mentioned that you're eliminating the wastewater cap. You are going to start seeing as you hit the 10,000, it's going to start going up. That is primarily for the wastewater side. But why there's a reduction before then is because we've lowered the rate per thousand gallons because you're charging it for all gallonage now. At first, people using less than 10,000 are going to see a slight reduction because the rate per thousand gallons went down. Once you start hitting 10 and going up and then once you hit the 20 for water, you can see both start going up more. This shows you up to about 40,000 gallons. Hopefully you're not going to have too many people in that because that's the whole point of this is we're trying to get people to get down to that 20,000-gallon mark or less.

Mr. Flint: On page 29, the difference comparison here is the proposed rates implemented in August and then the proposed rates implemented next July. It's today versus the rates next July. They're going to have a big increase in August of this year and then it looks like they're going to have another big increase in July of next year.

Ms. Hollis: True. Hopefully we get them down in that 20,000 range.

Mr. Flint: Yeah, it looks like somebody using 20,000 gallons right now is paying 157. Well, let's take 30,000. Someone using 30,000 gallons today has a combined bill of $207. If we hold this rate hearing in August and the recommended rates are implemented, their bill is going to go up by $92 to 300. Then next year when the irrigation system is operational in July of 2026, it is going to go up another $130 to 430.

Ms. Hollis: Hopefully you get that 30,000 once they start getting that bill at the $92 increase to get down into the 20,000 by the time they get to July of next year.

Mr. Flint: So, any savings on the potable side from switching from, or on the irrigation side from switching to surface water is not really going to impact this.

Ms. Hollis: It won't impact the water, the water wastewater side.

Mr. Flint: Okay, this is water wastewater.

Ms. Hollis: Yes. This is water wastewater. We can show combined all three. I could show a Pine Island.

Mr. Flint: No, it's so complicated. I don’t want to try to get it all in one.

Ms. Hollis: What we can do too is search where they are on their water versus their what their typical bill is. If they're right now at 30,000 for water, but they may only be at 15,000 for irrigation, they'll be able to search down on here and see. We can show this for any gallonage. I can have that if they want to type in what they're using or whatever, we can show them that.

Mr. Flint: People probably are not going to know what they're using. If they come to the rate hearing, they're probably not going to know.

Ms. Hollis: I don't have the most recent, although I could get Teresa to send us the most recent. But I do have a monthly billing, like the complete billing so we can show them based on their address, how much they use.

Mr. Flint: That might be an after the meeting, let them know their bill is going to go up, not during the meeting.

Ms. Hollis: So those first two, the 30, 31, these next ones are the irrigation.

Mr. Flint: On the irrigation side, there is going to be a reduction when we switch?

Ms. Hollis: In the per thousand gallons, yes. The issue you're going to see when we get to the Hillcrest one is and most of Hillcrest wasn't using much in block two or three or what we're calling the old three. It's going to look extremely high if I say 30,000 for Hillcrest because they're at that super rate for 26,000 of the 30,000 gallons. But you don't have very many people in that. Most of the residents on the Hillcrest side we're using significantly less than 30,000. But I can come back with the distribution so you know how many customers it would be.

Mr. Flint: I said it may not make sense to combine them all, but maybe it does because when you look at the irrigation side.

Ms. Hollis: This is going to be, they may use 30 or 20 here, but that may only be 10 on irrigation or it could be 25 on irrigation. So, they wouldn't all line up to say, you know, 20, 20, 20 because they may not have 20 on all three.

Mr. Flint: Okay, that's right.

Ms. Hollis: So that's the only issue. But we can definitely show that it's just because they're not all going to be tied. The water and sewer are going to be tied to the same.

Mr. Flint: The same usage.

Ms. Hollis: Right, but the irrigation wouldn't be.

Mr. Gorrill: Okay. Yeah, right, wrong or indifferent, we assume a 35% reduction in usage.

Ms. Hollis: But if it would be helpful, I can show you currently like how many bills per month were in each of these.

Mr. Flint: Hopefully there'll be some conditioning in the next year. People will change their habits a little bit. Then when the new irrigation rates go in, which may go down and there may be some savings there, they will already be conserving.

Ms. Hollis: Right. Right now, it's not going to go down for that first one, which is that first one before we put the new blocks and everything in and the new rate on that 30, that's everybody getting that super rate to start getting them to cut back. But that's also Hillcrest is having higher allowance right now so it's giving them until we get to that next rate. These are the two that you'll see. It looks, because we're showing all the way up to 75,000, but you don't really have any Hillcrest parcels at 75,000. But you can see everybody here is. Well, we still have the super rate and the cost of service is less for the surface water versus your current.

Mr. Flint: Maybe on Hillcrest we cut.

Ms. Hollis: Yeah, cap it.

Ms. Hollis: You always do it their highest one.

Mr. Flint: Yes, maybe stop at 50 or so because if we don’t have anybody using 75.

Ms. Hollis: Right, because the few that you wouldn’t do and higher were commercial, which aren't going to be on the schedule anyways.

Mr. Szozda: It goes down until they hit their cap and they hit the super rate.

Ms. Hollis: Right, you can see until they hit 4,000, they were getting a reduction. Once they go over that, then they start getting an increase again. These are showing water, wastewater. We can show it at different amounts. We've selected right now 15,000 gallons to show you as a comparison. This first slide 33 is your water wastewater at 15,000 and this is showing both the proposed August or September 2025 as well as the new rates and the removal of the wastewater cap in 2026.

Mr. Flint: Which slide are you on?

Ms. Hollis: 33.

Mr. Flint: This is current proposed.

Ms. Hollis: So, the first line is your existing.

Mr. Flint: Okay.

Ms. Hollis: Your second line, because water is the same as what your proposed August or that first implementation for water wastewater. And then your third line down is what we were saying once the new irrigation system is online and you've removed the wastewater cap.

Mr. Flint: Looks like Groveland makes us look good and Oakland, which are the two closest.

Ms. Hollis: Again, these are comparing them to the current rates. So, they could have a rate adjustment going in October. It may be slightly different to that July rate.

Mr. Flint: Look at Mount Dora, crazy. Does Mount Dora still do theirs on a cubic whatever? They used to not do it per 1,000 gallons.

Ms. Hollis: I don't remember if it was. The next slide is showing you, so that's for 15,000 water wastewater. The next one is 20,000. Again, this Hillcrest one looks high because they only get four and you're hoping only using four and not the 20 but to show them at a different rate, I mean different usage again, it looks like you're really. If they are using 20, you need them to come back because they should only have four. That is what's showing you what that punitive super rate is doing. This is just communities that actually had set aside actual irrigation rates. If not, then they would just continue. If they just have a potable water meter and not separate irrigation rates, they weren't included on here. I think that was the Villages is not on here because they just have their water. They don't have separate irrigation meters. Then this comparison here is showing you water wastewater at 15. It's just basically summarizing those sheets and then the irrigation at 20. Again, like I mentioned, we didn't show anything. The Villages one isn't showing any irrigation. We can add in and assume that at water rates, but that's why that one is so low where we can take that one off of this chart. But you can kind of see where you're falling in. Obviously that Hillcrest one because of that huge irrigation amount, it's bumping them up. But the other ones, you are more in you know maybe the 2/3 weight of what this is. You can see for the Pine Island proposed on 726, that would be $220.23 if they were using 15,000 water wastewater and 20,000 irrigation.

Mr. Flint: You are comparing utility with 800 customers.

Ms. Hollis: To the ones that have multiple more so they have more.

Mr. Flint: So, they have many thousands to spread cost.

Ms. Hollis: That kind of gets us to the end of the water wastewater irrigation rates. Obviously, when you sat down to do this and you have fed administrative management, you continue looking for ways to improve service and reduce costs. It's a well maintained and operated

system. Obviously, you're going to have a brand-new irrigation system come a year from now. They have numerous improvements that are coming in the next five to 10 years. You're just going to have to continue making sure you are putting enough away for the renewal replacement of your system. The proposed adjustments are just equitable typical service charges. You can see you were in line. The recommendations are to adopt the proposed annual rate adjustments with the first being that this may change to September 1, 2025. Then the next set would be to adjust to those adjustments once the irrigation system is online so we're looking at those in July of 2026. If the system comes online sooner, obviously you can move those up sooner and then doing basically inflationary adjustments thereafter. We want again to continue to fund your capital reserve fund so you're basically putting in approximately what you're using each year. You need to keep putting in at least that much, if not slightly more so that you're maintaining that capital reserve fund.

Mr. Flint: The miscellaneous charges, I think the Board can review those and if you have questions, we can ask those. You probably don't need to go through those. There is a return check fee and stuff like that.

Ms. Hollis: Yeah, basically we just sat down with staff and went through and talked about how many hours servicing takes at a time to make sure that you're recovering enough on those and to make sure some of the ones that you didn't have that other communities around you do have, we were making recommendations on adding those and what they should be.

Mr. Flint: Terry, you probably agree, this rate structure is pretty complicated. I don't think you see a lot like this. We have tried to be as equitable as we can and tie the inclined block rates to the alliances under the consumptive use permit. A lot of utilities don't have to do that or they don't do that so they're not as complicated as this is but we're trying to. There's a difference between a Hillcrest zero lot line house and a Pine Island two-acre lot on what they should be using for irrigation. Does the Board have any questions on this? The consumptive use permit is a big issue that we have been struggling with that we know there's a cloud on the horizon on this. It may be closer than that so we need to take whatever steps we can to encourage people to conserve use of the water.

Mr. Szozda: I think I mentioned this prior that there will be a campaign of the excessive users to say “hey look you're an excessive user, here is what you'll be looking at in the future.” Just a simple letter just to give them as much heads up as possible what's coming at them.

Mr. Flint: This is going to come was a surprise to some folks. I'm sure they're not going to be engaged. They're not going to be aware until they get that bill. I'm sure we will hear from some folks.

Mr. Lazarovich: With this super rate. Have you seen that before? Because I was just concerned going up to 14 and then also dropping it down the following year. I could take a look to make sure that's permitted. I just wanted to make sure is that used in other government amenities?

Mr. Flint: There's no limit statutorily on those changes and the reason it's going up is because you are still using potable for irrigation. And we're going to drop it to.

Ms. Hollis: Right, we're going to drop it as a different source of supply. That was the part we did struggle with too because rates are going down on that and that's really when you're trying to get them because it's harder for them to change their indoor usage than they're outside usage. But because you are changing the source of supply, it is also different cost.

Mr. Flint: We don't want to be over recovering on the irrigation based on what our actual cost was.

Ms. Hollis: That's why we're not saying go ahead and move right now to the lot, it is also going to take a little while. It's able to put in your billing system but it's going to take a little while to flag all those people in your billing system too. So, to try to change that in a month. We weren't here a month or two. So that was also why we were looking at waiting for that big change in the blocks to occur so that Teresa and your billing system have time to get that all incorporated. And we did check with her.

Mr. Flint: It would be nice to do this all at once next year; we wait until the irrigation system comes on and do it one time. we don't feel like we can wait because of the consumptive use permit. We need to start now.

Ms. Hollis: And it also shows the water management district you're trying to address it by putting in that.

Mr. Flint: Exactly and if you approve whatever you approve at the August meeting, you can approve both steps. We don't have to hold another rate hearing next year when they change again. You can approve the study and it will be automatically implemented without another rate hearing.

Mr. Szozda: If we're over recovering, we don't have to escalate year to year. For under recovering, we'll be back here in.

Ms. Hollis: Yeah, that's our only recommendation. You should look at it every five years. If all of a sudden everybody cuts back and there's no usage in that high block, then we're going to have to reevaluate. It's, you know, if they cut back too much, then the rates have to go up because you still have a certain amount that you have to recover.

Mr. Flint: That would be a nice problem to have, right?

Ms. Hollis: Yes, but it's harder to say, hey, you're using 20,000 and you're using 50,000 and your rate's going to be about the same because we still have to recover this. I mean, that's the tough part.

Mr. Flint: Yeah, but. I think it's somewhat inelastic. So, you know, hopefully the super rate will have an impact. But traditionally people are not overly impacted. They're going to use what they're using.

Ms. Hollis: So, if that doesn't work, you may have to take other measures to get them to cut back. We've seen different penalties at places if customers are using too much, those types of things. We're trying not to get to that point.

Mr. Flint: I think when you get to the comparison at the end. It paints a little rosier picture than maybe some of the tables.

Ms. Hollis: Right.

Mr. Flint: But again, that's 15,000 or 20,000 gallons of usage. The people that are using a lot, they're going to get impacted and they should. I mean that’s what the purpose is here. Any questions or comments from the Board?

Mr. Scharich: One comment I have. I don't know if Randall's there?

Mr. Flint: No, he's not on the call.

Mr. Scharich: Oh, okay. I didn’t know if he was online. But one of the things that I had bill directed is pushing for years actually is to take a look at how we can expand the use of synthetic turf. And because we were going to be able to do that and then all of a sudden it came from the developer side. No, we can't. They put up restrictions on being able to use it. But if we could come up with the most realistic looking synthetic turf, the payback on that when you consider the increase or the lack of maintenance to cut, you got all these. So right now, we can use it in the rear of the house around the pool. But they banned it from being able to use it in the front of the house

even though there's been some that have done it that way. But then they got really strict on banning it. I mean that would be a huge reduction in the amount of water.

Mr. Flint: Yeah.

Mr. Scharich: For those, I'm thinking of two ways. One way would be in the construction left to be done. But also, there's yards that due to the lack of irrigation that the turf has pretty much died off. You know, so I'm thinking replacement too. And they've come up with some less expensive ways to install synthetic turf. When we looked at it for the ones we've done, there's like a five-to-seven-year payback on saving on irrigation because all you're doing then is establishing dirt for the plantings.

Mr. Flint: Yeah.

Mr. Scharich: But also, the maintenance involved too is a big part of that payback.

Mr. Flint: Oh yeah.

Mr. Scharich: So, I don't know. The lifespan of most synthetic turf now is up to almost 20 years. To me it's like a no brainer. But it feels like they kind of keeping hitting our head against the wall trying to get the developer. Now maybe with this new rate study, that's why I was thinking Randall's on ACB and of course Dennis Kelleher is, so those would be the two parties to really look at this. And they're probably looking at it now. But I think they have to look at their policy on synthetic turf as part of my kind of protective builders' guidelines.

Mr. Szozda: I'm not sure they have the lawful ability to do that anyway. It's energy conserving device. Closed lines, rainwater systems, it can't prevent them.

Mr. Burman: Yeah, we went over this with Brian and he said you can't do it. I think under state regulation, they don't like the anti-percolation.

Mr. Flint: Yeah, it could create an impervious area.

Mr. Burman: This is artificial turf?

Mr. Flint: Yes.

Mr. Burman: But there are artificial turfs that are not impervious.

Mr. Szozda: And that's what they would expect. They would just say this is exactly the color and the blade length and the impervious nature. They can say that, but they can't say no, no artificial turf. I'm not sure that's legal.

Mr. Flint: We're losing you, Rick. I think you're breaking up on it, but that's a good point. It's unfortunately not something the CDD has control of, but we can try to push that conversation with the developer.

Mr. Scharich: Right. I realize it's crossing lanes there, but that's something that kind of has been a pet peeve for me and kind of bugged me because they can come up with standardization for what they use that looks the most realistic.

Mr. Flint: Right.

Mr. Scharich: And have. So anyway, I'm sorry.

Mr. Flint: No, no, that's a good point. I think we need to get this information to Dennis and Paul and all those guys too. I mean they really need to be in the loop on this. The consumptive use permit is still in the developer's name, not the CDD's name. Any other discussion from the Board? Alright, thanks, Tara. I appreciate it. Is there a motion to authorize staff to advertise a rate hearing for your August meeting? It would be the second Thursday at 10 a.m. in this location.

SIXTH ORDER OF BUSINESS **Consideration of Setting Utility Rate Hearing**

On MOTION by Mr. Owen seconded by Mr. Burman, with all in favor, Setting a Utility Rate Hearing on August 14, 2025 at 10:00 a.m. in this location, was approved.

Mr. Lazarovich: We will put together a resolution for that.

Mr. Flint: Thank you.

SEVENTH ORDER OF BUSINESS **Staff Reports**

A. Attorney

Mr. Lazarovich: No major updates from us this month. We are still just working with Jim Boyd on the easements related to the pond conveyances. That is all I have right now.

B. Engineer

Mr. Flint: Steve, did you make it back on?

Mr. Boyd: I made it back on. All I have to report is we are probably in the next two meetings going to be starting to bring the plat certification and the final permitting for the irrigation system improvements both Lake County and St. Johns have finally approved. We're just waiting for the permits to be issued. I'm hoping to have them in about two weeks.

Mr. Flint: Okay.

Mr. Boyd: Andy, I will get with you to schedule a time to come out and look at that.

Mr. Flint: Thanks Steve.

C. District Manager's Report

i. Approval of Check Register

Mr. Flint: You have the check register from April 1st through May 31st for the general fund, water and sewer fund, water and sewer reserve fund and Board pay that totals $867,934.55. Any questions on the check register?

On MOTION by Mr. Burman, seconded by Mr. Owen, with all in favor, the Check Register, was approved.

ii. Balance Sheet and Income Statement

Mr. Flint: You have the unaudited financials through the end of April. There is no action required by the Board. Are there any questions.

iii. Presentation of Number of Registered Voters – 570

Mr. Flint: Next is presentation of the number of registered voters. We are required to announce this annually. As of April 15th, there were 570.

iv. SBA Florida PRIME Monthly Summary Report

Mr. Flint: There is the monthly summary report for the SBA investment account for information.

D. Field Managers Report

Mr. Szozda: I have a number of things, a lot of things are going on. We rebuilt two of the high-capacity pumps for the Pine Island power plant so one has been replaced. Unfortunately, one of the shafts on one was on the wrong side but that has been resurrected and that will be installed next week. We did talk previously about going to the Zoeller pump. We installed our first Zoellar pump over at the sales office and no issues related to it. Once we run out of flight pumps, we will be going to Zoeller. Generators, just hurricane season is upon us. Generators have been serviced the two older ones at Pine Island where we replaced both the hoses and belts and water pumps and all those. So, we're feeling confident that our generators are in good condition here going into the

season. We also of course ordered the generator for the lift station near the clubhouse. That was ordered shortly after the approval of the April meeting. I tried to get a hold of them before this meeting to see when that thing's going to be delivered and installed. The site's been prepped. We had to move the water line so when it arrives it's ready for installation.

Mr. Flint: It would be nice to have it before hurricane season.

Mr. Szozda: Generator station PM program talked a lot about that. We funded 150pm. We are about at 75. I'm going to say it's going well but I think this is the path forward. Unfortunately, at least recently I haven't seen a downturn in the maintenance as I'd like to have seen but it truly will be coming. It resulted in a number of pump outs. Not doing the pump out, those eventually fail. We show up at night. We pay exorbitant amounts of money to fix those at night. On April 22nd we had a hit on one of our sewer mains. We put out a request for people to reduce water that actually people followed that in the POA. We soon to have in place our own notification system so we can take those things on ourselves. But that got repaired. I am going to say hats off to RCM. If they weren't there and weren't prepared that would have been better than 24- or longer-hour event. The roof replacement, its permit is in place. They ordered the material. Once again, I didn't get a notice from Brian on when he's going to start but that's the two water plants, the sewer plant and then the shelter that's over the final filtering station that goes to the reclaimed system. I got several bids. We're in the process of getting bids to deal with the sewer plant seepage. The walls are seeping out. This is not a new thing, they've been patched a couple times. One of them we will get this week is to fix it from the inside but that is not going to be cheap. We are going to do kind of a cost comparison to see what happens if we again fix from the outside or we do have a new player involved. QXO, they came in with a new technique and I'm thinking slightly different material. So, we're looking at all that to try to get that where it needs to be. We put in a new reclaimed transfer pump. Those are not cheap. There's a second one that's going as well. We are soon to be in a very, very good position for reliable operations, not that we haven’t been but for reliable operations of all aspects of sewer treatment and discharge of reclaim. Part of the process of that we just installed a return activated sludge pump. Those were very old. We're getting ready to place the other one due to its age and the noise it's making now.

i. Consideration of Proposal from Ferguson Waterworks for Mobile Meter Reading Collector

Mr. Flint: The proposal for the meter reading. That's the only thing that's on the agenda.

Mr. Szozda: So, we looked at this last year and tried to get a demonstration but unfortunately it went too late. We finally got a demonstration of the faster meter reading system. It's basically twice as fast as the current one. One of the problems with the current meter is a handheld. About every 10th house you got to jump out of the truck and get closer and things like this. This will eliminate all this. We believe it will cut the reading time down to at least in half. It's very, very valuable time of us driving around trying to chase around readings. It is $12,000. I'm proposing we use that to become a little bit more efficient on the operations side.

Mr. Flint: The meters that you have now are radio read meters. We drive down the road. We've got a handheld device that picks up the meter readings as we drive down the road. But this is a newer technology as Rob indicated, would speed up that process significantly and make it more efficient.

Mr. Szozda: We also take a number of data logs and you have to be positioned right on it. Then have to take a read. Now I can pull up to four or five houses at the same time from one position, again just simple time savings.

Mr. Flint: And a data log if someone calls or they're using too much water or you know there's an issue with their meter; we can go back with that handheld and can actually get historical data off of the meter that shows their usage. Any questions on that?

Mr. Lazarovich: Does the Board want to set a not to exceed? There are two terms in here that the price is so subject to change after 48 hours and with potential tariffs. So yeah, that proposal came in last week.

Mr. Flint: Maybe make it 13 just to give us some flexibility.

Mr. Szozda: Okay.

Mr. Flint: Is there a motion to approve not to exceed $13,000?

> On MOTION by Mr. Gorrill, seconded by Mr. Burman, with all in favor, Ferguson Waterworks Proposal for Mobile Meter Reading Collector NTE $13,000, was approved.

Mr. Flint: Anything else, Rob?

Mr. Szozda: No, that's it unless there are questions.

Mr. Flint: Thanks for all that.

EIGHTH ORDER OF BUSINESS **Other Business**

Mr. Flint: Any other business? There being no comments, the next item followed.

NINTH ORDER OF BUSINESS **Supervisor's Requests**

Mr. Flint: Any other Supervisors requests? There being no comments, the next item followed.

TENTH ORDER OF BUSINESS **Adjournment**

Mr. Flint: Is there a motion to adjourn?

On MOTION by Mr. Gorrill, seconded by Mr. Scharich, with all in favor, the meeting was adjourned.

Secretary/Assistant Secretary

Signed by: 7DABF2AB8E85457...

Chairman/Vice Chairman