

Dear: \_\_\_\_\_

The Town of Howey-In-The-Hills (the "Howey") invites you to attend a meeting at 1 pm on January 6, 2022 at the library meeting room space (Marianne Beck Memorial Library, 112 W. Central Avenue) to discuss your interest in Howey providing wastewater service to your property/development.

#### Background Information

Howey enacted Ordinance 2003-307 on August 11, 2003, under which Howey created a water and wastewater service area as authorized by Chapter 180 of the Florida Statutes ("180 Service Area"). The 180 Service Area includes the entire town of Howey as well as unincorporated areas of Lake County in the general vicinity of Howey as depicted in Howey's Utility Service Area Map. Howey does not own or operate its own wastewater plant; rather, Howey has an agreement with the the Central Lake Community Development District, a Florida Special District created pursuant to Chapter 190 of the Florida Statutes (the "CDD") under which the CDD provides wholesale wastewater service to Howey and thereafter Howey provides retail wastewater services to its customers. The CDD operates a wastewater plant pursuant to a long-term lease with the property owner, Sewer & Water Plant Investments, LLC ("S&WP").

The CDD's existing wastewater plant has a capacity of 870,000 gallons per day. For your benefit, this translates into 3,480 Equivalent Residential Units ("ERUs"). Said, differently, one (1) ERU equals 250 gallons per day. As of the date of this letter, the CDD has committed 100% of its 870,000 gpd capacity to various properties and developments in and outside of Howey, including, but not limited to, Venezia, Bishop's Gate, The Reserve, Las Colinas, Boondocks, School Board of Lake County and the ESE Center. The CDD is able to expand its existing wastewater plant by an additional 2,710,000 gallons per day. This will allow Howey to accommodate future development and additional wastewater needs within Howey's 180 Service Area.

#### Expansion Plan

Howey has been working with the CDD and S&WP to develop a plan for expanding the CDD's existing wastewater plant. Based on the CDD's and S&WP's most recent discussions with their engineers, consultants and a general contractor:

- The minimum expansion size is 435,000 gallons per day (or the equivalent of 1,740 ERUs). Any greater expansion would need to be in increments of 435,000 gallons per day --- so 870,000 gallons per day would be the next option.
- The timing from start to finish will be approximately twenty-four (24) months.

With respect to the cost to expand the wastewater plant, the CDD believes that the CDD's current expansion ERU amount of \$3,517.50/ERU would be sufficient to fund the expansion costs. This is still subject to final confirmation upon receipt of construction bids.

Please note that each property owner/developer would be responsible for funding in advance its portion of the expansion costs. This is how the CDD's existing wastewater plant was constructed. As an example, if a property owner/developer needs 200 ERUs, then their expansion cost would be \$703,500. Each property owner/developer would be required to provide an irrevocable letter of credit ("LOC") equal to their portion of the expansion cost and draws would be made against such LOC as the construction

progresses. The LOC would need to be renewed annually, and if a property owner/developer fails to provide a replacement LOC thirty (30) days prior to the expiration of the current LOC, then the balance of the LOC would be drawn down in full.

In the event that a property owner/developer needs ERUs before the twenty-four (24) month timeline above, then the CDD (through an understanding it has with an existing property owner that owns a significant number of unused ERUs) would be able to provide the necessary ERUs to such property owner/developer. This is as an unlikely scenario given the estimated time for completion of Howey's new water plant expansion.

#### Conclusion

Howey and the CDD have already had discussions with certain property owners/developers regarding the number of ERUs they need and the timing. Therefore, it is our expectation that the timing of the wastewater plant expansion will likely commence in the very near future. We look forward to seeing you on January 6, 2022.