

# CARBON

## MINUTES OF BUDGET WORKSHOP HARMONY COMMUNITY DEVELOPMENT DISTRICT

A budget workshop of the Board of Supervisors of the Harmony Community Development District (“CDD” or “District”) was held Thursday, March 28, 2024, at 4:30 p.m. at the Jones Model Home, 3285 Songbird Circle, Saint Cloud, FL 34773.

Present were:

|                |               |
|----------------|---------------|
| Mark LeMenager | Chairman      |
| Daniel Leet    | Vice Chairman |
| Lucas Chokanis | Supervisor    |
| Kerul Kassel   | Supervisor    |

Also present, either in person or via Zoom Video Communications, were:

|                                     |                                             |
|-------------------------------------|---------------------------------------------|
| Howard Neal                         | District Manager, Inframark                 |
| Jennifer Goldyn                     | District Manager, Inframark                 |
| David Hamstra                       | District Engineer, Pegasus Engineering      |
| Jorge Baez                          | Field Services Supervisor, Inframark        |
| Brenda Burgess                      | Project Manager, Inframark                  |
| Leah Popelka                        | Director of Finance & Accounting, Inframark |
| Kerry Satterwhite                   | Area Field Manager, Inframark               |
| Residents and Members of the Public |                                             |

*This is not a certified or verbatim transcript but rather represents a recap of the discussions at the workshop. The full recording is available in audio format upon request. Contact the District Office for any related costs for an audio copy.*

### **FIRST ORDER OF BUSINESS**                      **Call to Order and Roll Call**

Mr. LeMenager called the workshop to order at 4:30 p.m.

Mr. LeMenager called the roll.

### **SECOND ORDER OF BUSINESS**                      **Audience Comments**

Ms. Burgess introduced Mr. Neal and Ms. Goldyn.

### **THIRD ORDER OF BUSINESS**                      **Discussion of Fiscal Year 2025 Preliminary Budget**

Ms. Burgess explained the purpose of the workshop is to introduce the new budget template, which includes very preliminary numbers for fiscal year 2025. The Board members should be thinking, in advance of the next budget workshop, about the contribution to reserves, which is currently shown the same as last year, capital projects, potential purchase of the golf maintenance facility, and other projects. Ms. Burgess shared the template on the screen.

Ms. Popelka introduced the new model of the budget and explained the new components and tools. The dashboard is at a macro level that shows where the numbers are at any given point in time and forecasts where you are going. The first section shows how the District is performing in

45 the current year compared to the percentage of the prorated budget, keeping in mind some  
46 administrative expenses are paid in full at the beginning of the year. The forecasted performance  
47 section is based on projections and shows an estimate of how the fiscal year will end. Other metrics  
48 show how the current fiscal year compares to previous fiscal years.

49 Mr. Chokanis asked if the \$1.3 million is what is available in reserves. Ms. Burgess explained  
50 fund balance left over at the end of the fiscal year is added to existing fund balance, which is  
51 detailed in the financial statements.

52 Ms. Popelka described the 001 tab for the general fund, which includes a model for better  
53 projecting expenses in the current fiscal year, columns R through U. Expenses can be projected  
54 based on the adopted budget, current expenses and spending trend, or a specific dollar amount.  
55 The default is based on the adopted budget. Column O is also new showing benchmarks that are  
56 highlighted if over budget, default at 20% but can be changed at the desire of the Board.

57 Ms. Popelka further described the assessment detail page, which shows each product type and  
58 resulting O&M assessments per unit. An assessment increase analysis table has been added to  
59 show the impact of an additional dollar amount added to the total budget. Ms. Burgess provided  
60 further examples of the impacts for an additional increase over the total budget. Mr. Chokanis  
61 pointed out a formula error in the analysis table that shows 104% increase instead of 4%. Ms.  
62 Popelka explained the assessment trend analysis table showing assessments per product over the  
63 past five years.

64 Mr. Chokanis requested to include the name of the neighborhood along with the letter shown,  
65 for example, D is Drake and E is Estates.

66 Ms. Kassel requested to add the percentage for each year in the trend analysis table.

67 Discussion ensued regarding residents not necessarily knowing the neighborhood they live in  
68 and exaggerations rumored in previous years.

69 Mr. Leet asked if the potential multi-family assessments will be fair compared to current multi-  
70 family assessments and taking density into account. This will be discussed at the regular meeting,  
71 including the methodologies included in the agenda package. Mr. Leet asked if the current  
72 methodology for the current multi-family assessments will be applied universally to future multi-  
73 family properties. Ms. Burgess responded comparisons of 52-foot lots in different neighborhoods  
74 are not the same dollar amount, so future multi-family assessments may not be exactly the same  
75 as the current level but will be equitable and fair. O&M methodologies generally are either straight-  
76 line (same amount for all product types) or proportionate (based on the debt service methodology).

77 Mr. LeMenager asked if projections are fairly accurate, which can be changed as appropriate.  
78 Ms. Burgess described engineering fees due to a lot of engineering activity, which the Board might  
79 want to base the projections on actuals instead of the budget. Contract amounts will be projected  
80 at budget because of the certainty of knowing the fiscal year cost. Staff will know certain expense  
81 line items, such as ponds or other, because we know of upcoming work or proposals that will be  
82 presented to the Board.

83 Mr. Chokanis discussed landscaping and irrigation expenses, many of which are front loaded  
84 at the beginning of the fiscal year. Ms. Burgess indicated staff strives to stay within budget on all  
85 line items, and the Board is great at prioritizing projects and non-essential spending toward the  
86 end of the fiscal year. For contract line items where the Board went out for RFP and the new  
87 contract is higher than budget, that projection can be made with the actual number instead of being  
88 projected to the adopted budget number. Mr. Chokanis asked about the reality of spending  
89 \$400,000 through the end of the fiscal year, which is seven more months, and suggested some  
90 expenses were coded to one line item. Ms. Burgess confirmed that has been occurring and those  
91 will be reclassified, example, irrigation shows zero spent but \$50,000 has been approved and spent  
92 thus far. Irrigation and tree trimming were probably coded to reserves-other. Staff will review and  
93 reclass as appropriate. Ms. Kassel suggested actuals will probably come closer to the adopted  
94 budgeted number than the lower numbers.

95 The budget is still a work in progress, and staff wanted to present these new tools for purposes  
96 of better projecting current year expenses. Board members can email Ms. Popelka with questions  
97 or comments at any time. The spreadsheets will be emailed to the Board. Ms. Burgess explained  
98 certain tabs and cells are locked, example total formulas, while cells that can be changed are  
99 unlocked. Ms. Kassel asked for clarification on the projections based on actuals. The new columns  
100 only change the anticipated projections for the current fiscal year; they will not change numbers  
101 in the fiscal year 2025 column since those will be manually entered, but the projections will assist  
102 in determining proposed budget numbers. For example, if engineering next year is anticipated to  
103 be on the same trend as the current fiscal year, then the Board can budget based on actuals. If  
104 engineering activities were higher than normal this year and will go back to normal levels next  
105 year, the Board might want to budget the same dollar amount as this fiscal year. The purpose of  
106 the new projection columns a tool to better assist the Board with budgeting for fiscal year 2025.

107 Discussion ensued regarding process for Board members putting in their own numbers before  
108 the next meeting and how final numbers are determined, which will be done at the next budget

109 workshop collaboratively for each of the line items. The budget is a live, linked working document,  
110 and all changes are automatically calculated in column totals and on the assessment detail tab.

111 Ms. Kassel asked if the budget workshop is the appropriate time to discuss infrastructure and  
112 maintenance projects and the community maintenance facility, which Ms. Burgess replied is the  
113 case at any and all of the budget workshops. Mr. Chokanis asked for clarification on Reserves-  
114 Other if it is what was transferred from reserves based on planned projects for fiscal year 2024,  
115 which Ms. Burgess confirmed that was the \$412,000 as a result of conversations during the  
116 previous budget cycle. Mr. Chokanis questioned if all line items are under budget, does the overage  
117 flows to reserves. Ms. Burgess explained the net income is added to fund balance, not reserves.  
118 Ms. Kassel further explained a certain amount out of the fund balance can be allocated to reserves.  
119 Ms. Burgess described the reserves, including first-quarter operating reserves, and alleys in fiscal  
120 year 2023.

121 Mr. LeMenager asked why the first-quarter operating reserve is so high, which is based on  
122 three months of expenditures but should only be for one month. Ms. Burgess explained the history  
123 of the District budgeting for this item, described the standard formula in the spreadsheet, but this  
124 District uses a different formula based on one month instead of three months. Mr. LeMenager  
125 explained the timing of invoices received and receipt of assessment collections, effectively being  
126 only one month of expenses, which has been what the District has historically budgeted. Mr.  
127 LeMenager requested the name be changed from “first quarter” to “first month,” as well as the  
128 calculation from quarterly to monthly. The fiscal year begins October 1, but bills for October are  
129 not received until November. Bills for November are received in December after assessment  
130 revenue is collected by the tax collector and remitted to the District.

131 Discussion ensued regarding capital projects. Mr. LeMenager requested an update for paving  
132 the alleys in the G (Green) neighborhood, which based on the 2022 reserve study suggests 15 years  
133 when new, and a mill and overlay in fiscal year 2026. Mr. Hamstra suggested the Board prioritize  
134 alley repaving, recommended continuance of the cattail removal program, asked if the  
135 conservation area maintenance program will continue in perpetuity and will it continue with a  
136 slight increase, recommended miscellaneous drainage repairs of the aging infrastructure, and  
137 direction of the maintenance facility. Ms. Kassel discussed the appraisal received for the golf  
138 maintenance facility, valued at \$2.2 million, with no offer to sell or an asking price or dates, and  
139 suggested the Board proceed with the Buck Lake site for the facility. Mr. LeMenager disagreed  
140 with continuing with the Buck Lake facility. He shared conversations with the golf course, who  
141 wants to move forward quickly, which the District could do once financing is worked out. Part of

142 the golf facility might be leased while the golf course builds their new facility. Mr. LeMenager  
143 believes this is the opportunity of a lifetime and does not want to build a facility at Buck Lake,  
144 which location everyone in the community dislikes. Ms. Kassel reiterated the Board as a whole  
145 has not received communication from the golf course that they want to sell their facility, which  
146 Mr. LeMenager only received yesterday and indicated more information is forthcoming. Options  
147 for financing will be discussed at the meeting. Mr. Chokanis asked how the facility would be  
148 financed and if something like this has been done before at a similar dollar amount. The District  
149 has only issued bonds and refinanced them, not financed a purchase of this magnitude. The alleys  
150 were about one-quarter of the cost, but that expense was not financed. Mr. Chokanis asked how  
151 the District could obtain a loan for that dollar, what it is based on, and what is the interest rate. Mr.  
152 LeMenager agreed the District needs a good business plan for the purchase. Mr. Leet described  
153 the history last year of discussions for the community maintenance facility and the resulting  
154 decision for Buck Lake. The Board has time in this fiscal year to gather information regarding  
155 financing options and the resulting impact to the budget, and it does not need to be decided today.  
156 The Board needs more information by the next meeting. Regarding the current permit application  
157 for the Buck Lake location, Mr. Hamstra shared Osceola County (“Country”) denied the permit  
158 application because the address was no longer on their books after the school moved out. The  
159 District can now reapply with a new address and include electric, phone, dumpster, and other items  
160 and move forward in parallel with the golf facility option. Mr. Hamstra can continue with the Buck  
161 Lake location to get an address assigned. Ms. Kassel asked how patient the County will be, and  
162 the County seems to be willing to allow the process to continue since the District has been  
163 proceeding in good faith.

164 Discussion ensued regarding requirements for the Buck Lake location, which includes  
165 electricity, a possible land phone line, an address for the electrical hook-up and one for the  
166 dumpster. If the Board directs Mr. Hamstra to continue with the current location while it considers  
167 financing for the golf maintenance facility, he will continue to move the permit along.

168 Further discussion ensued regarding engineering-related projects to be considered for the fiscal  
169 year 2025 budget. Mr. Hamstra will review and rank the projects for the Board for the next budget  
170 workshop, as well as areas of jurisdiction the District has to maintain.

171 Mr. Chokanis mentioned the alley issue at Blazing Star Lane. Mr. Hamstra asked about a  
172 manufactured shed for the garden club on Garden Road if the Board proceeds with the maintenance  
173 facility at Buck Lake, which the garden club may or may not still want if the District purchases  
174 the golf maintenance facility.

175 Mr. Leet shared the reserve study amount of \$126,000 for fiscal year 2025 projects, including  
176 a mule, work boat, restroom painting, no large projects but a number of small projects. Since the  
177 County owns the roads, the District does not need to budget for a large-ticket expense for repaving  
178 or maintenance. Mr. Leet indicated \$72,000 in the reserve study was suggested for sidewalks.

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180 **FOURTH ORDER OF BUSINESS** **Other Business, Update, and Supervisor**  
181 **Requests**

182 A Resident asked if the east entrance tower could be fixed. Ms. Kassel indicated that is not a  
183 budget discussion item, but it could be raised at the regular meeting at 6:00 p.m. Mr. Leet indicated  
184 the east tower is in the reserve study with \$1,000 for painting in fiscal year 2023 and again in fiscal  
185 year 2031, and \$8,000 for the roof in fiscal year 2030. Some work needs to be done now and is on  
186 the current project list.

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188 **FIFTH ORDER OF BUSINESS** **Adjournment**

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| On MOTION by Ms. Kassel, seconded by Mr. Leet, with all in<br>191 favor, the meeting adjourned at 5:30 p.m. |
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197 Secretary/Assistant Secretary Chairman/Vice Chairman