

# 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, April 25, 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	Assistant Secretary
Kerul Kassel	Assistant Secretary
Joellyn Phillips ( <i>via Zoom</i> )	Assistant Secretary

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

Angel Montagna	District Manager, Inframark
Howard Neal	District Manager, Inframark
David Hamstra	District Engineer, Pegasus Engineering
Jorge Baez	Field Services Supervisor, Inframark
Brenda Burgess	Project 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 4:34 p.m.

Mr. LeMenager called the roll.

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

There being no comments, the next order of business followed.

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

Mr. LeMenager suggested rather than tying assessments to total expenditures, to increase them the rate of inflation. Putting \$305,000 into reserves instead of \$412,000 results in a 3.5% increase.

Ms. Montagna reminded the Board since VC-1 was paid off, 5.14 acres were removed, resulting in 2.2% increase. The contribution to reserves, at whatever dollar, has not been earmarked for any specific purpose. The current year contribution was designed for the maintenance facility.

Mr. LeMenager pointed out the ending fund balance is still \$1 million.

44 Ms. Montagna provided information regarding issuing bonds at several dollar amounts  
45 showing net bond proceeds and resulting assessments for each product type. Each bond area needs  
46 to be built out at least 90% to be able to issue new bonds. Mr. Hamstra confirmed the community  
47 is 90.4%. Mr. LeMenager asked if this bond could have a different methodology than previous  
48 bond issues, suggesting it be equalized for all properties in the amount of about \$100 per unit.

49 Mr. Leet reminded the Board once approved, the assessments can only go down and suggested  
50 approving at 4% to give some cushion to get down to 3.5%. Mr. LeMenager pointed out the amount  
51 of assessment collection revenue is significantly under budget through March.

52 Ms. Montagna suggested having a realistic increase for purposes of mailed notice, so as not to  
53 panic residents who may or may not understand the budget can be trimmed by the hearing.

54 The Board discussed budget line items, notably the items highlighted in yellow on the  
55 workbook.

56 **Expenditures:**

- 57 • ProfServ-Engineering: \$70,000.
- 58 • ProfServ-Legal Services: \$60,000.
- 59 • ProfServ-Recording Secretary: \$4,456.
  - 60 ○ Reduced due to not providing verbatim minutes.
- 61 • Auditing Services: \$5,000.
- 62 • Insurance-General Liability: \$27,000.
  - 63 ○ This includes all insurance: general liability, public officers liability (POL), and
  - 64 property.
- 65 • Rental-Meeting Room: \$7,500.
  - 66 ○ Other options are being considered since the current meeting location is for sale.
  - 67 ○ Ms. Kassel offered the First Nature Ranch as a meeting place. Former counsel
  - 68 suggested even though Ms. Kassel was not receiving Supervisor fees that it was
  - 69 a bad idea to meet at her ranch. Staff will consult with legal counsel.
- 70 • Misc-Assessment Collection Cost: \$59,358.
  - 71 ○ This is formula driven and changes based on assessment revenue.
- 72 • Landscape Services-Miscellaneous Services: \$50,000.
  - 73 ○ Actuals have never been as high as \$50,000.
  - 74 ○ Ms. Kassel prefers to keep at \$50,000 due to projects and refurbishments the
  - 75 Board has discussed doing.

# CARBON

Harmony CDD

April 25, 2024, budget workshop

- 76                   ○ Tree trimming has its own line item, which is still projected to be under budget.  
77                   Community-wide tree trimming was last done in fiscal year 2023, so  
78                   recommendation to budget for fiscal year 2025.
- 79                   • Operation & Maintenance, R&M-Ponds/Buck Lake: \$100,000.
- 80                   ○ The District confirmed it owns the golf course ponds through Mr. Hamstra’s  
81                   review and research, and the District is obligated to perform maintenance,  
82                   which ponds have never been treated, resulting in more chemicals and  
83                   treatments, as well as the Buck Lake committee agreement.
- 84                   ○ Discussion ensued regarding the South Florida Water Management District  
85                   (“SFWMD”) permit.
- 86                   ○ Ms. Kassel suggested perhaps combining this line item with R&M-Invasive  
87                   Plant Maintenance since some of the pond maintenance is management of  
88                   invasives, to be cleaner.
- 89                   • Operation & Maintenance, R&M-Invasive Plant Maintenance: \$105,000.
- 90                   ○ This is strictly conservation areas Mr. Brad Vinson treats. As some point, the  
91                   District may need to hire a vendor to perform a treatment due to one person not  
92                   able to keep up with it, which cost is included in the \$105,000. Due to the  
93                   dangerous nature and location of the work, another staff member has to  
94                   accompany Mr. Vinson.
- 95                   ○ Mr. Vinson is certified to provide treatments. A previous Board considered  
96                   proposals from vendors to provide pond treatments, but they were not approved  
97                   at the time.
- 98                   ○ Discussion ensued regarding projections for the year of \$10,000 but a proposed  
99                   budget of \$105,000. Ms. Kassel provided the history of spending \$200,000 two  
100                   or three years ago because the invasives got out of hand, and a vendor had to  
101                   get them under control. Proposals were received. Mr. Leet indicated the Board  
102                   approved the cheaper one for \$50,000, but the consultant, Ms. Catherine  
103                   Bowman, rejected it. Ms. Montagna confirmed the Board then approved a  
104                   proposal for \$194,000. Ms. Bowman informed the Board the invasives will  
105                   come back quickly, and Mr. Vinson will not be able to keep up with it according  
106                   to the requirements of SFWMD. The Board at the time agreed to budget  
107                   \$100,000 in case the vendor—Mr. Bill Snidely with Aquatic Weed  
108                   Management—needed to be hired again for another cleanup.

- 109                   ○ The Board gave consensus to leave at \$105,000.
- 110                   ○ Mr. Hamstra commented on the Old World Climbing Fern as one of his projects
- 111                   and recommended keeping \$100,000 in the budget. Ms. Bowman found another
- 112                   hotspot on the golf course that will spread quickly during the summer. Ms.
- 113                   Kassel suggested contacting Mr. Snidely for an update, and Mr. Hamstra will
- 114                   follow up. His previous proposal was \$94,000. It might be better to spend a
- 115                   little money now.
- 116                   • Operation & Maintenance, Reserve-Other: \$412,000.
- 117                   ○ Reducing to \$305,000 results in an assessment increase of 3.5%.
- 118                   ○ Mr. Hamstra discussed alleys. C-1 and C-2 (Cypress) were done last year. The
- 119                   reserve study recommends doing A-1 (Ashley Park) and G (Green) in fiscal
- 120                   year 2025 and beyond, which is estimated at \$850,000 and could be split over
- 121                   two fiscal years.
- 122                   ○ Mr. Hamstra recommended including \$25,000 for cattail removal and general
- 123                   maintenance of the stormwater system (e.g., pipe cleaning, camera work). Some
- 124                   cattail removal was performed in the community for \$7,000, but more ponds
- 125                   are getting out of control. Mr. Hamstra clarified typical stormwater pond
- 126                   maintenance includes cattail removal, pipe cleaning, and skimmer blades. The
- 127                   cattail removal and pipe cleaning work done this fiscal year is included in
- 128                   R&M-Ponds/Buck Lake. Mr. Hamstra indicated the District has 35 ponds, and
- 129                   six were treated this year. Ms. Montagna suggested putting a plan in place so
- 130                   work elements can be prioritized and included in the budget as needed.
- 131                   ○ Regarding alleys, Mr. Hamstra reviewed previous reports recommending the
- 132                   alleys to be done next fiscal year and indicated the alleys still look good and
- 133                   could perhaps wait another year. He will provide numbers for planning
- 134                   purposes. The cost was about \$100 per linear foot for the C-1 and C-2 alleys,
- 135                   which will be the cost basis for future alleys to be paved in the next one to five
- 136                   years. Mr. Leet asked about the curb work proposed to be done for Blazing Star
- 137                   Lane alley, which could be done in milling and resurfacing. Mr. Chokanis
- 138                   suggested keeping the cost allocated for this year to build reserves even if the
- 139                   alleys are paved in one to five years.
- 140                   ○ Mr. LeMenager suggested other large capital projects be included if the District
- 141                   chooses and is able to issue bonds to purchase the golf maintenance facility.

# CARBON

Harmony CDD

April 25, 2024, budget workshop

142 Discussion ensued regarding two options: issue a larger bond series resulting in  
143 assessments to all owners over a period of time, or increasing a particular year's  
144 budget as needed. Mr. LeMenager prefers stable, reliable numbers.

145  
146 Ms. Phillips commented on the proposed assessment increase of 3.5% to follow consumer  
147 price index ("CPI") and suggested inflation might be as high as consumer product index. In dollars,  
148 an increase of 7.6% results in \$275 as the highest increase, from \$3,627 to \$3,902. Most increases  
149 are less than \$150. Going from 7.6% to 3.5% is not a huge increase in dollars to the owners but  
150 makes a big impact in the budget. Ms. Phillips is in favor of a 7.6% increase and suggested keeping  
151 the increase one more year before dropping it to a lower rate, where the District might not need to  
152 increase assessments much at all.

153 Mr. LeMenager reviewed a conversation on Facebook with Ms. Kassel prior to his appointment  
154 on the Board that perhaps the District should have been increasing assessments at the rate of  
155 inflation all along, which might have avoided a shocking increase two years ago. Mr. LeMenager  
156 agrees with an increase at the rate of inflation every year, putting the extra money in reserves. Mr.  
157 Chokanis agreed and reminded the Board a lot of catching up needed to be done after ten or more  
158 years of no increases. Two years ago was a large increase (31%) and another big increase (15%)  
159 last year. The District still has a lot to catch up on.

160 Mr. Hamstra reviewed his projects: alley repairs (\$850,000), cattail removal (\$25,000),  
161 conservation area maintenance (\$100,000), drainage maintenance, and maintenance facility.

162 Discussion ensued regarding showing increases in percentages or dollars. Due to the many  
163 different product types and assessment levels, the percentage basis is more uniform.

164 Mr. LeMenager reviewed the ending fund balance projected to be \$1,122,380 at the end of  
165 fiscal year 2025. Removing \$107,000 will still leave \$1,015,380. Not included in the budget is the  
166 alley repaving estimate of \$850,000.

167 Mr. Leet asked if all Mr. Hamstra's projects are included, which they are except for alley  
168 repaving. Every \$30,000 results in 1% increase, so a contribution to reserves of \$320,000 results  
169 in a 4% increase, which is Mr. Leet's preferred starting point.

170 Mr. Chokanis agreed not starting with 3.5% increase but recommends 7.6% increase this year  
171 to avoid keeping it 3.5% this year and potentially having to increase higher than inflation rate next  
172 year.

173 Ms. Montagna reviewed the history of increases, which have been decreasing in percentage.  
174 Most districts increase by inflation every year, which money builds up in reserves if not used. Ms.

# CARBON

Harmony CDD

April 25, 2024, budget workshop

175 Montagna does not recommend a 0% increase because costs increase every year. Mr. LeMenager  
176 wants to get back to normal and target the rate of inflation. Mr. Chokanis would like to get to the  
177 rate of inflation more slowly than just going straight there now.

178 Ms. Phillips commented with a 3.5% increase and things come up to be done, then the Board  
179 has to decide what has to be cut.

180 Mr. Leet indicated the District has monies in reserves for normal maintenance activities. For  
181 extraordinary damages, such as hurricanes, the District can recover costs through bonds or other  
182 means versus a budget increase.

183 Mr. Leet prefers 4% increase.

184 Ms. Kassel prefers 7.6% increase as the most feasible.

185 Ms. Phillips reminded the Board the maximum dollar increase for 7.6% is \$250 annually, or  
186 \$20 monthly, and the Board has a fiduciary responsibility.

187 Mr. LeMenager believes Harmony assessments are cheap, but many residents may be in a tight  
188 financial situation and will wonder why assessments are increasing higher than inflation. He does  
189 not want to simply add dollars to fund balance without a plan to utilize those funds for rainy days.

190 Mr. Hamstra indicated neighborhood B (Birchwood) alley is coming up soon, as well as D-1  
191 (Drake) and others. Alleys have about a 15-year lifespan, and B was done about ten years ago,  
192 which will be targeted again for 2030.

193 Ms. Phillips commented her assessment is \$1,200 annually and enjoys the community and its  
194 amenities. Three Supervisor positions will be elected in November 2024, and there is potential that  
195 three people will be elected who want to slash the budget and start going backward. Having money  
196 in reserves will help that situation. Mr. LeMenager believes people will still be reasonable even  
197 if they have a different viewpoint. Sitting as a Board member, you realize what needs to be done.

198 Ms. Phillips is in favor of 7.6% increase and reviewed additional enhancements.

199 Ms. Montagna summarized the budget process, and the proposed budget has to be approved  
200 prior to June 15.

201 Mr. Chokanis asked how much other communities have in their reserves. Ms. Montagna  
202 indicated it depends on the assets owned. Using Celebration CDD as an example, it has very few  
203 assets because the homeowners association owns literally everything. Celebration CDD owns  
204 common areas, ponds, a few shade structures, street light poles, benches, and things like that.  
205 Celebration CDD contributes about \$350,000 annually to reserves. Their reserve study suggested  
206 adding \$1.5 million, which will probably never happen. Harmony will have \$1 million in fund  
207 balance, and Celebration will have about \$3 million in fund balance with virtually no assets and a

208 field staff of 25 at \$1.3 million. Mr. Chokanis does not believe \$1 million is a lot to have in fund  
209 balance. Ms. Montagna shared another district contributes \$12,500 to reserves annually and owns  
210 everything; a storm came through and they had no reserves, so they had to take out a bank loan.  
211 Harmony is financially healthy, but it is a Board decision. No district will ever be 100% funded in  
212 reserves unless assessments are astronomical. Some districts have no reserves and others assess at  
213 their expenses every year. Some districts increase 3% or 4% annually, regardless of expenses.  
214 Celebration started with a build-out budget for assessments and had not increased in 27 years  
215 because they used reserves to offset assessment increases.

216 Mr. Chokanis would like to get to 2% or 3% annually at some point.

217 Mr. Leet indicated \$370,000 contribution to reserves results in a 6% increase.

218 Mr. LeMenager suggests a lot of cushion was added to invasives and ponds, \$205,000,  
219 compared to the projected actuals for the current year. Ms. Montagna indicated that more work  
220 will be required due to maintaining golf course ponds, and invasives have not been assessed yet  
221 this year.

222 Mr. Leet discussed the history of last year's increase, which included a maintenance facility.  
223 Ms. Kassel is not in favor of issuing bonds to purchase the golf facility. Mr. Leet indicated the  
224 Board cannot fund that purchase from reserves. The Board intentionally increased the reserve  
225 contribution last year that may not need to be done this year. Mr. Leet likes 3.5% or CPI as a goal.  
226 Fund balance of \$1.1 million sounds like a lot, but one big project can wipe it out.

227 Ms. Kassel and Mr. Chokanis like \$412,000 contribution to reserves.

228 Mr. LeMenager likes \$305,000.

229 Mr. Leet likes \$370,000.

230 Ms. Phillips likes a 5% increase, or \$345,000, but will support \$412,000 since it can be  
231 lowered.

232 Reserve to contribution will be shown at \$412,000 for a 7.6% increase.

233 Ms. Phillips requested the mailed notice include the dollar amount the assessments will  
234 increase. Ms. Burgess confirmed the letter that is mailed will show both: dollars and percent. Ms.  
235 Kassel requested a monthly amount, as well.

236 Mr. LeMenager asked about H-1 (Rosewood) 25-foot lots, which are the west end off U.S.  
237 Hwy 192 and are townhomes but classed as single-family homes on the assessment chart. Mr.  
238 LeMenager asked where the new townhomes will be classed, if they will be multi-family. Ms.  
239 Kassel indicated they are attached, just like Ashley Park. Mr. Leet indicated the rest of H-1 is  
240 single family. Mr. LeMenager would like to codify multi-family applies to townhomes, triplexes,



241 apartments, and condominiums at one flat rate. Ms. Kassel does not believe that is appropriate  
242 because the sizes of the units and number of bedroom vary, but the same situation exists in Ashley  
243 Park with different sizes and number of bedrooms. Ms. Montagna briefly reviewed that is the  
244 purpose behind preparing a new methodology to be utilized next year if the Board agrees. Ms.  
245 Kassel suggested using square footage as a way to assign assessments. Mr. LeMenager suggested  
246 that methodology will increase assessments for the majority of residents. Larger homes and the  
247 Estates subsidize a lot of what people pay. Mr. LeMenager and Ms. Kassel would pay more from  
248 changing the methodology and would have to recuse themselves from the vote. Ms. Kassel would  
249 like to see the methodology for square footage. Ms. Montagna suggested scheduling a workshop  
250 after the budget season to discuss methodology options. Mr. LeMenager believes changing the  
251 methodology will cause too much confusion.

252 Questions arose what multi-family units in H-1 will be paying or how they are classed and if  
253 they are detached homes on 25-foot lots or attached multi-family units because H-1 currently has  
254 no multi-family units shown on the assessment chart.

255 The overall percentage is shown to the far right, and those who have paid off debt service will  
256 have an O&M increase of 7.6% but an overall 4.0% increase.

257 Ms. Montagna confirmed a new bond issuance could have assessments equalized over all  
258 product types.

259 **FOURTH ORDER OF BUSINESS** **Other Business, Update, and Supervisor**  
260 **Requests**

261 There being none, the next order of business followed.

263 **FIFTH ORDER OF BUSINESS** **Adjournment**

264 The workshop adjourned at 5:47 p.m.

265  
266  
267  
268  
269  
270  
271 \_\_\_\_\_  
272 Secretary/Assistant Secretary Chairman/Vice Chairman