

1 **MINUTES OF BUDGET WORKSHOP**
2 **HARMONY COMMUNITY DEVELOPMENT DISTRICT**
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4 A budget workshop of the Board of Supervisors of the Harmony Community Development District
5 (“CDD” or “District”) was held Thursday, March 28, 2024, at 4:30 p.m. at the Jones Model Home,
6 3285 Songbird Circle, Saint Cloud, FL 34773.

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8 Present were:

9 Mark LeMenager	Chairman
10 Daniel Leet	Vice Chairman
11 Lucas Chokanis	Supervisor
12 Kerul Kassel	Supervisor

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

15 Howard Neal	District Manager, Inframark
16 Jennifer Goldyn	District Manager, Inframark
17 David Hamstra	District Engineer, Pegasus Engineering
18 Jorge Baez	Field Services Supervisor, Inframark
19 Brenda Burgess	Project Manager, Inframark
20 Leah Popelka	Director of Finance & Accounting, Inframark
21 Kerry Satterwhite	Area Field Manager, Inframark
22 Residents and Members of the Public	

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24 *This is not a certified or verbatim transcript but rather represents a recap of the discussions at the*
25 *workshop. The full recording is available in audio format upon request. Contact the District Office*
26 *for any related costs for an audio copy.*
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28 **FIRST ORDER OF BUSINESS** **Call to Order and Roll Call**

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

30 Mr. LeMenager called the roll.

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32 **SECOND ORDER OF BUSINESS** **Audience Comments**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FOURTH ORDER OF BUSINESS

Other Business, Update, and Supervisor Requests

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

FIFTH ORDER OF BUSINESS

Adjournment

On MOTION by Ms. Kassel, seconded by Mr. Leet, with all in favor, the meeting adjourned at 5:30 p.m.

Secretary/Assistant Secretary

Chairman/Vice Chairman