

June 14, 2024

Ms. Gloria Perez
District Manager
Keys Cove Community Development District
Special District Services, Inc.
The Oaks Center
2501A Burns Road
Palm Beach Gardens, FL 33410

Re: Year 2024 Keys Cove Community Development District Report

Dear Ms. Perez:

The intent of this report is fourfold: 1) To inform as to the status of ownership of the infrastructure that was financed or constructed by the District; 2) To describe the state, working order and condition of the infrastructure still owned by the District; 3) To give recommendations as to the funds estimated necessary for the proper maintenance, repair and operation of the District's infrastructure and; 4) To report on the insurance being carried by the District.

The District is in Section 29, Township 57 South, Range 39 East, in the City of Homestead, Miami-Dade County, Florida. It is bounded by SW 344 Street, SW 163 Avenue, SW 346 Lane, SW 162 Avenue, SW 350 Terrace and Valencia Gardens Drive (SE 13 Avenue). The development is located within Zip Code 33035. Refer to Exhibit 1.

1) Infrastructure Ownership

a) Roads

Shoma Homes at Keys Gate, Inc. granted an easement to Keys Cove Community Development District (the "District", or "CDD") for the District to construct, own and maintain roadways, which include the onsite stormwater drainage system, the public parking, sidewalks, curbs, planters and landscaping, all located within the granted easement area (the "Roadway Easement"). The Roadway Easement was recorded at ORB 23148, PG 4183 of the public records of Miami-Dade County. The extent of the easement area is depicted in Exhibit 1.

b) Stormwater Management System

Shoma Homes at Keys Gate, Inc. granted an easement to the District for the District to construct, own and maintain two lakes and related stormwater management facilities (the "Lakes Easement"). The Lakes Easement was recorded at ORB 23148, PG 4170 of the public records of Miami-Dade County. The location of the easement area is depicted in Exhibit 1.

c) Water Distribution System

The system has been conveyed to the City of Homestead for ownership and maintenance.

- d) Sanitary Sewer System
The system has been conveyed to the City of Homestead for ownership and maintenance.
- e) Security System
Starting in May of 2017, the District installed and completed a security system within the District boundaries. The system consisted of cameras, network recorders, antennas, cables, conduits, computer hardware, software, support and appurtenant equipment. The security system is described in more detail in the agreement between the District and Regions Security Services, Inc. dated May 5, 2017. Most of the security system is located within the Roadway Easement, with portions located in adjacent land belonging to the Association. The District entered into a “Revocable License Agreement” with the Association on September 20, 2017 for installing those portions.
- f) Lake Fountains
The District installed, and owns, two lake fountains. They are described in more detail in the installation agreement between the District and DeAngelo Brothers, LLC dated June 29, 2015.

2) State, Working Order and Condition of the Infrastructure Currently Owned by the District

Alvarez Engineers, Inc. conducted a field inspection to determine the current state, working order and condition of the infrastructure owned by the District and reports the following regarding the CDD Roads and drainage system:

- a) Roads
The roads inside the District are in fair to poor conditions. Pavement of CDD Roads are damaged from wear and ponding due to poor grading and surface drainage. Pavement will need to be repaired at several locations including near inlets, intersections, entrance, and along the roads. Repairs may include overbuild to correct the grading. The public parking spaces, sidewalks, curbs, planters and landscaping within the CDD roadway easements are in good working order and condition.
- b) Stormwater Management System
The water portions of the lakes are well maintained and in good working order and condition.

The shoreline erosion project for the North Lake has been completed and construction has commenced for the South Lake with an expected completion date of October 2024.
- c) Water and Sewer Systems
The water and sewer systems are in good working order and condition, the District Engineer is not aware of complaints. Issues may be reported to the City of Homestead at telephone number: 305-224-4770.
- g) Security System

The security system appears to be working well. The District Engineer has not received complaints and is not aware of any issues.

h) Lake Fountains

The lake fountains are functioning well. The fountain in the South Lake has been turned off due to ongoing shoreline construction and will be reactivated upon the completion of the South Lake. The District Engineer has not received any complaints and is unaware of any issues.

3) Estimated Maintenance Costs for District-Owned Infrastructure

On September 20, 2017, the District entered into a maintenance agreement with the Association (the “2017 Maintenance Agreement”) under which the Association agrees to maintain the CDD roads, stormwater management system, security system and lake fountains, as well as, funding the electrical power consumption of the security system and lake fountains. On August 26, 2020 the CDD Board of Supervisors approved the first amendment to the 2017 Maintenance Agreement (the “2020 Amended Maintenance Agreement”) by which maintenance of the storm pipes and exfiltration systems were removed from Association’s responsibility, and the extent of the roadways maintenance responsibility was further clarified. Refer to the agreement in District’s records for complete details.

a) District Budget

The proposed CDD 2024-2025 Fiscal Year budget has the following amounts for maintenance expenditures:

2024-2025 Proposed Budget for Maintenance	
Maintenance Contingency	\$52,500
Storm Drainage Maintenance	\$35,000
Roadway Resurfacing Project	\$85,000
Maintenance Reserve	\$25,000
Fountain Maintenance/Reserve	\$25,000
Holiday Lighting Contribution	\$2,500
Engineering/Inspections	\$12,000
Lake Bank Erosion Project	\$0
Total	\$237,000

For more detailed information regarding the proposed 2024-2025 Fiscal Year Budget please visit the District’s website at the following link:

<http://keyscovecdd.org/financials/>

Alvarez Engineers finds the District’s proposed maintenance budget for Fiscal Year 2024-2025 adequate, and recommends considering the following suggestions for future budgets:

b) Estimated Future Expenditures for District Roads

It is proposed to create a fund for the future milling and resurfacing of the roadway asphalt layer in approximately 10 years, when the asphalt reached its estimated 30-year service life. However, based on this year’s inspection of the roads, it is recommended to make repairs at the inlets, entrance, and other places as mentioned in Section 2 above. In addition, funds will be needed to update signs and markings on the roadways when the asphalt is replaced and subsequently every 10 years. The District Board of Supervisors may decide whether to continue with the sinking fund to finance the future capital expense over the next 10 years or to pay the lump sum amount at the end of the asphalt service life. The tables below provide the estimated future replacement costs and the estimated annual contributions over the remaining service life to fund the expenses. The calculations below assume an annual interest rate of 0.25%.

Pavement Service Life (30 Years Estimated)		Present Year	Remaining Service Life (Yrs)	Present Year Cost (PC) of Pavement Replacement (Mill unit price \$2 and Resurface 3/4" Thick unit price \$6)			Future Replacement Cost @ End of Service Life*	Annual Interest Rate	Annuity to Finance (FC) in (n) Years given (i)
From	To			Quantity (SY)	Unit Cost (\$/SY)	(PC)			
2004	2034	2024	10	50,990	\$8.00	\$407,920	\$560,074	0.25%	\$55,380
* Using Florida Department of Transportation Inflation Factors									

Signs & Marking Service Life (10 Years Estimated)		Present Year	Remaining Service Life (Yrs)	Present Year Cost (PC) of Signs & Marking			Future Replacement Cost @ End of Service Life*	Annual Interest Rate	Annuity to Finance (FC) in (n) Years given (i)
From	To			Quantity (SY)	Unit Cost (\$/SY)	(PC)			
2022	2034	2024	10	50,990	\$1.00	\$50,990	\$70,009	0.25%	\$6,923
* Using Florida Department of Transportation Inflation Factors									

c) Stormwater Drainage System

The following is a suggested 5-year cyclical program for servicing the inlets, manholes, pipes and French drains of the drainage system. The program consists of servicing 20% of the system every year so that at the end of the fifth year, 100% of the system will have been serviced. The table below shows the estimated amount that would need to be budgeted yearly to service the 118 drainage structures and 10,555 Linear Feet of pipes in the District. The program may be financed yearly or in one lump sum when needed, at the discretion of the Board of Supervisors.

Total No. Structures in CDD	Total LF Pipes	No. Structures with Pipes Serviced per Year					Cost/EA Structure (Includes Cleaning, and Baffle Replacement)	Cost/LF Pipe (Includes Cleaning, Video, Dewatering, and Root Removal)	Total Budget Amount Per Year
		Year 1	Year 2	Year 3	Year 4	Year 5			
118	10555	24					\$225.00	\$6.70	\$19,600
			24				\$230.00	\$6.90	\$20,100
				24			\$235.00	\$7.40	\$21,300
					24		\$240.00	\$8.10	\$22,900
						24	\$245.00	\$9.20	\$25,400

d) Water and Sewer Systems

The water and sewer systems are maintained, operated and funded by the City of Homestead, which may be contacted at telephone number: 305-224-4770.

4) **Insurance**

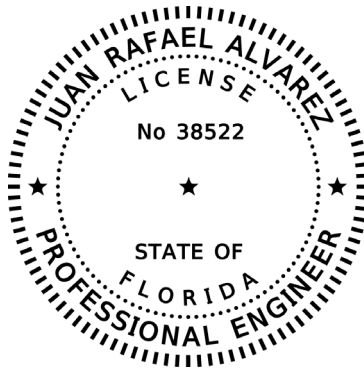
Alvarez Engineers has reviewed the District’s general liability, property, inland marine, hired non-owned auto, employment practices liability, public officials’ liability and deadly weapon protection coverage insurance policy proposed by Florida Insurance Alliance under Agreement No. 100123043 for the period between October 1, 2023 and October 1, 2024. The District has budgeted enough funds to cover the \$8,147 proposed insurance premium.

This report was prepared to the best of my knowledge and belief and is based on field observations conducted by Alvarez Engineers personnel, the District Engineer’s Report and public documents available.

If you have any questions, please do not hesitate to contact me at 305-640-1345 or at Juan.Alvarez@Alvarezeng.com.

Sincerely,
Alvarez Engineers, Inc.

Juan R. Alvarez, PE
District Engineer
Date: June 14, 2024

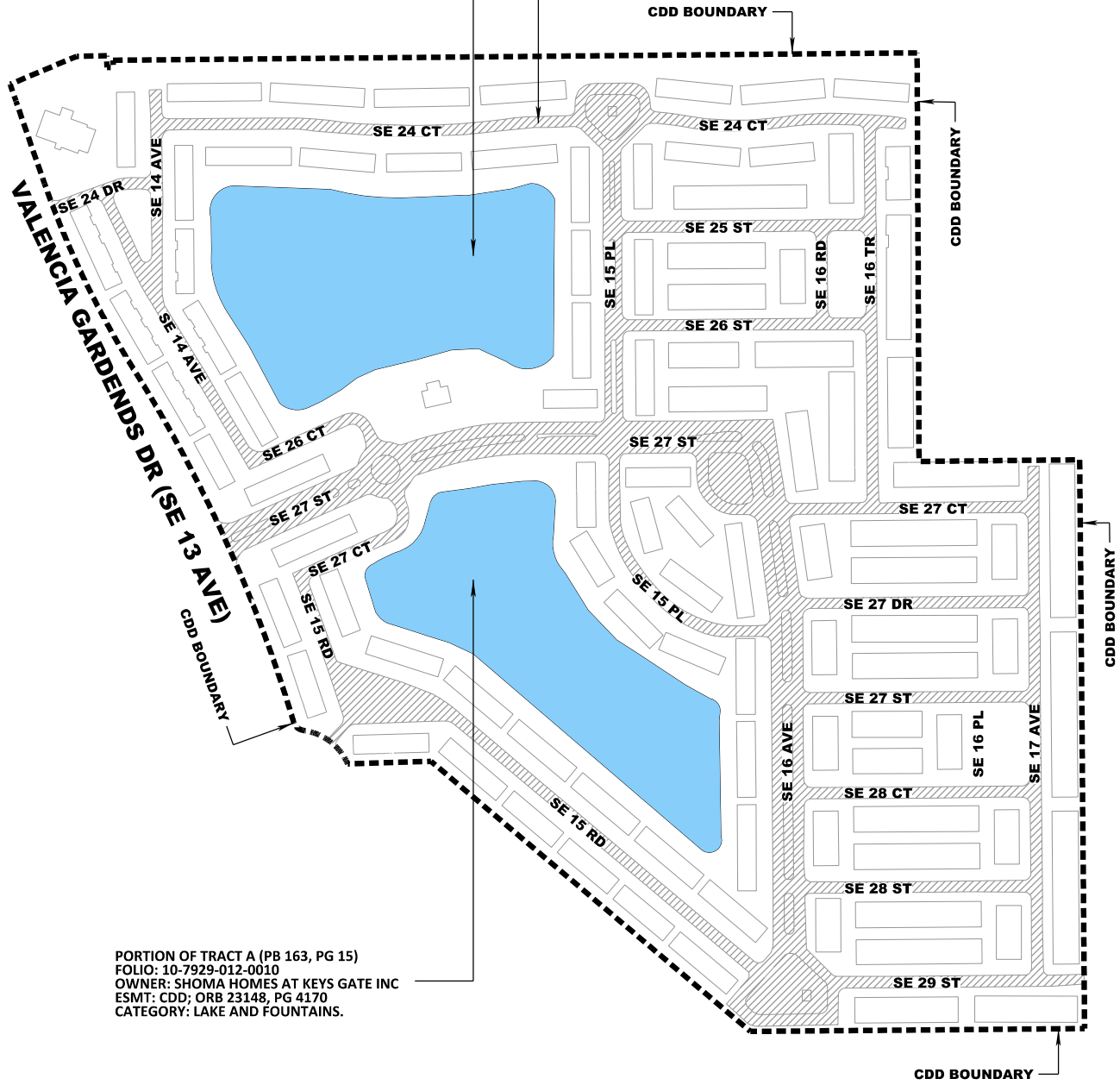


This item has been digitally signed and sealed by Juan R. Alvarez, PE on June 14, 2024.

Printed copies of this document are not considered signed and sealed and the signature must be verified on any electronic copies.

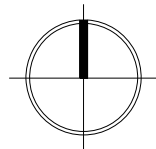
PORTION OF TRACT A (PB 163, PG 15)
 FOLIO: 10-7929-012-0010
 OWNER: SHOMA HOMES AT KEYS GATE INC
 ESMT: CDD; ORB 23148, PG 4170
 CATEGORY: LAKE AND FOUNTAINS.

PORTION OF TRACT A (PB 163, PG 15)
 FOLIO: 10-7929-012-0010
 OWNER: SHOMA HOMES AT KEYS GATE INC
 ESMT: CDD; ORB 23148, PG 4183
 CATEGORY: ROADWAYS, PUBLIC PARKING, SIDEWALKS,
 CURBS, PLANTERS, LANDSCAPING, SECURITY SYSTEM ALL INSIDE THE
 CDD EASEMENT.



PORTION OF TRACT A (PB 163, PG 15)
 FOLIO: 10-7929-012-0010
 OWNER: SHOMA HOMES AT KEYS GATE INC
 ESMT: CDD; ORB 23148, PG 4170
 CATEGORY: LAKE AND FOUNTAINS.

LEGEND:
 ESMT: EASEMENT
 ORB: OFFICIAL RECORD BOOK
 PB: PLAT BOOK
 PG: PAGE



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ALVAREZ ENGINEERS, INC.
KEYS COVE CDD
CDD LAND OWNERSHIP AND EASEMENTS

EXHIBIT 1