

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, January 12, 2018 at 9:30 a.m. at the Dunes CDD Administrative Office, 101 Jungle Hut Road, Palm Coast, Florida.

Present and constituting a quorum were:

John G. Leckie, Jr.	Chairman
Gary Crahan	Vice Chairman
Rich DeMatteis	Assistant Secretary
Charles Swinburn	Assistant Secretary
Dennis Vohs	Assistant Secretary

Also present were:

Greg Peugh	District Manager
Jim Perry	District Representative
Michael D. Chiumento, III	District Counsel
Tim Sheahan	Utilities Manager

The following is a summary of the discussions and actions taken at the January 12, 2018 meeting. A copy of the proceedings can be obtained by contacting the District Representative.

FIRST ORDER OF BUSINESS **Roll Call**

Mr. Perry called the meeting to order at 9:30 a.m.

SECOND ORDER OF BUSINESS **Audience Comments**

There being none, the next item followed.

THIRD ORDER OF BUSINESS **Approval of Minutes**

A. December 8, 2018 Meeting

Mr. Crahan provided corrections to the minutes that will be reflected in the final version.

On MOTION by Mr. DeMatteis seconded by Mr. Crahan with all in favor the minutes of the December 8, 2017 meeting were approved as amended.

FOURTH ORDER OF BUSINESS**Reports and Discussion Items****Discussion on Capacity Fee Issues Not Covered Under Milo Suit**

Mr. Peugh stated I talked to Daniel Baker again this morning. They have done some investigations and he said this week they approved \$40,000 in improvements. We did, as you all suggested, look back from 2003 to see if they were over the capacity at that point. One million gallons is give or take the number, there would be a blip of one million gallons and then it would go back down to 300,000 or 400,000. 2006 there were two or three million gallons and then 2007 and 2008 went down consistently and from 2010 on it's been over the capacity. It doesn't look like a leak but from those numbers you can't tell. We're just going to keep pushing them as best we can. He estimated he's going to have these repairs completed in the next two months. He said we would have something to us in the next six months. We are reviewing all of the current commercial accounts that they have and once we have sent a letter on the other accounts we will set a deadline that they must meet.

Status of Marsh "TB"

Mr. Sheahan stated we just got some revised plans from Cline, however we don't have firm numbers yet. He wants us to look at this plan and okay it before he finalizes his numbers.

Mr. Peugh stated it was getting up into the 7th hole quite a bit. It was 3,000 cubic yards. If you put that in terms of dump trucks, it's about 167 big dump trunk loads. It's going to be a lot of dirt so I'm not sure that's the best thing. As soon as I get the print out I will give it to you to look at and if it seems reasonable we will take it to the Club and make sure they're fine with it.

Mr. Leckie asked can you fill in the east end of the pond and make it a shorter pond?

Mr. Peugh responded that probably makes the most sense but you would also have to extend the 24-inch concrete pipe.

Mr. Vohs stated when you get all of the data from Cline it seems to me the only way we can resolve this, since we don't control all of the aspects of getting it done, is we need to have a meeting with everybody that's involved, the people that live in the houses along there, and see who is willing to do what. If people aren't willing then we need to come up with a different plan.

Mr. Leckie asked when do you expect the people from St. Johns to be here because they're part of this whole deal too?

Mr. Peugh responded I would expect towards the latter end of this month. We're trying to set that meeting up with them right now. Our consultant is trying to get someone to come out to review all of these marshes. We did get the map. Here are all the marshes on ten acres and part of them is what I could consider a lake. Their total is using those lakes. I asked our consultant if they have ever made someone turn a lake into a marsh and he said not that he knew of. The thing with those marshes is we maintain to the water's edge. Some of those marshes go up the bank. To maintain them, its either the homeowners are going to have to do it, or we're doing it. I propose we'd be willing to do it just so we can get it finished and we don't have to do it later. Once we do that, we set a precedence but it's going to have be addressed.

Mr. Vohs asked what are they saying about the bridge on hole 18? Are they going to go along with it?

Mr. Peugh responded as far as I know they are. There is some mitigation that has to happen.

Mr. DeMatteis asked can we have St. Johns reclassify the ones we think are really lakes and not marshes?

Mr. Peugh responded there would probably be mitigation to offset. We'd have to go buy mitigation credits some place else. First we want to sit down and talk to them to see what they want.

Mr. Leckie asked what's the plan? Are you going to try to set a workshop in the near future for the parties to sit down and have Cline there too?

Mr. Peugh responded yes, we will have Cline there, we will bring the homeowners association and we will bring the adjacent property owners and the golf course.

Status Report on New Toll Collection System

Mr. Peugh stated we are now tokenized. Our next phase is getting to a website so we are working towards that. We still have a few kinks with the tokenized system but start-ups are always like that.

You had asked about the arm emergency e-stop. They said they can do it with software. We want to talk with a traffic engineer to see how long that should be and what the best way of doing it is so people can turn to the right or if they want to do a U-turn.

Discuss Weir Structures / MalaCompra Drainage

Mr. Peugh stated on December 14th we met with England Thims & Miller (ETM). Part of the problem with the drainage is the culvert under A1A that drains the MalaCompra to the intracoastal is too high. The ditch along Mala Compra slopes away from A1A. Instead of getting deeper towards A1A, it gets deeper towards the ocean. You just can't get the water out to the intracoastal. We think it was a mosquito control ditch way back when they built it. They also call it an interdunal swale and it's non-regulated. The expert from ETM went through the whole thing and he said lowering the swamp north of Ocean Hammock is problematic in that we affect the eco-system, so if we wanted to drain more of our stormwater to the north we would have to see what the level of the swamp is but we have to monitor that. If we affect it a tenth of a foot we'd have to do all of the ecological studies to make sure we're not impacting that eco-system.

Mr. Crahan stated the residents are rightly concerned. We require a clear outflow capability and I don't think we have that.

Mr. Peugh stated you are correct. Tim and I were thinking about it and we came up with the idea of stormwater harvesting.

Mr. DeMatteis stated before you get to that, tell them what it would cost in order to attempt to do what you're suggesting with all the testing and potential costs of that.

Mr. Peugh stated it would probably be in the neighborhood of millions of dollars over time to see if we could lower that and take it out to the north because we'd have to look at the littoral shelves in our stormwater system and what the stormwater impacts of that would have. At least hundreds of thousands of dollars of just studies to find out if we could do it and if we lower it just a tenth of a foot, we have to do all eco-system impacts and it will be years by the time we get all of this done.

Mr. DeMatteis stated plus putting more water through the drainage into that swamp area, then adds more water into MalaCompra which restricts, to some degree, the drainage of Armand Beach and Johnson Beach into that ditch. They flood when there is just a mist so if you prevent

them from draining as they do now you're just going to make the flooding there worse. The new drainage project only alleviates what's north of them with the new outflow.

Mr. Peugh stated with the northern crossings of A1A that the county is going to do, there will be less coming through the south so that should help the Malacompra drainage. One of the solutions Tim and I were thinking about was stormwater harvesting. Instead of using all reclaimed water from Palm Coast, could we supplement that with the stormwater as we do in times when there's drought and we don't get enough from Palm Coast? I did some rough calculations and if you had a one inch storm over the entire 2100-acre development, that would be 57 million gallons. Let's say 40% goes to the northern lakes north of Jungle Hut, so that's about 23 million gallons. If you could take out one million gallons a day over the 96 acres of pond that we have, you would drop the lake levels 11.5 inches. You're pulling it out and you're putting irrigation water throughout the development. For every thousand gallons we pay Palm Coast \$0.25 per thousand gallons, which equates to \$250 per million gallons, so over a year if you pulled out one million gallons per day, it's \$90,000 in savings. We're going to have a meeting with the county to discuss what they're going to do with the Mala Comprá area. One concept is can we pull this stormwater out and would they go along with it. If we harvest the stormwater we create more space in our lakes so it doesn't go to that northern outfall and which adds space in our lakes, improves our stormwater capability and helps flooding to the north as well

Mr. Leckie asked what's that do to the homeowners if the lake level is going down 11 inches? That could be a problem.

Mr. Peugh responded instead of 30 million we could take it down to 15 million and that's six inches. Three inches you're at seven million gallons and that is probably not worth doing. We can go to the county and see if they're supportive and then we would go to St. Johns River Water Management District.

B. Discuss WWTP Construction Engineering Inspection Services Proposal

Mr. Peugh stated this is for CPH to review shop drawings and inspect the construction. This is a typical contract. I feel for what they're doing it's reasonable.

Mr. Crahan stated my concern is why wasn't this part of the original package? We've been talking \$5 million all along, not \$6 million and now \$7 plus million with this other package.

Mr. Sheahan stated when we first started this project over two years ago it was \$2 million. Then it went to the engineer's estimate of \$4 million and then by the time we bid it was \$8 million and now we're back to \$6 million.

Mr. DeMatteis stated Charlie mentioned last month going from the \$5 million to the \$6 million and now to more. He asked if you could go back and look at the rate study. That was the capital reserves in relation to the expansion and the rate study and so on. Have you looked at that?

Mr. Peugh stated I did. We've pushed this project three years so you've also caught up some monies. Your contribution from the water and sewer fund each year is approximately \$0.5 million. We still have reserves left after this and we've also caught up from three years of not constructing anything. I also looked at the reserve study. The reserve study needs to be done again but I think that needs to be done at the end of construction.

Mr. Leckie stated I think we need to go forward with this.

On MOTION by Mr. Vohs seconded by Mr. DeMatteis with all in favor the proposal from CPH for WWTP construction engineering inspection services was approved.

C. Report on Additional Budget Items

Mr. Crahan asked are you standing by the \$800,000 estimate for the corrosion system for the bridge?

Mr. Sheahan responded yes, that's the number we got from our consultant, but we will verify before adding it to the budget

Mr. Swinburn stated when we handle the budget for next year, I recognize that we don't want to do the reserve study again right now, but there are big expenditures that are hitting us over and above what they were estimated to be when the reserve study and the rate study was done so when we hit the budget for 2019 can we have, as part of the analysis, a chart that shows us the effect on the existing reserve and rate studies of increases this year and \$800,000 thrown in next year that wasn't expected at the time the reserve study was done so we can at least put this in perspective?

Mr. Peugh responded we will put a spreadsheet together.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

Mr. Chiumento stated Grau came back to us the first week of January after their study. They did not have a written report at the time but they will have one for us in another week or so. I'd like to suggest that next month we come back to you with a proposed formal policy and an example of what a resolution might look like that we move forward with.

D. Engineer

Mr. Sheahan stated we had some surplus equipment that we put out for advertisement and we got those bids back. We have two Ford Rangers, both 2002's. We got \$1,000 for one of them and \$851 for the other one and we had a 2008 Rhino dump trailer that we got \$515 for.

E. Manager – Bridge Reports and Traffic Comparison for December

Mr. Peugh gave an overview of the bridge reports for December along with the traffic comparison.

Mr. Peugh stated regarding the irrigation for under the bridge, Palm Coast presented a draft agreement that has to be edited before we present it to you all. They will come to you all with a presentation of what they want to do with the landscaping of those medians.

SIXTH ORDER OF BUSINESS

Supervisors' Requests and Audience Comments

Mr. Crahan stated the fish kill was fairly extensive in the Ocean Hammock area. My question is why? We've had almost recurrent ones and yet Hammock Dunes never seems to have it.

Mr. Peugh stated they said some of the fish were red fish, which are salt water, and we know the salt level is dropping. We don't know how they got in there. We think it is just part of its natural cycle. It's cold out there and they're not taking it very well.

Mr. Sheahan stated we think it was low DO in the bottom of the pond. That's the only thing we can see.

Mr. Crahan stated my other issue is the toll booth guys don't look professional and they do represent our face to the world so I think the bridge manager needs to make sure if they have facial hair it should be trimmed, and if they don't have facial hair they're shaved and wear

appropriate shirts. The other thing is they should not engage in long discussions with toll people. They try to be pleasant but at the same time there will be a half dozen cars backing up and people get antsy.

Mr. Peugh stated we will take care of it.

Mr. Vohs stated there's a tree that is leaning and it could land on the road going over the bridge just beyond the connector. Just take a look at it.

SEVENTH ORDER OF BUSINESS Financial Reports


- F. Balance Sheet & Income Statement**
- G. Construction Schedule**
- H. Approval of Check Register**


On MOTION by Mr. Crahan seconded by Mr. Swinburn with all in favor the check register was approved.

**EIGHTH ORDER OF BUSINESS Next Meeting Scheduled for Friday,
February 9, 2018 @ 9:30 a.m. at the Dunes
CDD Administrative Office, 101 Jungle Hut
Road, Palm Coast, Florida**

NINTH ORDER OF BUSINESS Adjournment

On MOTION by Mr. Crahan seconded by Mr. Swinburn with all in favor the meeting was adjourned.


Secretary/Assistant Secretary


Chairman/Vice Chairman