

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, July 13, 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 (by phone)
Rich DeMatteis	Assistant Secretary
Charles Swinburn	Assistant Secretary
Dennis Vohs	Treasurer

Also present were:

Greg Peugh	District Manager
Jim Perry	District Representative
Tim Sheahan	District Engineer
Michael Chiumento	District Counsel
Bob Dickenson	Renaissance Landscape Architect

The following is a summary of the discussions and actions taken at the July 13, 2018 meeting. A copy of the proceedings can be obtained by contacting the District Representative.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Leckie 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. June 8, 2018 Meeting

There were no corrections to the minutes.

On MOTION by Mr. Vohs seconded by Mr. Swinburn with all in favor the minutes of the June 8, 2018 meeting were approved.

FOURTH ORDER OF BUSINESS

Reports and Discussion Items

B. Renaissance at Hammock Dunes Information and Presentation

Mr. Dickinson stated there are two reasons I'm here today; to introduce you to the project and answer any questions you may have. The second is to ask for an endorsement letter by the Dunes Community Development District that the County has requested in regards to a connection out to A1A both for construction and emergency access. Because of the wild fires and hurricanes and things like that, the County has an ordinance for a second emergency access. We have worked out the details to allow us to create a roadway for use in construction of the neighborhood so that we don't have to come through the community.

Mr. Swinburn stated you used the term endorsement. What we were talking about doing was to just say we don't object.

Mr. Peugh asked which Homeowners Association would this be a part of?

Mr. Dickinson responded it will be part of the Hammock Dunes Owners Association master and then there will be a Renaissance sub-association.

Mr. Peugh asked I assume you want us to take over the stormwater?

Mr. Dickinson responded that's something we will work closely with you on as it goes forward.

On MOTION by Mr. Vohs seconded by Mr. Swinburn with all in favor a letter to the County in reference to the renaissance project was approved.

Discussion on Capacity Fees Issues for Commercial Accounts

Mr. Peugh stated I emailed Daniel Baker earlier this week and he said due to the holiday season they really can't get much work done on the pool. Right before the holiday they did fix another major leak in the adult spa area and they will probably start looking for more leaks again in mid-August. The letter went out giving them a deadline of the end of the year.

Mr. Swinburn asked what about an analysis of the other properties?

Mr. Sheahan responded we made some progress on that. We looked at the major condos and those all appeared to be within their normal capacity. There were a few that looked to be over capacity.

Status of Marsh "TB" & Hammock Dunes Marshes Update

Mr. Peugh showed pictures to the Board of the marsh before and after work was completed.

Mr. Peugh stated we still have final punch list before we pay Cline. Once we're finalized we will put an easement together to give the golf course access to mow this area.

Mr. Peugh stated St. Johns came out and reviewed the marshes. We explained what we'd like to do out of our options and asked what we can and can't do. The consultant asked why we did so much marsh and they couldn't answer that question. He thinks we may be able to shrink the required marsh down. They will be in contact with us and our consultant is keeping in contact with them.

Status Report on New Toll Collection System

Mr. Peugh stated the website is up and running. Everyday there are still little tweaks we have to make. On lane two the time stamp was four hours off so we are having to work through those issues. I've been hesitant to put it out to the papers due to those small issues.

C. Toll Facility Engineering Contract

Mr. Peugh stated this proposal is for the toll collection from CPH for \$127,000. You've seen the preliminary plans of what we would like to do. They would do the engineering and take it through bidding. We would bid separately for the underground storage tank that will come out. That needs to happen. That would be the first alternate and then we would see what the prices are for putting together the renovations at the building itself to make it more functional.

Mr. DeMatteis asked can we put the retention pond on the other side of the road and drain under to get to it? That might be cheaper

Mr. Peugh responded they will look at that. We only own the edge of that parcel and there's already a little bit of drainage there. I don't know if it works because of the elevation and I'm not sure where that drainage goes underneath the bridge.

On MOTION by Mr. DeMatties seconded by Mr. Swinburn with all in favor the toll facility engineering proposal from CPH in the amount of \$127,000 was approved.

D. Discuss Weir Structures / Malacompra Drainage

Mr. Peugh stated we have a proposal from ETM to start the first part of the stormwater harvesting to see if it's feasible to pull out more from the stormwater ponds. It is for \$28,028 and I thought it would be more so I'm happy with the price. We would like to move forward with this.

Mr. Swinburn asked on the chart that shows the dollars the bulk of the expense is for estimating the reduction of peak flood stages in the stormwater ponds due to the lower initial stages. Could you translate that for me?

Mr. Peugh responded they're going to update the model and see if this is going to help part of it. We talked about drawing the ponds down a foot. They want to make sure this works. If we need 50 million gallons, how far do I draw them down and does it make sense. We want to make sure as we go forward that St. Johns will agree to this, look at what we can and can't do and if it will impact it during flooding stages. This is the initial stage.

On MOTION by Mr. Vohs seconded by Mr. DeMatteis with all in favor the proposal from ETM for stormwater harvesting evaluation in the amount of \$28,028 was approved.

E. Status Report on Discussion with the City of Palm Coast to Install Landscaping and Irrigation on DCDD Property / Golden Lion Property

Mr. Peugh stated we have the easement agreement signed by the City and Michael, Tim and I have looked over it. This allows them to put their landscape on our property. The City did the survey for us that we required. We'd like to go forward with the easement agreement with the City.

Michael has put together a draft of an easement for the Golden Lion and he is sending it to them.

On MOTION by Mr. Swinburn seconded by Mr. Vohs with all in favor the easement agreement with the City of Palm Coast was approved.

F. FY19 Proposed Budget Items

Mr. Peugh stated we've discussed revenue in the past and I want to discuss why it's down. The average rainfall jumps out at me. We have had over two inches more rainfall this year than the past two years and that corresponds to lower reuse flow and lower billings. If you have more rainfall you're going to also have more inflow and infiltration into the sewer and wastewater flow is up this year when compared to the last few years so this actually makes sense.

Charlie, you had asked about where we should be for our fund balances. In 2018, which is the lowest year, the projection is \$3.2 million. The lowest I see our reserves going to is \$2.4 million and that's \$800,000 less than the minimum recommended. The Rate Study also stated we needed to have 150 days of operating expenses and we always have much more than that. Right now we have \$10.6 million and according to the Rate Study projections we're only supposed to have \$3.2 million in FY18. We can adjust our capital projects every year if you don't feel comfortable. We will just defer projects if we have to. I'd like to look at a funding study in the future.

Rich, you had asked why the employee salaries total is so high when taking into account the budget for last year had two District Manager Salaries. The 3% increase amounted to approximately \$23,000 or the bulk of the increase. Also, during the year some of our employees would pass their certifications so it would increase those salaries.

Mr. Leckie stated let's talk about the Utility Manager position and where we're going with it.

Mr. Peugh stated we've interviewed three people for Tim's position and came up with a great candidate who will be starting in August.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

Mr. Chiumento stated I want to talk about the bridge funds. You all had requested that we get an opinion letter. We talked to Hopping Green, which is the firm the CDD has used in the past. We gave them direction as to what we would like in regards to using the bridge fund.

They're not comfortable giving you an opinion letter on this issue. In the law, municipalities borrow from their utility funds. The law has said that municipalities are entitled to make a profit off of these funds and therefore the logic has always been that cities take profit from these entities and move it into the general fund. The law according to them is silent as to whether a bridge is entitled to a profit and therefore they're not comfortable saying you can take profit from a bridge fund and move it into the general fund because we're not necessarily entitled to make a profit. Not many people run bridges so it just hasn't been tested.

G. Engineer - Report

Mr. Sheahan reviewed his report with the Board, a copy of which was included in the agenda package.

Manager

H. Bridge Reports and Traffic Comparison for June

Mr. Peugh gave an overview of the bridge reports for June.

I. Additional Budget Items Report

Mr. Peugh stated the only items that are additional are the toll facility improvements and the stormwater harvesting, which we talked about earlier.

The Board discussed writing a letter to FEMA as requested by the Hammock Dunes Owners Association (HDOA) in support of their dunes restoration efforts. A draft letter was presented and edited at the meeting for transmittal to the HDOA.

Mr. Peugh stated on the bridge reports we now have over 6,200 accounts that are over a year old that have not been used and there is around \$123,000 that has not been used. When we hit 18 months with the E-Transit system we're going to start clearing them.

I'd also like to talk about pursuing a 401A, 403B and 457. Reason being is we do not have a qualified 401K-type plan yet. This came up with our candidate because he's approaching retirement more than the beginning of a career so he'd like to put more away. I don't have the numbers yet but it would probably cost about \$6,000 for us to set up an account. We're researching our options but I'd like to make sure that's okay with the Board before I pursue that too far. Instead of \$6,500 into an IRA you could go up to approximately \$24,000 if you want to put away your own money so it's a good benefit for the employees.

Mr. Crahan stated I think it's a good thing to pursue but I think it's a slippery slope in that the employee might expect employer matching next.

Mr. Peugh stated we do give the employees 6% to use and we would have to decide if we want to put that money into an actual 401K-type program.

SIXTH ORDER OF BUSINESS**Supervisors' Requests and Audience Comments**

Mr. DeMatteis stated Charlie and I's seats are up this November. George DeGiovanni has registered to challenge my seat. There has been an underlying concern from the Ocean Hammock side for years while Gary was the only representative that there was an unfair balance. Hammock Dunes has twice the registered voters so the Ocean Hammock board is going to write a letter to our board asking for some kind of formal rule requiring a balance of some manner or having two seats designated for non-Hammock Dunes communities, no different than the board of County Commissioners that have geographic districts. Years ago we asked this board about that and it sort of went nowhere.

Mr. Leckie stated when the person died we asked for only Ocean Hammock people to submit resumes and that's when Gary came on board.

Mr. DeMatteis stated I'm not disputing what happened but with the threat of losing my seat the community and board is now getting concerned again about that balance. Certainly from the utility side a lot of the future growth and revenue is going to come from those club communities as opposed to Hammock Dunes.

Mr. Chiumento asked are you suggesting the board have districts?

Mr. DeMatteis responded right. We have five seats but they're for everybody.

Mr. Perry stated the statute doesn't provide for that. I don't know of any CDD that has that type of delineation.

Mr. DeMatteis stated I'm just letting you know that the thought of going back to just Gary is a concern for Ocean Hammock, especially with the storm water drainage issues and there not being enough voices on that topic so it may not get addressed. You're all well aware of that I think you understand the concerns that have been expressed about it. I think the president of the Ocean Hammock POA is going to address it with the board and send us a formal letter about that topic.. Certainly other municipalities are district oriented.

Mr. Swinburn stated I share your concern. Should we wait until we get the letter to ask Michael and Jim to give us some advice on what can or can't be done? This election is already set in stone.

Mr. Chiumento stated I don't know the answer but we can talk to our elections supervisor.

Mr. Leckie stated I think we should investigate it and see what the hurdles are.

SEVENTH ORDER OF BUSINESS Financial Reports

- J. Balance Sheet & Income Statement**
- K. Construction Schedule**
- L. Assessment Receipts Schedule**
- M. Approval of Check Register**

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

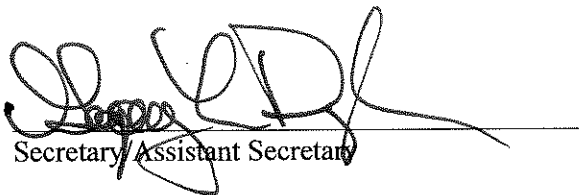
EIGHTH ORDER OF BUSINESS

Next Meeting Scheduled for Friday, August 10, 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. Vohs seconded by Mr. Swinburn with all in favor the meeting was adjourned.


Secretary/Assistant Secretary


Chairman/Vice Chairman