

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, August 11, 2017 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
Charles Swinburn	Assistant Secretary
Rich DeMatteis	Assistant Secretary (by phone)
Dennis Vohs	Assistant Secretary

Also present were:

Richard M. Ryan	District Manager
James Perry	District Representative
Michael Chiumento Jr.	District Counsel
Tim Sheahan	Utilities Manager
Two Residents	

The following is a summary of the minutes and actions taken at the August 11, 2017 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

Audience comments were given during the discussion of the agenda items.

THIRD ORDER OF BUSINESS

Approval of Minutes

A. July 14, 2017 Meeting

Mr. Swinburn and Mr. Sheahan had corrections that will be reflected in the final version of the minutes.

On MOTION by Mr. Swinburn seconded by Mr. Vohs with all in favor the minutes of the July 14, 2017 meeting were approved as presented.

Discussion on Restoration of Marsh "TB"

Mr. Leckie stated Tim, Dick and I met with Mike Gill to talk about the marsh situation. He was going to get firm prices from Cline Construction and come back to us with a proposal. We have Jeff and Glenn here. Are you ready to tell us where you are?

Mr. Jeff Amsbaugh responded many months ago Cline went to the site and came up with what he believed would be the cost to take Lake Granada and extend it through the marsh. His bid at the time was around \$25,000. On top of that you would have to add \$18,500 for the mitigation and \$1,200 for the permits so his estimate came out to be about \$44,700. Mike Gill went back to Cline the other week and one of the things Cline would like would be a more detailed description or drawing showing exactly what he's going to be dredging, but to Cline's best ability he added that cost in with the new estimate that I have submitted and his new proposal is \$26,800, the mitigation stays the same at \$18,500 and the permits stay the same at around \$1,200 so his new number is \$46,500 which is below the \$50,000 that was allocated. We'd like to move forward and see if we can get this approved so we can go forward with the extension of the lake.

Mr. Leckie stated one of the things we asked Mike to do was to show us a plan of where you're going to put the dirt and that the club agrees with where the dirt is going to be put because if you're going to put sod on your land, the landowners on that side of the lake need to be told what's happening and have them sign off on it. Mike said he felt that was the right thing to do.

Mr. Glenn Hertzog stated they want this detailed plan in order to answer some of those questions. The first step is a survey and from there lock in the hard numbers.

Mr. Swinburn asked are you asking that we approve, with our funds, the survey?

Mr. Jeff Amsbaugh responded that's what has to be done if everybody is satisfied.

Mr. Leckie stated I would assume the Homeowners would do that if they want to proceed in this direction. If they go ahead with it, we will give you the \$50,000 but we need to see a plan.

Mr. Glenn Hertzog asked if the Homeowners puts up the money for the survey and it comes in less than the \$50,000 then the Homeowners can get reimbursed between any difference with what it actually came out to and the \$50,000?

Mr. Leckie responded I have no problem with that.

Mr. Jeff Amsbaugh stated the price was \$1,800 to do the existing marsh topographic survey and if that gets approved and the bill is under \$50,000 that would be reimbursed to whoever came up with the \$1,800?

Mr. Leckie asked what is the \$6,500 for?

Mr. Jeff Amsbaugh responded Cline's civil engineer has to do three drawings in order to get the permit from St. Johns. That is a firm price from the engineer.

Mr. Leckie stated you've got to get a price on moving the dirt.

Mr. Jeff Amsbaugh stated the original budget was between \$12,000 and \$15,000 and Cline feels really confident in the \$15,000. Even with all of these numbers we're still at \$46,000. If someone does this topographic drawing and Cline says the number still sticks at \$46,500, will the DCDD approve the marsh extension?

Mr. Leckie responded yes.

Mr. Vohs stated the last time we met, we made an offer to the HOA or the club that if we would give \$50,000, ownership would transfer to them. Is that ownership question now dead?

Mr. Leckie responded we said it would have to be discussed when we met with them if we would consider keeping ownership.

Mr. Ryan stated when we met with Mike Gill we said we would do a quitclaim deed and transfer the property to them. We would maintain responsibility under the permit for maintenance of the new lake. St. Johns does not want to split up permits so we would transfer the property to the Homeowners, they are responsible and they are liable for any issues with the land. We maintain the lake in accordance with the permit that is already in place.

Mr. Leckie stated during the discussion with the three of us, Mike Gill said if we got the proper paperwork and a situation where there was no legal liability to the DCDD and you continue to not transfer that property, we said we would consider it and the board would have to make that decision.

Mr. Ryan stated we also talked about providing an easement for maintenance if the Homeowners were to take ownership of the property. St. Johns concern is that there's a responsible party for the operation of maintenance.

Mr. Leckie stated if we can be covered that we are not liable for what goes on with Cline that we maintain the ownership of that lake during the process.

Mr. Chiumento stated as long as we have indemnification and proper insurance, you are as covered as you can be. If something were to happen because you are the landowner, you would be named as being liable.

Mr. Swinburn asked does anybody know what was there before this marsh?

Mr. Ryan responded all those lakes are man-made. Some of the marshes were existing. I doubt that marsh was because of the way it describes in the permit that we had to plant marsh vegetation.

Mr. Jeff Amsbaugh stated the dredging of the lake is going to take 6 to 8 days so to me it would make sense not to change permits and everything.

Mr. Chiumento stated we could grant them a temporary construction easement with indemnification and proof of insurance, do the same thing with Cline and that's about as close as we could get. Why don't you guys get Cline to do just a 2-D concept, you don't need to have an engineer. They could do some suggested topographic because it doesn't matter if it's accurate at that point. They sign off on it, you come back to the board and if the board agrees to the plan they will issue a temporary construction easement once you get the permits to start construction. You come back and show us the permits, we record the temporary construction easement, you enter into a contract with Cline at that point because you have to have the property rights to do that. Cline's contract will have insurance indemnification. The temporary construction easement will have insurance indemnification. The project goes six days, you come back with all of the construction close-out documents, lien waivers, waivers of claims and at that point the district will issue a check to whoever has the temporary construction easement whether you've paid Cline or not.

Mr. Vohs asked does this need to come back to the board or can it come back to Dick? When we start doing these meetings we will wind up into next year and then we lose the mitigation.

Mr. Chiumento responded if you are okay with that process and concept and you want to delegate to Dick and Tim.

Mr. Swinburn stated I'm okay with it with one caveat. I want to make absolutely certain there is a piece of paper that says we're not going above \$50,000.

Discussion on Earned Time Off

Mr. Chiumento stated since the last meeting I've had conversations with Jim, Jack and Dick. I asked Dick for his opinions in writing supporting what he thought the issue was. I've looked at the handbook we have many of the documents including his contract and amendments. Dick's contract has been since 2010 and there have been three amendments. All of them reference that he is entitled to earned time off consistent as an employee and consistent with the handbook. The handbook essentially says employees can carry over half of their accrued vacation from one calendar year to another, anything over will be forfeited upon termination; whatever is accrued they are entitled to receive as payment. What has happened is that in 2010 when he started, he and the then chairman of the board of supervisors had an agreement that rather than take this payment on an annual basis that he would accrue it and take it at the end of his retirement, all for the benefit of minimizing tax impacts. The handbook does not provide that on an annual basis you can get paid for your ETO that has accumulated but that has been the district practice for as long as I'm aware. Meaning that at the end of the year you have five days left, you can get paid for it. I think it's very clear that not only is Dick entitled to the ETO policy that we have, he was entitled to take that at the end of the year and he elected to defer it to the end per his agreement with Ray. He's entitled to payment. The issue is how do we calculate the accrual for the deferment. The handbook says that half carries over but it doesn't say if you don't use it that year, that half disappears. Theoretically there could be a discussion that half continues on in perpetuity. No where does it say that you forfeit the half carry over so I think it's vague and open for interpretation. I think the board needs to decide whether they want to honor the agreement between Dick and the then board chairman that he never took it and deferred it until his retirement. The board issue is that you have your handbook and you also have the practice you've been doing where you pay people at the end of the year and that is not in the handbook. I think from a board's perspective it has to be uniformly applied to all. This issue wasn't specifically carved out in Dick's contract; it just says that he is treated as all employees.

Mr. Ryan stated as a point of information, this practice was instituted when ITT still controlled everything and the bridge was in place because the bridge had probably 20 employees, most of them part time, part of them full time dating back to 1998. My only reason for doing this was that I didn't want to take additional income and it was basically going to get eaten up in taxes so I asked Ray if it would be all right and he said he thought it would be as long we kept accurate records. I had Diane, and now Maribel, maintain those records. I never had anything to

do with it. If I thought there was going to be any question about it, I would've taken the money on an annual basis. The district has lost nothing if I had taken it then or take it now. I think it would be unfair that I should lose that money or even half because I could have been paid all of it by taking it out on an annual basis. I feel the request is justified and there's no gain or loss to the district by them paying me now instead of having paid me early on.

Mr. DeMatteis stated clearly our employee handbook needs to be updated to reflect the practice or the practice goes away and reflects the handbook to prevent this from happening in the future.

Mr. Perry stated one way you could look at it as it states in the handbook is if you have excess hours at the end of the year, half of it is forfeited and interpretation could be it goes away and you're not paid for it. Practice has been they've been paid for it. If half of it was forfeited it would be about 370 hours compared to almost 900 that Dick had calculated. Dick's calculations were accurate other than there was a carry forward of 20 hours which was probably just a transgression error. In the handbook it says full time employees so if you interpret a part time employee would be entitled to half of those hours per pay period and do the calculations it goes down to about 130 hours. These are interpretations of the policy so it varies widely.

Mr. Swinburn stated it seems to me that it's either we accept Dick's word that he had a deal with Ray that he should get it all or we take what to me is the most common sense reading of the handbook and that is that he gets half.

Mr. DeMatteis stated I think the practice at record was being kept all these years is evident that the agreement was in place so I'd have to go along with that.

Mr. Swinburn asked so you would accept that there was a deal with Dick and Mr. Alleman?

Mr. DeMatteis responded yes.

On MOTION by Mr. DeMatteis seconded by Mr. Vohs with all in favor to accept calculations of earned time off provided by Dick Ryan with a potential adjustment of hours related to a mathematical error in a carry over from one year to the next was approved.

FOURTH ORDER OF BUSINESS**Public Hearing to Adopt the Budgets for
Fiscal Year 2018****B. Affidavit of Publication for the Public Hearing**

Mr. Leckie stated the affidavit is enclosed in the agenda book, which shows that we've advertised this as a public meeting.

Open Public Hearing on the Budgets for FY 2018

On MOTION by Mr. Leckie seconded by Mr. Swinburn with all in favor the public hearing was opened.

Mr. Ryan stated from the budget that was presented in July, there are only a couple of minor changes. Under the general, water and sewer and bridge funds, there is a notation about medical insurance. We don't have the actual premiums for medical insurance because of the affordable care act. We can no longer do fiscal years, we have to do calendar years, so the amount of money that we paid for medical insurance last year carries forward until December 31st. The number in the budget is an estimate. We will get the new rates in November so there may need to be some changes to that line items in all three accounts. The other item is the general liability insurance. I'm still waiting for the final numbers. I believe the number that's in there is fine based on what the brokerage company is telling me. The only other change is the employee schedule had shown \$80,000 for my payment next year and I revised it down to \$72,980, which I think is an accurate estimate. In the capital outlay we added a revised figure for collection system improvements emergency pumping system. We went from \$90,000 each for a total of \$180,000 and Tim also wanted to show the actual cost of a vacuum sewer cleaning vehicle. We had discussed the possibility of purchasing a vacuum truck because we may have a continuous need to do manhole and pipe cleaning. I think at \$360,000 we're probably going to defer it indefinitely. In order to meet the increased costs in the general fund, I increased the transfers from the bridge and water and sewer account to keep the assessment under the amount we had noticed which was \$60.

Mr. DeMatteis stated I think we should include the \$50,000 because that's going to get spent one way or another.

Mr. Ryan stated it's just a question of timing. If HDOA get approval quickly it may get done in September but more likely the expenditure is going to be in October or later. Let's wait and see what happens. There may have to be a transfer to fund that item.

Mr. DeMatteis stated if that's the case the carry forward surplus should reflect the full amount of \$93,000.

Mr. Perry stated he's only going to utilize \$43,000 of the \$93,000 for the next fiscal year. It just happens to be \$50,000 differential but it's not tied to the project.

Mr. DeMatteis stated I think the records need to be more explanatory and explain why A does not equal B. Why not show another line item in the projection that reserves the \$50,000 into the fund or something? I don't think it's clear and I'm uncomfortable that it's not clear.

Mr. Perry stated you can add a footnote.

Mr. Ryan stated footnote five explains what we're doing.

Mr. DeMatteis stated footnote five talks about what happens with the marsh it doesn't talk about the fund balance.

Mr. Ryan stated you send some wordage that you'd like to see and we can incorporate it.

C. Resolution 2017-05, Approving the Transfer of Funds from the Bridge and Water & Sewer Funds to the General Fund for FY 2018

On MOTION by Mr. Swinburn seconded by Mr. Vohs with all in favor Resolution 2017-05 was approved.

D. Resolution 2017-06, Adopting the General Fund Budget for FY 2018

On MOTION by Mr. Vohs seconded by Mr. Swinburn with all in favor Resolution 2017-06 was approved.

E. Resolution 2017-07, Levying Assessments for FY 2018

On MOTION by Mr. Swinburn seconded by Mr. Vohs with all in favor Resolution 2017-07 was approved.

F. Resolution 2017-08, Adopting the Water & Sewer Fund Budget for FY 2018

On MOTION by Mr. Vohs seconded by Mr. Swinburn with all in favor Resolution 2017-08 was approved.

G. Resolution 2017-09, Adopting the Bridge Fund Budget for FY 2018

On MOTION by Mr. Swinburn seconded by Mr. Vohs with all in favor Resolution 2017-09 was approved.

H. Resolution 2017-10, Adopting the Section 125 Cafeteria Plan

On MOTION by Mr. Vohs seconded by Mr. Swinburn with all in favor Resolution 2017-10 was approved.

Close Public Hearing

On MOTION by Mr. Swinburn seconded by Mr. Vohs with all in favor the public hearing was closed.

FIFTH ORDER OF BUSINESS

Reports and Discussion Items

I. Community Projects Report

Mr. Ryan stated my balance and the accountant’s balance is almost identical. The only difference is I post interest payments earlier than theirs. There are two projects pending with the County. I talked to Coffey and he said they will probably start moving ahead with the Malacompra drainage improvements in September. They are still up in the air with the dunes projects. They don’t know when they are going to move forward with that.

Mr. DeMatteis left the meeting at this time.

Status Report on New Toll Collection System

Mr. Ryan stated we are still waiting for a rewrite of one of the programs. Basically all of the equipment is in. Hopefully by the close of the fiscal year we will have everything in place including the new program. Everything is operating except for the actual dollar versus the bonus program. We’re still operating under the bonus program.

Mr. Leckie asked what about the arm?

Mr. Ryan responded they are going to put out the signboard a week before that happens. It should be any day now because everything is in place to do that.

SIXTH ORDER OF BUSINESS

Staff Reports

Attorney

There being none, the next item followed.

Engineer

Mr. Sheahan stated in regards to the wastewater plant, we have a pre-bid meeting on August 17th and the bid opening is scheduled for August 31st. Addendum number one is being prepared based on questions from plan holders. There are 30 plan holders, at least seven of them are general contractors so hopefully we will get some good bids out of it.

We met with the PE group on the other marshes to get an idea of what that would cost. He's going to produce a report in the next 30 days.

There's been no change with the irrigation. It's looking pretty good with the rainfall we've had. The City of Palm Coast is looking at six different routes in their study. We've requested a follow up meeting to review the results of those routing studies.

We've received preliminary plans on the weir structure from the engineer. The cost of just the gate was \$10,000. I've asked him what he expects the install cost to be and that's just the one at the discharge north of Malacompra. There's another weir that pumps storm water from the northern lake system and we want to put a gate in that one too so that we can get more water when we need it so I've asked them to include that in their design. I would expect it would be about the same cost.

There's nothing new on storm sewer cleanup. I got an email from the contractor and he's supposed to get me something on that on Monday.

We got a final report from the bridge inspection. All of the results look the same as was in the draft.

Hammock Dunes club has asked me to send them a letter that we approve their restoration plans so I'll do that this afternoon.

J. Manager – Bridge Reports and Traffic Comparison for July

Mr. Ryan gave an overview of the bridge reports for July along with the traffic comparison.

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

Mr. Leckie presented a memo that will be from the board of supervisors to the DCDD employees concerning Dick's retirement and Greg Peugh pending employment and asked for any changes.

Mr. Swinburn stated to return to the topic of paid time off, we said we need to change the policy so that it jibes with the practice. Has someone been asked to do that?

Mr. Leckie responded no but I think that definitely needs to be changed effective October 1st. My thought is that you take the time off or you lose it.

Mr. Swinburn asked so you change the practice and keep the policy?

Mr. Leckie responded yes.

Mr. Chiumento stated this is from 1999 and hasn't ever been amended to the best of our knowledge.

Mr. Ryan stated we have an amendment pending. There were some minor changes done about six or seven years ago. The major changes have been sitting there and they just need to be finalized. Most of the changes are things that are dictated by federal government that weren't required during the last update.. We also had some verbiage from ADP to incorporate into those documents. That might be a good project for Greg.

Mr. Perry stated I would suggest that you have some language in there to give you some flexibility because there are times when workloads happen and people can't take the time off. If you enforce it strictly, they're going to lose dollars, and that's not the real intent. Tighten it up but consider flexibility to have carry over approved by the board or what have you.

Mr. Leckie asked Dick, you approve all expense accounts today?

Mr. Ryan responded yes.

Mr. Leckie stated starting October 1st I would like the treasurer of DCDD approve the District Manager's expenses. The other thing I'd like to bring up is I think we need to institute that any new employee be given a drug test.

Mr. Sheahan stated we have a drug-free workplace policy. We can drug test an individual if they get in an accident.

EIGHTH ORDER OF BUSINESS **Financial Reports**

- K. Balance Sheet & Income Statement**
- L. Construction Schedule**
- M. Special Assessment Receipt Schedule**
- N. Approval of Check Register**

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

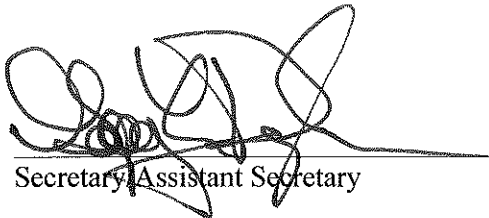
NINTH ORDER OF BUSINESS

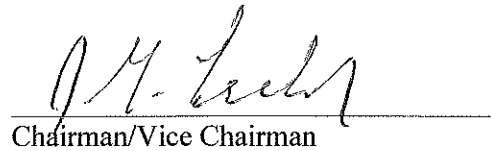
**Next Meeting Scheduled for Friday,
September 15, 2017 @ 9:30 a.m. at the Dunes
CDD Administrative Office, 101 Jungle Hut
Road, Palm Coast, Florida**

TENTH 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