

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, November 17, 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:

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

Also present were:

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| Greg Peugh | District Manager |
| David deNagy | District Representative |
| Michael D. Chiumento Jr. | District Counsel |
| Tim Sheahan | Utilities Manager |

The following is a summary of the discussions and actions taken at the November 17, 2017 meeting. A copy of the proceedings can be obtained by contacting the District Representative.

FIRST ORDER OF BUSINESS

Roll Call

Mr. deNagy 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. October 13, 2017 Meeting

Mr. Crahan, Mr. Leckie and Mr. DeMatteis provided corrections to the minutes that will be reflected in the final version.

On MOTION by Mr. Crahan seconded by Mr. DeMatteis with all in favor the minutes of the October 13, 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 spoke with Daniel Baker yesterday and I was asking about the easement to loop the water system and he said that he was aware of the letter and had received it. He said they've had leaks at the pool, which was one of his comments for why the capacity fees were so high. I told him that's fine as long as you can document it we will sit down and talk. I've called him every day this week as Rich suggested and we have a meeting scheduled for November 29th to discuss it. We are going to meet with the managing partner of Salamander. I also asked him about the dredging and he said there was no dredging that went on in the lakes up there. During the hurricane the rain water had washed out some of the bunkers and they were just fixing the sides.

European Village License in Second of a Three-Year Agreement

Mr. Peugh stated both checks are in and they paid us.

Status of Marsh "TB"

Mr. Peugh stated I sent an email to everyone on the board regarding the broad terms of it but since then I've talked with Mr. Lantier. We wanted to use him to get an easement to either plant or dredge the marsh out. He said he didn't have a problem but then he called back and said he would only give an easement if you make it a lake. In regards to that, we hired Cline and authorized them for \$8,500 to perform a topographical survey of the lake and engineering drawings and they were supposed to give us cross sections. We hoped that would be done by this board meeting but it hasn't been done. Hopefully next meeting we will have those and we can present them to the board and we will have a firm price for what it's going to take to dredge it out and we can make a better decision. We didn't feel comfortable with the \$15,000. We felt more comfortable after we talked to Scott Sowers and he explained he was going to go around the lake and dig it up and put it out there. We've also hired a geotechnical firm. We wanted to

see how deep the muck was. It's about 14 inches the best they can tell. We'd like to have a water depth of about four feet give or take. The existing lake is four and a half feet. If it's too shallow the cattails start to grow through so if we have it at four feet you have a good lake.

Mr. Leckie stated I met with Cline myself and Scott Sowers is talking in the \$50,000 to \$60,000 range, not \$200,000 or \$300,000, and he has an idea of how he's going to do it and they had it all planned out. They thought they would put a cofferdam in and put a T out from the cofferdam and have a 65-foot boom which will go around the lake so they won't go on the golf course or on the people's property. The other point is that this way we won't have the maintenance every year trying to keep that up so if the cost is anywhere near where we think it's going to be, it makes a lot of sense.

Mr. Swinburn asked the stuff that they excavate and pile up around the sides, will that be sodded?

Mr. Peugh responded yes.

Mr. Swinburn asked if it's got a salt content would the sod live?

Mr. Peugh stated generally they will pull the muck on the bottom out first and then they will put better dirt on top of that. I doubt if the salt content could get through that but it shouldn't be a problem.

Mr. Leckie stated the only snag there could possibly be is if somehow they hit coquina while they're dredging before they got to the four feet and then we try to make a shallower lake.

Mr. Swinburn asked who would have the maintenance responsibility for the banks and cutting the grass?

Mr. Peugh responded the golf course and the property owners.

Mr. Swinburn asked could we get that in writing from them?

Mr. Peugh stated we will do that.

Mr. Leckie stated the club has agreed they would do that but we would get it in writing.

Mr. Crahan asked this brings up the access to all of these lakes, north and south. Do we have assured access?

Mr. Peugh responded I read through the declarations and we have a non-exclusive easement on everything, which means we can go through the property and we have to put it back the way it was.

Status Report on Discussion with the City of Palm Coast to Install Landscaping and Irrigation on DCDD Property

Mr. Peugh stated this is in regards to the Golden Lion. I spoke to Charlie Faulkner who is one of their engineers and he said they do plan on continuing with the project. There's been a year delay because they had issues with the adjacent property owner. Apparently some of their facilities are on the Golden Lion's property. They think they've got that situated so he said once they have a final plan they will come to us and ask for our approval on that. In addition to that, the City of Palm Coast has some preliminary plans. They want to do some landscaping. That's preliminary as well because they need the final plans from the Golden Lion. Once they have that they want to talk. I have a meeting later this month to talk about that issue. Until the Golden Lion finalizes their plans, nothing is going to get finalized with the City for what they want to do on our property.

Status Report on New Toll Collection System

B. Toll Proposal from E-Transit

C. E-Transit Website Example

Mr. Peugh stated we installed cameras any place that we handle money. We would like to get to a point where we are not running credit cards ourselves so there's a proposal in here from E-Transit. The first part is to be PCI compliant, which stands for "purchasing card industry". We definitely need to do that part of it and it's about \$38,400. The next part is to get to the online website and that's another \$37,000. It's not the best but we are tied to E-Transit because it has to go into their system. This is where we'd like to get to from a customer service point of view and also just getting us out of the credit card business from a liability standpoint. They go online, they type in their numbers and they can recharge their account.

Mr. Crahan stated I'm hesitant to be tied too tightly to E-Transit. They've not been as responsive over the course of this contract.

Mr. Peugh stated I agree with you. They are not the most responsive vendor but we are tied with them for the next however many years because of their system and it needs to plug into that. I don't know if I can get another vendor. There would be pushback from E-Transit, I'm absolutely sure on that. There are other vendors that do this but not with integrating into the E-Transit system so that's why we're married to them.

Mr. Leckie stated I think we've got to do it. Getting out of the credit card system is very important.

On MOTION by Mr. Swinburn seconded by Mr. Vohs with all in favor the E-Transit proposal in the amount of \$75,600 was approved.

D. Engineering Proposal for Toll Facility

Mr. Peugh stated what we'd like to do here is have an engineering firm look at the toll facility, get an architect in there to look at improving the space and get an idea of what we can do with the existing building. We would like to separate the customer service from where we handle money and we're thinking about taking the exterior bathrooms out. They're also going to look at the underground storage tank and give us an idea of how much it costs to get that above ground and out. It's approximately 30 years old and that's about the time they start failing. Hopefully it hasn't gotten far enough that we have to remediate that but we'd like to get ahead of that. Also, improvements with the lighting for security where the tollbooths are and look at improving the parking. The stormwater is the bigger issue. We will have to mitigate that. I'm hoping since Palm Coast wants to incorporate the Golden Lion landscaping, maybe we can do some trading and I can get some stormwater mitigation if I need a pond at some point. I'd also like a map up here, about eight feet long, so we can look at it if there are issues. That's part of this proposal.

Mr. Crahan stated I'll even expand that one step further. We've talked about Sun Pass and the need for safe merge. This might be a time to look at a plan B for the future that reconfigures that whole area and I go back to the previous discussion that there should be an open sourced portal that we are covered for Sun Pass in the future.

Mr. Peugh stated we will find out what that takes and if there's any additional cost we will try and integrate that if they can.

Mr. Leckie stated I had asked about the overnight shift at the toll facility.

Mr. Peugh stated we have a period report that gives me the total number of vehicles and the total amount of money. It's from May 22nd through October 31st and I projected that out for an entire year and the numbers are a little higher than what we would expect but they're pretty close. What I found was 3rd shift collects about 5% of our total revenue which equates to approximately \$84,000. If you take the 3rd shift's \$12 or \$13 an hour multiply it by eight hours

and 365 days, you come up with about \$50,000 for that person (including fringe benefits). The interesting point when I started asking the folks at the toll bridge they said we talked about that years ago but they pointed out we would probably need a security guard there because of our facility and the stuff that's in the toll booths so the \$50,000 you pay to the toll attendant versus the \$50,000 it would cost you for a security guard and on top of that you're collecting another \$34,000 so I wouldn't recommend that this point that we get rid of the 3rd shift. We're taking in more than we're paying out.

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor the engineering proposal for the toll facility in the amount of \$25,000 was approved.

E. Community Projects Report

Mr. Peugh stated the only thing we've added for the totals is about \$1,500 in interest. I met with Craig Coffey. We had some questions regarding this. On the Jungle Hut and Malacompra, what they intend to do is place sand there and they only intend to go over that with four wheelers to do their ocean rescue. There won't be vehicles driving over.

I have the plans on the drainage improvements. There are three phases. I asked the county engineer for those plans and there's a drainage study that has 820 pages of printout. They are intending to go forward with that. He said the key is a box culvert underneath A1A and that's approximately \$1 million. They're trying to get the state to help with funding that to move forward with that project. He said he would probably be coming to the board or there will be discussions as they're going to be moving around \$10 million in sand for beach re-nourishment and they're probably going to ask for toll assistance.

Mr. Leckie stated we've talked about that and it wasn't the tolls that bothered us, it was the wear on the bridge. Is there anyway we can do to determine what that would do to the bridge?

Mr. Peugh responded it is wear and tear because it takes off the surface but structurally it's not going to hurt the bridge. Instead of resurfacing in five years, it might be 4.95. It's minimal.

Mr. Swinburn stated maybe there's an alternative that would make everybody happy. We're going to have, at present, \$27,610 left over uncommitted after we give them the money

for Malacompra and the Dunes. Why don't we agree that money can go along with whichever grant they want to use it for and in return they won't raise this question as to whether they have to pay fees for the bridge?

Mr. Peugh stated we will talk to him about that.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

Mr. Peugh stated Michael called yesterday and he would like to engage Grau & Associates in regards to bridge enterprise fund transfers. This is a letter from Grau that states they will update the 2012 letter, which is attached. \$10,000 is their initial assessment.

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| On MOTION by Mr. Swinburn seconded by Mr. Vohs with all in favor the consulting services proposal from Grau & Associates in an amount not to exceed \$10,000 was approved. |
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Mr. Swinburn stated at this meeting we have approved over \$100,000 in previously unanticipated expenditures. When we're faced with such an expenditure could we have a narrative as to how it relates to the approved budget whether it's capital or it's expense, etc. so we can keep in mind where we are in the process?

Mr. Peugh asked would you like a running total in a spreadsheet?

Mr. Swinburn responded I think that would be useful. It doesn't have to be complicated, just a list of what we've been doing as we go along.

Mr. Peugh stated I can give you a list that will be included in the board reports. While we're on this topic, we've got some initiatives for next years budget. We want to clean and TV a percentage, approximately 10% of the sewer system each year so you get through the whole sewer system in ten years. Our sewer system is a lot newer so we may not need 10% but we also want to look at the stormwater system because I think the majority of it is submerged. Tim is going to a conference to see what technology is out there. Hopefully we will catch any catastrophic failures that are coming up. Also, we want to get the vehicles on a proposed schedule so you can see that for the next few years.

F. Engineer

Mr. Sheahan stated with regard to the wastewater plant design, we met yesterday with CPH and the apparent low bidder, Petticoat Schmitt, to do some value engineering to try to get back to our budget value, which was \$5 million. As you know, the bids came in 60% over. Petticoat Schmitt is offering a total deduct of about \$1.7 million which would get us to \$6.3 million. Prior to that we had met with CPH and gave them a laundry list of things we felt like we could live without out to try to get back to the budget and they were pretty close to what Petticoat Schmitt is offering.

Mr. Peugh stated the next step, if you all agree, is we would have our engineering firm redline our drawings and that's a redesign fee of about \$85,000. This is the path Tim and I would like to take.

Mr. Leckie stated we've got to go ahead with the expansion of the sewage treatment system.

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| On MOTION by Mr. Vohs seconded by Mr. DeMatteis with all in favor a redesign of the wastewater plant expansion drawings at an approximate cost of \$85,000 was approved. |
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Mr. Sheahan stated we already talked about the marsh "TB". The topography is complete and we got a copy of that. The engineer is working on the design, calculations and cross sections then we will get a firm price from Cline for that design.

We met with the City of Palm Coast on irrigation and storage usage this past week. They are still reviewing the three scenarios that I presented last board meeting.

Greg and the engineer met with St. Johns on the weir structure. He also met with Flagler County because what came out of that meeting with St. Johns was you need a drainage study of the downstream system that we would be going into by lowering that weir.

Mr. Peugh stated I asked what the magnitude would be and he said \$50,000 to \$500,000. I can pull the engineer, ETM, in here and get a better proposal to find out what that number is going to be for the downstream drainage study in order get a permit to lower those weirs. To get the permit, I have to satisfy the conditions of St. Johns.

The board discussed the necessity of the drainage study. Supervisor DeMatteis will attend a meeting along with staff regarding the study.

Mr. Sheahan stated in regards to the bridge inspection, we issued a purchase order to an engineering firm to do some core samples on some of the piers to determine the salt level in those concrete piers to then determine what, if anything, we need to do. The coring and testing was recommended by the firm that performed the bridge inspection, Kissinger, Campo and Associates. They haven't done cores yet so we don't have any data to report.

We briefly talked about Island Estates Parkway. Those are the pipes underneath the bridge to Island Estates that need to be rehabbed and painted. . That's going to commence December 4th. We've been in contact with the property management company and HDOA to let them know we're going to have some lane changes while we're doing this work.

Mr. DeMatteis asked where do we stand with doing the retainer with the engineering firms so we don't have to do the bids?

Mr. Peugh responded we have the RFP put together and I sent the sample contract to Michael for review so once that happens I will put it out in December, get RFPs back within four weeks, and then we will evaluate them and make a recommendation to the board.

G. Manager – Bridge Reports and Traffic Comparison for October

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

Mr. Peugh stated nine years ago we used to clear out accounts. Our form says if you leave money in that account after one year, it goes into our Bridge general fund. There's about \$100,000 sitting there in 5,000 accounts give or take. Since we've moved over to the E-Transit system we would like to wait 15 to 18 months and then we're going to start clearing those out and putting the money in the general fund.

We've got approximately 50 resumes for the assistant bridge manager position. We have a meeting next week to go over the candidates. We will probably pick about five and then we will have interviews with those. The Dick Ryan consulting agreement was executed. Notes were added to the 2018 fiscal year budget and that has been posted to the website. Tim and I met with Paul Pershes with the Ocean Hammock Property Owners Association and he asked if we would help with placing screening from Hotel Trace to the Discovery entrance. They cleared out the vines and now you can walk through to those people's houses. There have been some robberies and things that have happened so they were wondering if we could help them put some palmettos

for lack of any other idea. I told them I would present it to the board but I need to know, how many, where and how much so I'm just letting you know that's out there.

Also, we had a complaint from a lady that the trees are supposed to be trimmed to 14-feet and apparently they've grown and probably some hurricane damage and it became an issue that people were swerving out to miss them so we've initiated a proposal with Shaw to clear those to 14-feet. It was \$24,000. We think we can absorb it in our budget, it just wasn't planned. In the future we will include that in our landscaping contract.

We would like to interconnect our water system. It's probably in the magnitude of \$50,000 to redo this just for our backup. I don't have the total numbers and I don't have a map yet but I will show you at the next meeting.

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

Mr. DeMatteis asked anything on the plywood signs that were put up?

Mr. Peugh responded the Sheriff came out and put up the game camera and since then we have not seen anything. The reporter did call and he wants to have a tour of the plant so we will hopefully get some good press out of that.

Mr. Crahan asked do we have a documented study of the copper pipes that we've been able to get a hold of from leakage?

Mr. Peugh stated the copper pipe is sitting in my office and the inside of the pipe is fine, it's the exterior. We would love to talk to this person and explain how it works.

SEVENTH ORDER OF BUSINESS **Financial Reports**

- H. Balance Sheet & Income Statement**
- I. Construction Schedule**
- J. Special Assessment Receipt Schedule**
- K. Approval of Check Register**

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

EIGHTH ORDER OF BUSINESS **Next Meeting Scheduled for Friday, December 8, 2017 @ 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. Crahan with all in favor the meeting was adjourned.



Secretary/Assistant Secretary



Chairman/Vice Chairman