

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, March 10, 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
Gary Crahan	Vice-Chairman
Charles Swinburn	Assistant Secretary
Rich DeMatteis	Assistant Secretary

Also present were:

Richard M. Ryan	District Manager
James Perry	District Representative
Tim Sheahan	Utilities Manager
Michael Chiumento	District Counsel
Paul Pershes	Ocean Hammock POA
George DeGovanni	Hammock Dunes OA

The following is a summary of the minutes and actions taken at the March 10, 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.

THIRD ORDER OF BUSINESS

Approval of Minutes

A. February 10, 2017 Meeting

Mr. Perry stated could we defer approval? There are a number of changes that you've provided for me and there's also some question if there was some additional discussion in the minutes that we don't have shown. What I'll do is go back through that tape.

SECOND ORDER OF BUSINESS

Audience Comments

Mr. DeGovanni stated about a month ago we asked Dennis Vohs to approach Dick Ryan concerning toll relief for the trucks that we have contracted to restore the dunes and we haven't heard anything back on that. Our objective is to get toll relief for the trucks coming across the bridge. Right now the trucks come through Flagler Beach State Road 100 through all those traffic lights to come up and deliver the sand both to Varn Park and to Jungle Hut. That's what they have been doing up to this point but what we're asking is for toll relief to cross the bridge to come directly up Colbert Lane and then come down Hammock Dunes Parkway across the bridge and to Jungle Hut. The request is toll relief for those trucks for the remaining portion of our phase 1 project.

Mr. Crahan asked how many trucks a day would you be running through?

Mr. DeGovanni responded we're running about 200 trucks a day. We don't anticipate that to take more than another couple weeks before that project ends.

Mr. Leckie stated my concern is probably not as much the money as the damage to the bridge. We have 40-foot spans while the ones down at State Road 100 have 80 or 90-foot spans. It's a concern about the weight situation with the bridge and I don't know how to evaluate that.

Mr. DeMatteis stated what do we do when the County starts its project which will be way more sand, way more trucks, and they come to us and ask for the same thing because we've already given it to them once.

Mr. Ryan stated it's not something that's customary for that bridge to handle. It does stress the bridge, there's no question about that. When the County was running debris trucks over after Hurricane Matthew, they weren't the same size or number of trucks the HDOA is requesting. We might have been talking about \$1,000 or \$2,000 worth of tolls the whole time that the County was picking up debris. We're talking tens of thousands of dollars lost revenue plus the beating up of the bridge. It's up to the Board what you want to do. Mr. Leckie stated does anyone want to make a motion that we do that keeping in mind what Rich said - if we do it this time, the County is only going to come back again later?

There being no motion on the floor the matter is closed.

Mr. Pershes stated George and I have sent you a letter. I won't read the letter for times sake, I'd just like to reiterate that the dune restoration is in process and that the County is really taking a lead role in that regard. Ocean Hammock will be working directly with the County and they will be monitoring and controlling all of the aspects of the dune restoration. The County

needs matching funds in order to maximize the funds they can get from the state and federal government and both of our communities. We're of mind that we're going to provide funds to share in the cost of the restoration of the dunes. I might add that I didn't know when I built my house that we own the dunes. I thought it was part of the beach and public domain and we have limited rights there. What we're looking for is for the DCDD to participate in that regard, with us as the community and working with the state in order to provide funds on a matching basis. We need as much money as we can get from you to minimize to some degree our cost of that cost share as well. We have 16th Street, Jungle Hut and there are parks there. If you have to identify it as certain areas to make it work within your mission and your ability to do things, that's fine because everything is fundable and I think we can work that out with the County. The County is willing to talk with you directly and with us together in a room to see how we can maximize the ability of all of us to participate to get the right job done this time around. We don't want to shortchange it.

Mr. DeGovanni stated what we're asking for is whatever bridge funds you have remaining and I've been told approximately \$400,000. That should be designated for Ocean Hammock and Hammock Dunes as part of our 50-50 cost sharing with Flagler County. You have significant infrastructure beyond the dunes, west of the dune line. You have pump stations, sewage, water, all kinds of things that could potentially have been damaged if hurricane Matthew had stayed longer or if in the future we do get a hurricane Matthew type with the erosion beach system that is in now. We feel as if you have an obligation to protect your infrastructure, your lakes, and your conservation areas in accordance with the St. Johns permits that were initially permitted. Again, we're asking for not only your bridge money, but also utility infrastructure maintenance money to participate in the dune restoration.

Mr. Ryan stated when we were first reviewing what we could do with some of the surplus bridge funds that we had held for expansion of the bridge after deducting the obligations required by the essentially built-out agreement which ended the DRI, we looked at spending some of that money on the road system throughout the Dunes District, both in Ocean Hammock or Hammock Dunes. The answer was no, we can't do that because it's private property and I think that's fundamentally the same issue here. I don't have a problem with going to the County and saying "we will help pay for restoration of the dunes and the blockage at Jungle Hut, Malacompra and 16th Road" because these are public properties I can agree that's something the District could

participate in funding. On the other hand the dunes up to the high water mark are private property they are either held by the clubs or the homeowner associations. These are the appraiser's office maps if you want to look at them. The entire frontage and where the dune restoration is going to take place is on private property. We don't have either the authority or obligation to go in and hand over money to private property owners to do restoration. We are looking at five million dollars in expenditures from the so-called surplus utility fund. They're not surplus utility funds, they're designated for projects that are coming down the road. We have the expansion of the wastewater plant. We have a study that was done to determine our needs over the next 40 years. You have in your booklet the funds that are going to be spent over the next 5, 10, 40 years. Those aren't surplus funds, those are committed funds for capital expansion and long-term maintenance. This board is responsible for the Dunes utilities, stormwater system and the bridge. It is not responsible for the dunes on private property and I think it's inappropriate to expend any funds for that purpose with the exception of funds for public property such as the park lands or the protection of Jungle Hut, Malacompra and 16th Road.

Mr. Leckie asked Michael, can you talk a little bit about the ability to spend money on private property and how you see this?

Mr. Chiumento responded it's a very complex situation so it probably can't be clearly discussed with some finality at this point. You remember four years ago, we retained Hopping, Green & Sams to talk about how we can use the funds from these enterprises, the bridge and utilities. They are restricted and the word that we should use to spend those funds is that there should be a significant nexus to the bridge tolls itself and should consider each thing can contribute to the generation of tolls by drawing traffic across the bridge and whether it provides a direct and substantial benefit to the users of the bridge. Essentially, our use of enterprise funds, the bridge and the utilities, are limited to expenses that reinvest or protect or manage the enterprise fund. When we purchased and took over Hammock Dunes Parkway all the way down we were able to develop a basis upon which we could use the bridge funds because we maintain the roads that go up and down the bridges. Taking bridge funds to do the dunes is generally not permitted unless you can develop that nexus as to why. The utility funds have to be used for the benefit of the utilities. I don't know that we can use bridge funds or utility funds, notwithstanding the discussion about are they reserves or not, I don't have an understanding of that, but I do think you need to be cautious as to whether you use them. The second thing is CDD

money historically is not permitted on public property. We talked when we went through this with Hopping Green about if we can maintain the roads. The answer was clearly, unequivocally no because they are private roads. Although I understand what Mr. Pershes is saying that they are really open to the public, they're just titled in our name - they're titled in private property names right now. I think we'd have to look further down the road and discuss that and see if there are any exceptions to the general rule that we can't spend money on private property. We have the interlocal agreement at the termination of DRI where we set aside funds for the projects and when we did that we asked for the accounting principles that are associated through Hopping Green and Sams and we could use those funds as long as they were related to the District and the terminology that we used was, if they benefitted the District and they were adjacent to it. So there remains dollars in there. You might be able to go back to the County and amend the interlocal agreement I know they had x amount of dollars associated with a stormwater study so there's money there through an interlocal agreement but it would have to be through mutual agreement to amend it. You wouldn't be taking money out of O&M or the bridge or the utilities, which is restricted, but there is money there for community projects and that may help you all get to using money to improve the dunes and public parks.

Mr. Ryan stated right now we're holding \$900,000 for the County for Malacompra drainage area. I think the board could make a stretch there and say that's a renegotiation of an element within the original agreement with the County and if they wanted to do that I think the board would certainly agree to something like that because they're the ones that designated the \$900,000 for the drainage area.

Mr. Crahan stated I would support an effort to mitigate some of the costs of the beach access points, meeting the nexus criteria of 16th and Jungle Hut. Those are the particular areas that require a barrier of sorts. Malacompra I'm a little fuzzy as to how we would do that up there because the geography is different.

Mr. Ryan stated that was part of the original district when ITT gave away about 35 or 40 acres up there. The interlocal agreement said to properties within the district or adjacent, so it would fall under the adjacent catchall.

Mr. Swinburn stated I think that we should talk to the County about using some of the project funds if they will agree to move money from Malacompra for the public access areas. I don't think there's any problem establishing the nexus. Logic is there on that side and having it

as part of the deal with the County which has governed the expenditure of a bunch of money already would give that even more blessing and that they would pass any legal test.

Mr. DeMatteis stated I agree that a solid case can be made for the nexus and you can define that space if you want to further strengthen that. I think the County would be ready and willing to discuss any interlocal agreements to provide those funds and even future funds. I think we're obligated to protect the assets of our facilities and strengthen and contributing to projects to strengthening the dunes would do that. I support any contribution we can make legally.

Mr. Leckie stated I agree that we should look at the money that can be used for public property.

Mr. Chiumento asked has the County considered what they call a TIF district? That is Tax Increment Financing and the County can designate an area from the south border to the north border, define a project, equate that to dollars, do a bond calculation that gets paid over 30 years and literally tax and assess the residents in that entire district to pay for the infrastructure improvement. They do it for roads, they do it for utilities, and they do that with CRAs.

Mr. DeGiovanni responded yes. For Painter Hill and Malacompra that's what they're doing but also if we do this 50-50 share with the County, what the County is going to do is take charge of our dunes, it's not going to be private property. They're actually going to do an easement across our dunes so really it's not private property anymore.

Mr. Leckie stated let's decide what we want to do, if we want to make any action today as far as using funds that are available, which is the \$400,000. I would assume we have to have the County agree to use that \$400,000 for doing work on the public areas, which are the three street openings that we talked about. How do we want to proceed? Do we want to put a motion on the table?

Mr. Crahan stated I propose a motion with a dollar figure that allows negotiations to be entered into with the County and just see where it goes from there. To have somebody with a number in their pocket to do it and I would propose rolling that \$900,000 from Malacompra drainage into that number.

Mr. Ryan stated Gary, just as a precaution, we can't roll that number. They would have to do it. That would be part of the negotiation.

Mr. Crahan stated I understand that because that's part of the negotiation strategy. We would entertain repurposing that money for dune restoration or public access points, whatever you want to call it. It is kept as a not-to-exceed number.

Mr. Ryan stated as a potential contribution limit.

Mr. Crahan stated potential contribution via the community projects mechanism.

Mr. Swinburn stated the Malacompra money has been on the planning books for quite a while now so there are vested interests that have been created in that money being spent on Malacompra. I would like to have any diversion of that money to these purposes suggest by the County, not by us.

Mr. Crahan stated I think it also strengthens that nexus argument because then, it's not one of our projects, it's their project.

Mr. DeMatteis stated I agree completely with Gary's entire rationale there.

On motion by Mr. Crahan seconded by Mr. DeMatteis with all in favor for staff to negotiate with Flagler County regarding the balance of the unallocated funds (approximately \$400,000) for community projects related to the Interlocal Agreement, purposed as appropriate for 16th Stree, Jungle Hut Road, and Malacompra Road dune restoration and public access.

FOURTH ORDER OF BUSINESS

Reports and Discussion Items

Status Report on New Toll Collection System

Mr. Ryan stated they should be finished at the end of March. We're going to have to get notices out to the public of the change.

Mr. Leckie asked so is it dated April 1st now?

Mr. Ryan responded no I think it's going to be the end of April because we want to start it at the end of the month so we clear all of the accounts and it's the simplest time to do it. We might be able to do it sooner than that but from an accounting standpoint.

Mr. Swinburn asked has this system been designed and put in place so that if in the future we decide or are forced to do a Sun Pass kind of system it can just be laid on top of it?

Mr. Ryan responded yes.

Update on CPH Engineering Proposal for Evaluating Stormwater Utilization and Additional Reclaimed water from Palm Coast

Mr. Ryan stated we had a meeting with Palm Coast Utility Officials last week and it was a very good discussion. They are going to develop a fairly detailed cost estimate for what the pipe would cost to go from their treatment plant to the interacoastal. What kind of volumes they intend to put into the intracoastal and with that information we can then do a study on using the existing pipe from the river to the plant or do we have to put another pipe in. With that information we can get down to some hard negotiation on what kind of cost share we would be willing to do and what kind of volumes of water we can get. We've put the basic CPH study on hold with the exception of going up and looking at the weir situation at the north end of Ocean Hammock.

Mr. Leckie stated while we're talking about that wastewater, did you successfully hook into the lakes from the Hammock Dunes down by the tennis courts?

Mr. Sheahan responded no. We dug the pipe up to identify where it is and confirm what size it is. We confirmed that the as-builts are correct and it's a 12-inch main.

Mr. Ryan stated we want to run it for several weeks to make sure that all of the rest of it works the way we envisioned it to work. It's going to be at least 4 or 5 weeks to get the tap in, get the pump in and then run it for a sustained period of time.

B. Community Projects Report

Mr. Leckie stated I think we've discussed this deep enough.

Mr. Ryan stated yes you have the report in the agenda package.

C. Review and Discuss Revised Water & Sewer Reserve Study Tables for 5, 10, and 30 Years Including Surplus Funds; Executive Summary of 2012 Bridge Maintenance Study Showing \$4.4 Million

Mr. Ryan stated these are the revised numbers based on what we've already spent. It points out that there are significant funds that are committed to the capital expenditures over the next few years. There's an executive summary page in there on the bridge funds that shows that the Engineer's estimate for longer term maintenance was \$4.2 million and the reality is that was 2012 dollars and when you factor in inflation, that number is going to be closer to five or six million dollars. I think it's probably time that we fund the reserve allocation in the water and sewer accounts specifically because we're talking \$3,680,000 as a funding start and that was the

basis of the reserve study analysis. I suspect we need to do the same thing to the bridge so that we do have a breakdown of allocation of those so-called surplus funds that some of it is committed for maintenance, some of it is committed for capital improvement and then there is some amount that may in fact be surplus. We will take care of that over the next month or so.

Mr. DeMatteis asked would we ever consider, totally unrelated to everything we've discussed, in the future creating a new community project fund or whatever for years from now?

Mr. Crahan asked you mean without raising tolls that you have a distribution?

Mr. DeMatteis responded yeah is that something you would ever consider or that can only be done because of the DRI settlement?

Mr. Ryan responded the motivation for it was to come to an agreement with the County to get rid of the DRI.

. We keep lowering rates and that's kind of how we're handling any excess we have. I don't know whether it's appropriate to create that kind of situation again.

Mr. Crahan asked aren't you focusing on excess toll money?

Mr. DeMatteis responded I'm just thinking out loud. Is creating that kind of fund something the District can do on its own without being part of some other settlement or some other legal proceeding to contribute to?

Mr. Chiumento responded the bridge funds, no, or the water sewer funds. There's that rational nexus between the two. The funds that we took we were in agreement with the State and the County on the termination of the DRI and essentially in layman's terms, we bought our way out of the obligation.

Mr. DeMatteis stated my question is, separate from that, is that something we could do on our own if we chose to?

Mr. Chiumento responded it would have to come out of assessments, the general fund.

Mr. Swinburn stated to put what Rich said in a slightly different way, you still have to prove a nexus and the most direct nexus is to lower rates because then you are directly benefitting the users.

Mr. Ryan stated anyway, I'll leave that for your review but there are two things, one is that we need to allocate funds those accounts to have a better paper trail. The second thing is to use the projection of reserves for maintenance and capital and say, can we build a reasonable and

more effective bond ladder to invest our money so that we're getting better return. The state board of account has gone from .01 percent, to now 1 percent so there's quite a significant difference in the allocation. I suspect based on what's going to happen I guess next week when the Fed meets, they're definitely going to raise rates on the lower end which again helps us because we aren't looking to invest in 10 or 20 year bonds, we're looking at 1, 2, maybe 5 year bonds but in any event that was part of the purpose of revising the revised projections. We can give this information to an investment firm and have them come back with a recommended ladder program so we can get some additional interest revenue from the money that's sitting there until it gets used.

Mr. Crahan asked so we could go to Fidelity, or something like that, we're not restricted?

Mr. Perry responded no, we're very restricted in what type of investments.

Mr. Ryan stated it could be government bonds, state board accounts. You're almost limited to government bonds or short-term notes.

Mr. DeMatteis asked and that's for money in this available water surplus account?

Mr. Ryan responded correct.

FIFTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Chiumento stated there were some comments at the last board meeting floating around about the ability of a government entity to take over the bridge. Generally speaking, the City cannot do it because they don't comply with the statute it has to be within the City or government entity so the only one left would be the County. The County under Florida Statute 190 has the ability to "transfer of a specific community development services from the district to the local government". So the County could transfer a specific district service back to the County. The language is very specific and there's not a lot out there on how this has operated in the past. In fact, nobody has ever implemented this portion of the statute to date so the question is what does that mean. You're looking at what is the specific service that the County would take? The District in their implementing ordinance back in 1985 had seven services, one was the construction and maintenance of the bridge so the only service that the District provides is the maintenance of the bridge and how do we do that – through the tolls. The County could pass an ordinance provided that they could take over maintenance of the bridge provided that they took

over the debt that was allocated to that service and that they put forth a plan that reasonably demonstrates that they have the ability to do it as good as we do it, if not better. The question then becomes, how do you define the service and what is included in that service specifically, the assets and the actual infrastructure itself. The statute is very limited and specific about it's just the service so generally speaking a strict interpretation of the statute would say, fine just take over the maintenance; you can't take the bridge, you can't take the reserves. A broader interpretation of the statute would say in order to do that we need everything and that would be all the assets including the accounts. If the County were to do that I would imagine that they would want to try to broadly interpret it and extend it to taking the title and our assets for the bridge and accounts. I think that's problematic because years ago Chapter 190 was started because the developers used to come in and say we want to do flood protection and they used to go out and create a special district, dredge it, create their land and then convert the district and there were a lot of abuses so that's why this specific Chapter 190 act was created in 1980 and it's different from special districts. An example of a special district would be a mosquito control district; special districts that have specific purposes. There's a statute out there that says local government can unilaterally dissolve special districts if they're not performing and take all of their assets. Chapter 190 says if our district is not performing, they can dissolve the CDD in its entirety and take all of its assets and the liabilities. So there are other statutes out there that talk about when a County can take over a district's services, their assets, and their liabilities. In this specific statute it doesn't go into talking about the assets. They would have to create a new interpretation of the statute in order to get to the assets of the district. At the end of the day, what would happen? They would create an argument that said, we want the bridge, we want the assets, and we want the reserves. They could do that and we would be forced to file an action in court challenging their ordinance and that they can't provide the same service. At the end of the day we would really be fighting over the assets. There is other case law out there in situations where municipalities have taken over services of special districts, whether it was through annexation. In those situations when they annexed in special districts, there's a law out there that essentially says that the cities have to pay for the assets otherwise its kind of a taking. There have been other situations where municipalities have taken over wastewater facilities that were under performing. They have taken over electrical utilities and the like and in each one of those situations they have to pay compensation for the assets. There's a large body of law out there that doesn't specifically

apply to us that would suggest that when a government takes over a district's assets, they have to pay compensation but there's nothing on point so we would be forced to defend ourselves in that situation if they so chose to take over the bridge. Another portion of the statute says you can service the assets and the debts. In this statute, it just says service but if the County wanted to take it over they would want all the property. You all may say, have at it. Just understand what your rights are. The real discussion would become if they did it, what are they entitled to under the law as part of providing a service? Obviously they are going to allege, we need it all. We're in this territory where it's never been applied, it's never been written about.

Mr. Ryan stated I said to Michael I think we need to be prepared and we need to have our research done now, because in 30 days we're not going to put it all together and do a good job presenting the case. I really think we need to spend a little time on it.

Mr. Leckie asked if they tried to take it over, are all of the funds frozen at that point?

Mr. Crahan asked could we take preemptive action and sequester the funds in some manner?

Mr. Chiumento responded that is the next step that we would probably go into.

Mr. Ryan stated the issue is how do we protect the "surplus" revenues. I'm speculating that the County's plan would be to pass an ordinance to take the bridge and make the claim that they're going to use the money to pay for the long term maintenance of the bridge and let the people go through free. The District goes to court and say they cannot maintain the bridge as well as we can. and Their response is the District is charging peopel and the County is going to eliminate the toll. We would have a pretty hard case to present to the judge that the District is doing the right way. If you actually got into litigation and they took that approach, it would be a difficult approach to beat.

Mr. Leckie asked is there anything we should be looking at now? Can we make a distribution from this?

Mr. Chiumento responded I don't know the answer to that. We'd have to look at the requirements under the accounting principles for local governments, discuss it with you all and maybe even go back to Hopping. We will come back.

B. Engineer

Mr. Sheahan stated we are reviewing the draft design plans for the wastewater plant. We're having a progress meeting next week with the consultant and electrical engineer. Hopefully by this meeting we will be bringing the plans together we will have more of a final stage so I'll update you next meeting on how that goes. We're refurbishing a lot of the signs and the streetlights along Hammock Dunes Parkway as well as the connector road. That includes cleaning the monuments and the curbing and the sidewalk on that connector road.

Really nothing new on the marsh except we got an email regarding mitigation that the water management district will require but it wasn't real clear on what they were going to require. In regards to irrigation storage usage, we did sample the lakes up north and what we found was there is an upper layer that's a lot lower in salinity than the lower layers. The lower layers are still very salty so no change really. We confirmed the size of this reuse main over by the tennis courts and we're waiting on a quote from the tap to get the tap done and then we will be able to move the pipe over there and do a pump test and then we will assess how much water we can get and look at doing a permanent installation. Storm sewer cleaning I think we talked about a little bit at the last meeting. Up in the 16th Road villas we cleaned the storm sewers there, almost 4,000 feet of pipe from a 15-inch all the way up to 40-inch but it took a big hit in the general fund item stormwater drain system maintenance account. We were over budget by about \$44,000. If we look at doing some more areas and inspecting both north and south like you suggested Gary at the last meeting, my estimate for doing that is another \$45,000. I think Dick has a resolution requesting a transfer \$90,000 into that budget to cover these costs.

Mr. Leckie asked where is the \$90,000 coming from?

Mr. Sheahan responded from surplus into that account. We've issued a contract to perform a biannual inspection of the bridge for a fee of \$19,933 so they will be doing that in April. This is something we do every other year. Yesterday I got a call from the water management district advising me staff was recommending that the board adopt a water shortage order. It's a voluntary order at this point and basically because we're 100% reuse here, it doesn't apply to us. Their water shortage plan exempts these that are 100% reclaims.

Mr. Ryan stated we will be putting out an announcement in the bills and so forth saying that this is in effect and that it doesn't affect us directly but we would appreciate your assistance in conservation. In regards to my resolution, basically we're over budget on the storm pipe cleaning and we also need to do the camera work to assess what kind of situation we have so

we're asking the board to transfer \$90,000 from the general fund surplus account, which presently has \$190,000, to the stormwater pipe maintenance account, which would then also provide funds for the inspection of the pipes in several different locations. We request that the board approve resolution 2017-03 and we will make the transfer.

On MOTION by Mr. Swinburn seconded by Mr. DeMatteis with all in favor Resolution 2017-03 authorizing the transfer of \$90,000 from the FY 2017 general fund surplus account to the storm drain system maintenance account was approved.

Mr. Leckie asked you said we had \$190,000 there, we just took \$90,000 and moved it. Can't we move bridge funds in to this general fund account?

Mr. Ryan stated I wouldn't, no. It's premature at this point. We've already transferred as part of the budgeting process a sum of money into the general fund and some from the utility fund so we've already done that as part of the funding for 2017. If we end up with additional shortages we can then make a transfer. This work we did on this pipe cleaning and so forth points out that the present system we thought was okay but based on the costs of these cleaning operations, which require very specific expensive equipment to do it, we may propose that we get into the business of pipe cleaning if this video shows that there's going to be an ongoing need. It's \$150,000 just for the truck and there are fewer companies that do this work because essentially all of the utilities have their own equipment so we may be forced into doing that or at least considering it. Next year we may be looking at having to jack the general fund assessment we charge significantly to start funding surpluses or funds for capital improvements. I just put it on the table because it depends what we find in the video. If we find everything looks good and clear then we will probably continue to do what we're doing but if it shows something different then we may have a different game plan.

D. Manager – Bridge Reports and Traffic Comparison for February

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

SIXTH ORDER OF BUSINESS

Supervisors' Requests and Audience Comments

There being none, the next item followed.

SEVENTH ORDER OF BUSINESS Financial Reports

E. Balance Sheet & Income Statement

F. Construction Schedule

G. Special Assessment Receipt Schedule

H. Approval of Check Register

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

EIGHTH ORDER OF BUSINESS

**Next Meeting Scheduled for Friday, April 7,
2017 @ 9:30 a.m. at the Dunes CDD
Administrative Office, 101 Jungle Hut Road,
Palm Coast, Florida**

Mr. Leckie stated the next meeting is April 7, 2017 at 9:30 a.m.

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



Secretary/Assistant Secretary



Chairman/Vice Chairman