

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, June 14, 2019 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
George DeGovanni	Assistant Secretary
Charles Swinburn	Assistant Secretary
Dennis Vohs	Treasurer

Also present were:

Greg Peugh	District Manager
Jim Perry	District Representative
Michael Chiumento	District Counsel
Doug Guarino	Resident
Paul Pershes	Ocean Hammock POA President

The following is a summary of the discussions and actions taken at the June 14, 2019 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.

THIRD ORDER OF BUSINESS

Approval of Minutes

A. May 10, 2019 Meeting

Corrections to the minutes were provided, which will be included in the final version.

On MOTION by Mr. Swinburn seconded by Mr. Crahan with all in favor the minutes of the May 10, 2019 meeting were approved as amended.
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SECOND ORDER OF BUSINESS

Audience Comments

Guest comments were given during the respective agenda items.

FOURTH ORDER OF BUSINESS**Reports and Discussion Items****Hammock Dunes Zip Code Presentation**

Mr. Guarino stated from my last appearance in April you listened to the initiative and suggested that I make a proposal to the Hammock Dunes and Ocean Hammock boards, which I did. In both cases there was relatively little objection. The one thing that did come up in both cases however was a question as to exactly what geographic area is going to be covered. The question arose as to whether or not the rest of the Hammock, other than the DCDD, could be included in this initiative and how to go about it. The simplest answer I have to that question is that the DCDD, if they decide to go forward with this, acts as a proxy for the rest of the Hammock. Other than that it seemed to be met with enthusiasm. They would support your initiative to file an application to move forward with this. I have a letter from the Ocean Hammock board stating as such; I do not have letter from the Hammock Dunes board stating as such. I took it upon myself to go one step further and I contacted the Hammock Community Association board, which is very active in matters here in the Hammock, and asked them if the board would support the initiative and I did get a letter stating such from them as well so we seem to have it covered from that angle and whatever you all choose to do because it's in your hands at this point. I would be glad to help in any way that I can.

Mr. DeGiovanni asked do you anticipate the Hammock Dunes board providing a letter?

Mr. Guarino stated frankly I'm surprised I haven't got anything from them. I've made a few requests. I don't know if it's just the summer and it's a logistical issue. There was one person on the board that didn't like using the name "The Hammock". They wanted something a little catchier but I explained to them that probably the best way to get this approved by the post office would be to utilize a name that is already considered and a name that is accepted by people in the region.

Mr. Peugh stated I spoke to Mike Gill per Jack's suggestion and he said in general they don't have a problem with it but they wanted to vet it through the community before they went further and they also have a strategic planning committee and they wanted to get the report back from them.

Mr. Pershes stated my board met and they approved the use of "The Hammock". Not the zip code change; just the name, because mechanics of changing the zip code had been discussed

and we felt from the standpoint of individuals of the community it might be more difficult to change the zip code but not affect the mailings that would take place. There are some questions as to how far beyond the DCDD's area do we go but we like the idea very much.

Mr. Leckie stated I understand "The Hammock" is established but I don't think people outside of this area know what the Hammock is and that's why I think another name might have a little bit more pizzazz if you're looking at it from a marketing and real estate standpoint and I think that's where a lot of people are coming from.

Mr. Guarino stated I agree with that. I'm looking at it strictly from a pragmatic point of view and within a federal bureaucracy they have a certain way of looking at things and I just think putting in front of them a name that is accepted and offers the path of least resistance is probably the best way to get this done.

Mr. Leckie asked Michael, if we do it as the DCDD could we do this whole encompassed area, including the Hammock group north of here?

Mr. Chiumento stated I've never dealt with this issue so I don't know what the mechanics are.

Mr. Guarino stated in my discussions with the address management system they said to me that in most cases once the application is made and the inclination is to approve it, that they will send a mailing out to the covered area to basically put out a questionnaire asking if they favor it so I think if you look at it from that light, whoever you do include is going to have a voice in the matter.

The Board and guests discussed the possibilities of the area in which "The Hammock" would encompass and decided to hold off further discussion until a letter of support was received from the Hammock Dunes Owners Association.

B. Consideration of Resolution 2019-08, Restricting Activities in Stormwater Lakes

Mr. Peugh stated the resolution that is in our agenda book is slightly different than the resolution that Hammock Dunes adopted so I've passed that version out. The one in the book was the version I put together and I went back and forth with Paul and Mike and they more or less agreed to that language. Then when it was adopted Mike said there was a gentleman on the Hammock Dunes board who fishes within Hammock Dunes but he doesn't abut property and our version specifically says, "a resident that abuts property". This gentleman has permission from a

friend of his that does have a lot that abuts the property. He fishes on his neighbor's property and that's why they added the highlighted language in their version and that's what's different from our book and what you have in front of you.

Mr. Swinburn motioned to approve Resolution 2019-08 and Mr. Crahan seconded the motion.

Mr. Pershes stated I think having a resident with permission from a property owner would be acceptable to my board as long as it didn't get out of hand. We've had situations where we've had five or six kids come over and then it becomes a disturbance to the neighbors next door so it's just a question of degree and I just want to make sure the exemption is just for fishing, and that all other water activities are prohibited. I'm happy to have our security watching over this but then how do we deal with it if it gets out of hand?

Mr. DeGovanni stated I thought initially one of the reasons we wanted to do this from a DCDD perspective is to protect ourselves from liability. If somebody is fishing on the lake and an alligator from the lake comes up or somebody falls in the lake by mistake. Why is a person using the property of a resident who borders the lake different than a resident using the common property to fish? To me it doesn't make any sense. If we own the lakes and we want to protect ourselves from all liability then it's an absolute thing; nobody fishes, swims, or boats.

Mr. Pershes stated if I had my grandson come visit me to fish with me in my backyard I can see that being approved because the property owner is there. That to me is acceptable. The other issue I have is after the fish kill last year the number of fish are way down and I know most people throw the fish back in, I just don't know what effect that has on the fish. If the property owner takes responsibility and they're there, I have no issue.

Mr. Chiumento stated really you want no activity going on in your lakes whether it be fishing, boating, walking, biking, etc. Is that what the board wants? It's simple and clean.

Mr. Crahan stated yes because if a rover goes by they can't tell whether it's the property owner or someone else.

Mr. Chiumento stated we will bring a revised resolution back.

Mr. Swinburn withdrew his prior motion to approve resolution 2019-08.

Discussion on Geographic Area for Board of Supervisors Seats

Mr. Chiumento stated we have not gotten a response back from the Attorney General yet.

Mr. Pershes stated if that does not happen in time for next year's election if there's a way that we as a community can make it known that we'd like to have some kind of fair representation so that in the running of the next open seating that we have a basis by which we can have more equal representation that would be great.

Mr. Peugh stated please let me know when you get a response because there are several people in the community that are very interested.

Mr. Peugh stated one more thing while Paul is present. His homeowners association owns that property that I talked about at the four-way stop so I spoke to him about buying it.

Mr. Pershes stated if you're interested in going forward with that because of the traffic there, let me know and I will get approval from the board and we will go through whatever process to get the fair market value.

Discussion on Capacity Fee Issues for Commercial Accounts

Mr. Peugh stated the Hammock Beach Club is down to 638,000 gallons per day. That is one of the lowest so it's moving in the right direction. Hopefully it will stabilize by September when they come back in and we will talk about it. We've contacted the other five properties and talked to them and I think the majority of them are going to go away. Porta Mar for instance did not know they had a limit so they will work to that limit from now on. Cinnamon Beach had some breaks.

Daniel Baker wanted to discuss the fairness of our rate tiers. He said they go through the first tier in three days and they hit the top tier pretty quickly. I think the intent of this was to conserve water way back when and to minimize that use. He was asking if we could change them and I told him the only way I know how to change this is to go back to rate setting and hearings and all that I don't think the board wants to do that but I thought I would bring it up to you so you knew he was interested in doing that. He could buy a six inch meter which would save him a little bit of money because the base fee goes up but his usage is going down. Consensus of the Board was to not revisit rate setting for one customer.

Hammock Dunes Marshes Update

Mr. Peugh stated I still have not heard from St. Johns.

Discuss Weir Structures / MalaCompra Drainage

Mr. Peugh stated ETM is still working on the study to find out our total usage for the reclaim. As soon as we get something we will put it in front of the board.

Renaissance / Beach Walk Development Update

Mr. Peugh stated they've reduced Beach Walk to 50 lots. I was told June 17th is the next County Commission meeting where this one would be brought up. From our standpoint there's going to be more traffic on Hammock Dunes Parkway.

Hammock Dunes Parkway – Camino Del Mar Traffic Study

Mr. Peugh stated you all were correct, they reversed the east and westbound traffic counters so we've revised the report to the way you thought it was. It doesn't materially change anything in there other than the traffic pattern but I wanted you all to have the revised report.

Mr. Leckie stated we asked you to look at the land.

Mr. Peugh stated KCA is putting together a proposal to do the preliminary engineering so we can find out what it would take right of way-wise as a soon as I get that proposal I will bring it to the board so that we can discuss it.

C. FY 2020 Preliminary Budget

Mr. Peugh stated I'll start with the general fund. The contributions from the water and sewer fund and the bridge fund are up several thousand dollars this year. The water and sewer went from \$90,000 to \$150,000 and we increased the bridge fund contribution from \$110,000 to \$200,000. Overall, we increased the fund expenses \$93,000 and the bulk of that is the \$70,000 I included for the lake maintenance contract with Future Horizons. The remainder is salaries and some miscellaneous items.

Mr. Crahan asked what was the approach toward the stormwater management fund?

Mr. Peugh stated we were going to move money from the bridge fund in the interim to fund the study. To start putting the stormwater utility together I estimate it's going to be around

\$250,000. I've talked to some engineers and I'm putting the RFP together right now so we can get those proposals in here and then if the board accepts them we will go forward with it to start that stormwater utility phase.

On the water and sewer fund I've increased various things throughout. The medical insurance is supposed to increase \$17,000. The increase in salaries is the 3% that we add to everybody's salary and there is FICA that goes with it, along with the 401A and 457 costs associated with that. I added \$33,000 to replace the cab and bucket on the backhoe. Another item that went up substantially is the meters new and replacement for the water system. That's the 10-year cycle that we have to replace as required by DEP. Chlorine and chemicals have been increasing over the years so that's gone up by \$20,000. We are significantly over on sludge disposal and that's because of the wastewater treatment plant construction. That number will be about what we expect it to over the next year but right now we're spending a lot of money getting that sludge out. Another item that went up is pond cleaning. I'd like to do that every year. We spend about \$20,000. We want to inspect the liner and make sure there are no surprises so we're going to go one pond at a time during the winter and that's the reason that increased. Overall I increased that budget by \$263,000.

The total increase to the bridge fund budget is \$107,000. The majority is an increase of \$46,000 to E-Transit for yearly maintenance and \$55,000 for salaries.

Mr. Peugh gave an overview of the list of capital improvements included in the budget for FY 20 and the anticipated improvements over the next five years and noted replacement is needed for a tertiary filter that is about 23 years old. That piece of equipment by itself is \$180,000 and we anticipate another \$50,000 to install it so I'd like to cut a PO for that as soon as possible because it's causing us problems. It takes about four months to build it so the money wouldn't hit our account until October. A motion to approve the tertiary filter replacement was approved towards the end of the meeting.

Mr. Swinburn stated we approved the capital reserve study three or four years ago and it made us feel comfortable we were doing a good job at long-range planning and that we were going to operate for many years within our means without having to go crazy with rate increases. Now what I'd like to know as we do this annually is are we staying within those parameters or are we doing things that by virtue of not being anticipated in the needs study will cause us to be in trouble in five or six years?

Mr. Peugh stated that reserve study assumed we would do pieces as we went along and then we built the wastewater treatment plant, and a lot of those pieces that were many years out we were doing now, so we've talked about that we would do another reserve study when the wastewater treatment plant is done because we updated so many things.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

There being none, the next item followed.

D. Engineer - Report

A copy of the engineer's report was included in the agenda package.

Manager

E. Bridge Report for April

F. Additional Budget Items Report

Mr. Peugh stated traffic was up almost 11% and revenue was up 7% from last year. We've sold about 50 loyalty cards in one week so that's a little better than we expected. On April 1st we closed 344 accounts that were all over 18 months old for a total of \$6,287.18.

Unity Fiber would like to come across our bridge. They are feeding the rooftop sales site at one of the towers and the secondary site is the Hammock Dunes Club. They always intended to replace the cell service with actual fiber and that's why they're doing this project. They want to go down Camino Del Mar. It is for Verizon and possibly Sprint. Unless the board says no we will work with them. I told them to come back with a proposal to us.

I'd like to update our rules. They are piecemealed and the rules of procedure were done in the 80s. I want to put them all together and clean up some things. I'll bring them to you with any changes highlighted so you can see what we'd like to do.

I gave our Parkway landscape contractor, Yellowstone, a 30-day notice of termination. They've been difficult so I did not pay them for six months and you'll see that in the check register. They made promises and I said until they complete these promises I'm not going to pay them and it took six months for them to figure out that I didn't pay them. Affordable said they

would do it for the same price on a month-to-month basis until our new RFP is out so I decided to go that route.

We now have 341 out of about 2,000 accounts using the utility website.

SIXTH ORDER OF BUSINESS Supervisors' Requests and Audience Comments

Mr. Crahan asked that Mr. Peugh reiterate to the toll booth employees that it be made known there is an ATM available if a vehicle does not have cash available to cross the bridge.

SEVENTH ORDER OF BUSINESS Financial Reports

- G. Balance Sheet & Income Statement**
- H. Community Projects Schedule**
- I. Assessment Receipts Schedule**
- J. Approval of Check Register**

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

On MOTION by Mr. Crahan seconded by Mr. Swinburn with all in favor a tertiary filter replacement system in the amount of \$230,000 was approved.

EIGHTH ORDER OF BUSINESS Next Meeting Scheduled for Friday, July 12, 2019 @ 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. Swinburn seconded by Mr. Crahan with all in favor the meeting was adjourned.


Secretary/Assistant Secretary


Chairman/Vice Chairman