

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, July 12, 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 (by phone)
George DeGovanni	Assistant Secretary
Charles Swinburn	Assistant Secretary
Dennis Vohs	Treasurer

Also present were:

Greg Peugh	District Manager
David deNagy	District Representative
Michael Chiumento	District Counsel
Dave Ponitz	District Engineer
Jody Sisk	Atlantic Ecological Services

The following is a summary of the discussions and actions taken at the July 12, 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.

SECOND ORDER OF BUSINESS **Approval of Minutes**

A. June 14, 2019 Meeting
There were no corrections to the minutes

On MOTION by Mr. Swinburn seconded by Mr. Vohs with all in favor the minutes of the June 14, 2019 meeting were approved.
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THIRD ORDER OF BUSINESS **Audience Comments**

There being none, the next item followed.

FOURTH ORDER OF BUSINESS**Reports and Discussion Items****B. Update on Hammock Dunes Marshes**

Mr. Peugh gave a brief background as to how SJRWMD had notified the DCDD regarding noncompliance with the existing marsh requirements. Mr. Peugh stated we did not think St. Johns River Water Management District's number of 4.9 acres was correct. We thought it was something smaller and they said no, it's 4.9, and they expect us to give a response to that so we'd like to talk about the options that are available. I brought Jody Sisk here because he's more familiar with how to put that together than we are.

Mr. Leckie stated we need to make a decision today because we have to respond to them by July 26th.

A map of potential mitigation areas was included in the agenda package. Mr. Sisk stated the red are wetland areas that you own that were never put in conservation so one of our ideas with the District was we would put a conservation easement over the red areas. What we ran into is they never put them under conservation and I think one of the reasons is there are potentially storm sewer lines that have been put underneath there and you guys could potentially need them for wells at some point. There are a lot of factors that make it risky to put that into a conservation easement so we kind of backed away from that. You basically have three options. Option B is to restore everything back to 1988, which is to recreate these almost eight acres of marshes. I gave a cost estimate to you guys for that but I also gave a caveat. There are some areas in these lakes where I don't think it's physically possible to recreate. I think they're too deep so we would potentially have to re-grade the bottoms of the lakes and we haven't assessed that. All of the blue areas are what were originally marshes in 1988 and by 1994 they were basically all gone.

Mr. Vohs asked if we did that wouldn't we have the same issue with them deteriorating?

Mr. Sisk stated that's the biggest risk. I also think the construction costs could expand greatly so option A is to say we don't want to deal with it, let's just purchase the mitigation credits and be done with this. There are two mitigation banks available. The written rate is \$75,000 a credit. The best thing about this option is as soon as you write the check to the bank and we modify the permit you are done with this forever and all of the risk at that point falls on the mitigation bank.

Option C is kind of a mix. I went in Google Earth and tried to pick some areas of what are supposed to be marshes and came up with about three acres where we could potentially replant those to get the total credits down. Because of the monitoring and maintenance and everything that you have to do in perpetuity the number isn't much lower and if we get those mitigation costs down some then it's basically going to equate to if we had just purchased credits so then you're on the line for three acres of mitigation that you have to take on the risk for. I don't think for the cost that it's worth your risk.

Mr. Chiumento stated if you don't purchase the mitigation credits, then anything the District wants to do with the lakes they would have to do in conjunction of permission from St. Johns. If you purchase the mitigation credits you're free to do whatever you want with the lakes. The homeowners associations would then have freedom to do whatever they want with the lakes with the District's permission.

Following a discussion of the options the board chose to proceed with option A, purchasing the mitigation credits. Mr. Crahan concerned with wanting time to speak to the homeowners association abstained a vote.

On MOTION by Mr. Swinburn seconded by Mr. Vohs with Mr. Crahan abstaining a vote authorizing staff to respond to SJRWMD stating that the Board would like to proceed with purchasing mitigation credits (option A) was approved.
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Discussion on Capacity Fee Issues for Commercial Accounts

Mr. Peugh stated the Hammock Beach Club was at 638,000 gallons consumption last month and this month it's down to 548,000 gallons so they're heading in the right direction. I think most of the other five accounts will go away because they have documentation of line breaks and such. The county hasn't responded so I'm waiting on that one.

Discuss Weir Structures / MalaCompra Drainage

Mr. Peugh stated the engineering firm is still waiting on some information from us to go through and look at some irrigated areas within the community before they can provide the report. As to the stormwater utility, I've sent out an RFQ and that should come in July 31st. Hopefully by the next meeting we will have selected a firm that we feel is the most qualified and we will bring it to you for a final decision.

Discussion on Geographic Area for Board of Supervisors Seats

Mr. Chiumento stated we made contact 10 days ago with the attorney general and they were very brief and said that they're still reviewing it.

Mr. Swinburn stated this chart of registered voters that we got - is this in connection with the question of proportioning?

Mr. Peugh stated it was. Gary Crahan was kind enough to go through the registered voter roll and marked the streets that are in Ocean Hammock. Hammock Dunes has 1,302 registered voters, which is 55%, and that number includes Island Estates. Ocean Hammock has 1,046 and that's 45% of the registered voters and that includes Yacht Harbor. Yacht Harbor is about 6% and Island Estates is about 11% of the total.

Mr. Swinburn stated if you take those percentages and multiple them times five board members you end up with 2.75 board members representing Hammock Dunes and 2.25 board members representing Ocean Hammock and if you do the logical thing and round it off it's the 3/2 ratio that we have been discussing all along.

Mr. Peugh stated those are numbers for your future decision-making.

Mr. Chiumento stated as soon as I hear something from the attorney general I will forward it to you all.

Renaissance / Beach Walk Development Update

Mr. Leckie stated I asked about Renaissance and nothing is really happening.

Mr. Peugh stated the county commissioners approved Beach Walk on June 17th as it is, a residential/commercial zoning. The owner wants it to be changed to a planned unit development so that is on the July 15th agenda for the county commissioners.

C. Consideration of Resolution 2019-08, Restricting Activities on Stormwater Lakes

Mr. Peugh stated what's in the agenda book is a compromise because from what I was hearing from Mike Gill. He does not want to ban fishing. Also in the packet is the old resolution that was passed a couple of years ago for Ocean Hammock that does ban fishing. George did some research on the master declarations and that is included.

Mr. DeGiovanni stated the declarations do not mention fishing; they mention everything else. Paragraph one complies totally with the master declarations.

On MOTION by Mr. Vohs seconded by Mr. DeGiovanni with all in favor Resolution 2019-08 was approved.

D. Bridge Inspection Report

Mr. Peugh gave an overview of the health and sufficiency indexes which can be a little misleading for a multi-span bridge. Mr. Peugh stated the bridge is in good condition. The bridge on a typical academic scale would be a "B+". We need to continue to maintain it and continue with the planned repairs.

Mr. Leckie asked is there one contractor that can make all of the necessary repairs?

Mr. Peugh stated yes. Nothing is imminent so we don't have to do it immediately but our consultant KCA recommended at the end of next fiscal year we do the design and in Fiscal Year 21 we bid it out to do the ladder removal, cathodic protection and all of the other items so that it's in one contract. We're thinking it's a \$1.2 million job and that's in the budget.

E. Acceptance of Fiscal Year 2018 Audit Report

Mr. deNagy reviewed the auditor's opinions and noted it is a clean audit report.

On MOTION by Mr. Vohs seconded by Mr. Swinburn with all in favor the Fiscal Year 2018 audit was accepted.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

There being none, the next item followed.

F. Engineer - Report

Mr. Ponitz gave an overview of the engineer's report, a copy of which was included in the agenda package. As we talk about stormwater/marsh conditions, we're getting some calls from time to time from the Hammock Dunes maintenance committee that there are some cattails and a grass mat has floated away from the bank and there has been a request for us to consider removing that. Realizing we don't have a designated fund for these types of maintenance

activities we wanted to get some guidance from the board on how you would like us to handle this.

The board discussed the various associations needing to receive permission from the board to clean up the stormwater ponds and agreed that a licensing agreement similar to the seawall licensing agreement would be the best way to allow the work can to be performed at the cost of the association or homeowner.

Mr. Ponitz and Mr. Peugh discussed that the Sanitaire vendor for the Wastewater treatment plant construction project has put the project slightly behind schedule.

Manager

Bridge Report for June

Mr. Peugh stated traffic was up almost 3.62% and revenue was down about three quarters of a percent from last year. We have about 19,300 accounts and 4,120 accounts are using the website. We have sold 770 loyalty cards in about six weeks. On July 3rd we closed 319 accounts for a total of \$5,051.

G. Additional Budget Items Report

Mr. Peugh stated the only items I have is \$336,000 for the mitigation and also a water plant generator fuel tank. The maintenance company we contract with went to put in an interstitial tank monitor, which tells if there is any fuel coming out of the first tank. They found that the secondary tank was too rusted to put that in so we need to put in a new fuel tank as soon as we can and that will be \$70,000 or less depending on which company we go with.

On MOTION by Mr. DeGiovanni seconded by Mr. Vohs with all in favor to purchase a new fuel tank in an amount not to exceed \$70,000 was approved.

H. Discussion on FY20 Preliminary Budget

Mr. Peugh stated I'm going to have to get with Jody Sisk to find out if the \$336,000 will be spent out of this year's budget or next year's budget and that will have an impact on our general fund contribution. Charlie, you had asked at the last meeting about our expenditures and how we are doing on spending. I went through our reserve study by fiscal year and for Fiscal

Years 2016-2019 \$550,000 was proposed to be spent. Some items were not needed anymore and some were deferred, such as the pond liners. Now we're going to do an inspection every year and work on that. We had \$132,000 that we dedicated to the wastewater treatment plant expansion. There was a dedicated repair and replacement account and there's about \$612,000 that we've spent from 2016 to 2019. The total spent from Fiscal Years 2016-2019 is \$747,000 and we were supposed to spend \$547,000 so we spent about \$200,000 over if you want to look at it that way. Then we looked at the projections for years 2020 to 2024 and we're about on track, but there could be things that are unexpected. The good thing is we contributed \$3 million from 2016 to 2018 so we contributed more than we expected to. We need a better reserve fund number so we want to get somebody in here to update the reserve study.

In regards to the water and sewer fund budget, we make a lot of our money on the reclaimed water flow and the reclaim flow is inversely related to the rainfall so that's our variation in our income every year. I was talking to the City of Palm Coast and originally they charged us 25 cents per 1,000 gallons. In 2018 they went up to 27 cents and this year they will go up another two cents. It doesn't sound like a lot but we sell it for 80 cents so for every two cents it's going to eat into our revenue and I don't know if that was taken into account in the projections so we need to make sure we do take that into account. If costs stay the same to sell it, our income is going to go down.

Overall we're still in a pretty good position and we're making more contributions to the maintenance reserves than we anticipated. Next month we will adopt the budget.

SIXTH ORDER OF BUSINESS

Supervisors' Requests and Audience Comments

Mr. Crahan noted that he received a voicemail with a plea to get increased irrigation flow to the Mitchell lot in Hammock Beach and provided contact information to Mr. Peugh.

SEVENTH ORDER OF BUSINESS

Financial Reports

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

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

EIGHTH ORDER OF BUSINESS

Next Meeting Scheduled for Friday, August 16, 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. Vohs seconded by Mr. DeGovanni with all in favor the meeting was adjourned.



Secretary/Assistant Secretary



Chairman/Vice Chairman