

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, January 11, 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
David Ponitz	District Engineer
Michael Chiumento	District Counsel
George Bagnall	Hammock Dunes Owners Association

The following is a summary of the discussions and actions taken at the January 11, 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

Audience Comments

Mr. Bagnall stated I have a few topics I'm interested in; the geographic division of the Board of Supervisors, the HDOA and stormwater issue, a billing delay, the marshes and the connections fees if Renaissance goes ahead. Regarding the discussion of the geographic area for the Board of Supervisors, I was the president of the HDOA for about seven and a half years and we were divided up by Districts in Hammock Dunes and we had problems getting talent. If you restrict who can apply for what position it's going to be harder to get the talent you need. I think if maybe the Board, under the present circumstances, tried to do some recruiting of talented

people in these various neighborhoods you can find the right people and they could get elected no matter where they live. It's just hard to find people with the experience you need. You pointed out at one of the meetings that originally there was a selection of people to be on the Board and they were picked based on their talents. To do a similar thing you have to go through the election process but I know we have a lot of talented people in these communities so I think that's a better way to go. I also feel that those who are Florida residents should be the ones that make the decision, not the geographic area. I know you haven't made a decision on which way it would go if you did do it, but if you said "we're going to take two people from one area, two people from one area, and one from another", like was mentioned in the minutes, you might have four people in one area that are talented, and have the ability to be a great asset to the Board, but only two of them can be on the Board because they're in the wrong geographic area. Also, as far as the Florida citizens are concerned those are the voters and the voters in something as small as this should vote over the Board administrators. One of the committees of the HDOA have a meeting this afternoon and one of the topics on the agenda is to decide whether the HDOA should take a position as to how they feel it should be done.

Mr. Bagnall continued, the second item of concern is the stormwater. I don't ever recall the HDOA being responsible for the stormwater and I doubt seriously if the HDOA wants to be responsible for anything that happens on this Renaissance project as far as stormwater is concerned. The next item of concern is connection fees. If Renaissance goes through will the connection fees set up be the same as it is for the rest of Hammock Dunes?

Mr. Peugh responded no it won't be the same because right now the Homeowners Association owns all of those credits for Hammock Dunes. I assumed it wouldn't be the same because they would have to pay up front unless Hammock Dunes wants to own that and we haven't really gotten into it because they haven't paid anything.

Mr. Bagnall asked if Renaissance is taken into Hammock Dunes then they would receive the \$3,500 per connection?

Mr. Peugh responded they would pay the District now because Hammock Dunes does not own the Renaissance Credits.

Mr. DeGiovanni stated initially ITT was transferred to HD Associates and that parcel at the time of transfer was part of Hammock Dunes. Then in 2005 or 2006 HD Associates sold that parcel, but it was initially part of the total property of Hammock Dunes with the development to

be defined. Therefore, when we bought the connection fee agreement from HD Associates when I was president we assumed the connection fee capacity. The capacity at that time was not defined in terms of what lots and now there is excess capacity available excluding the vacant lots on Hammock Dunes, so when I was president we assumed if Renaissance was repurchased or re-annexed in Hammock Dunes, which it originally was, then the vacant lots that would be developed in there would be under Hammock Dunes Owners Association connection fee agreement and therefore that same agreement would then apply to those lots.

Mr. Peugh stated I wasn't aware of that. I thought this was a separate entity so I stand corrected. We will sit down and go through this.

Mr. Bagnall stated I'd like to discuss a billing delay. You read my meter around the second or third of the month and then send the bill out at the end of the month. When I was in the meter reading business 30 years ago the idea of utilities was to get the meter run and get the billing out as quickly as possible so you could get the money back. You could pick up three weeks to a month on your cash flow if you got the billing out when you read the meter. I don't understand why it takes until the end of the month before you can send out the billing. From the homeowners side if there is a leak, you don't find out about the leak for who knows how many weeks and you know you're going to be delayed at least a month because of the billing situation. I had a situation a few years back where I had a leak that started slow and picked up speed as time went on. You say you'll give a rebate, but you give a rebate on the sewer water, which is a very small portion of the total. It seems like it would be something for the District to look into.

Mr. Peugh stated our billing is delayed because we have an older system and we're looking at that, there's just been a lot of things on the list besides that. We're working on it.

Mr. Bagnall stated the marshes have been neglected forever and they get worse every year so we'd like to see them cleaned up. The job you did over at the seventh hole is fantastic but we have several other areas that have invasive species so I'd really like to see improvement.

Mr. Leckie stated we will get to that.

THIRD ORDER OF BUSINESS

A. December 14, 2018 Meeting

Approval of Minutes

Mr. Crahan, Mr. Swinburn and Mr. DeGovanni provided corrections to the minutes, which will be included in the final version.

On MOTION by Mr. Crahan seconded by Mr. Swinburn with all in favor the minutes of the December 14, 2018 meeting were approved as amended.

FOURTH ORDER OF BUSINESS

Reports and Discussion Items

Discussion on Capacity Fee Issues for Commercial Accounts

Mr. Peugh stated the Hammock Beach pool usage is down significantly this month. It's the lowest we've seen it in a long time so their improvements are working. Dave is diligently working on the other commercial accounts it's just taking a lot longer than we expected to reconcile all of those spreadsheets. Once we get that done we're going to get Dick Ryan's input and then we will send out letters to those that are over capacity. Hammock Dunes Club has applied for additional capacity and we're working to move that along.

Hammock Dunes Marshes Update

Mr. Peugh stated marsh TB is finished. On the rest of the marshes we are still waiting on a formal response from St. Johns regarding what our proposal was and what theirs is.

Discuss Weir Structures / Malacompra Drainage

Mr. Peugh stated we've received a scope of work from ETM and we are negotiating the fee. Their first fee was around \$64,000, higher than I was expecting, so we want to look at their scope of work and make it a little more manageable number and make sure they understood exactly what we wanted. Once we get that I will bring it to the Board and we can discuss it.

Discussion on Geographic Area for Board of Supervisors Seats

Mr. Chimento stated we will submit the request to the Attorney General within the next two weeks and we anticipate either comments or request for clarification within 60 days from when they receive the request. Typically an opinion is issued within six months of submitting a request. I'll send a copy of the submittal so you can read over our request.

Mr. DeGovanni asked at some point do the communities have a comment period?

Mr. Chiumento responded all the Attorney General opinion is requesting is does the law permit what we're asking, not whether we're going to do it. In the event the District decided to take that step forward then there would be a comment period. We'd have to go through rulemaking at that time.

Renaissance / Beach Walk Development Update

Mr. Peugh stated I just got the revised plan from Adam Mengel at the County on what the Beach Walk developer proposed. I went to the planning board meeting on Tuesday night and they discussed this. On the latest submittal they do not have an entrance on Hammock Dunes Parkway which is what we were concerned about. Two people spoke against the development because they wanted to maintain the trees and they didn't like the density or lack of open space within this development. I stated that the Dunes Community Development District does not support any additional private or commercial entrances or curb cuts on Hammock Dunes Parkway so that's in their official public record now. Also, Jack signed a letter and I will be sending that to Craig Coffey and Adam Mengel with the planning board. They tabled further discussion until the February meeting.

Mr. Crahan asked what's the next step on that?

Mr. Peugh responded it will go the planning board at the February meeting and they will vote on it. My impression is it will probably pass.

In regard to Renaissance, as George suggested, I contacted Mike Gill and discussed the stormwater. There seems to be a disconnect between what the architects are saying they've told the HDOA and what they're telling us so we've clarified that with Mike Gill and the HDOA to make sure we're on the same page. They hadn't discussed stormwater at all with the homeowners association. Our concern is there's a pipe between lots six and seven and there is a 15' easement. The pipe is 24" I believe and it's 7' deep. If we ever had to repair it we could be right at the home's foundations and we do not want that, so we've asked for a 25' easement from the architects unless they come up with a better solution.

Retirement Program Update

Mr. Peugh stated the retirement program is scheduled to be in place in February. The folks at Principal and Bates & Company didn't tell me about a fee, which will be an additional

\$4,000 annually because you have to have two separate accounts; one for the 401A and one for the 457B. The fee is due to them misinterpreting the Dunes being a non-profit. I told them we were a governmental entity. Bates is going to reduce their fees because of the mistake but Principal would not reduce their rates.

Discussion on Sewer Service to County Parcel

Mr. Leckie stated until the County makes their decision I don't think we have any further discussion on whether we accept the proposal or not but we can discuss it briefly.

Mr. Peugh stated Dave and I went to the workshop on Monday and there were presentations by the County Attorney and the County Administrator. I would say there were about 90 people in attendance and about 20 speakers. Half were for it and half were against it. I'd say more of the audience was against the Bings Landing project. The biggest issues were the alcohol license, the destruction of the tree canopy and the archeological impacts that might happen on that site. The County administrator presented six options and you can find all of this on the County's website in their agenda package.

I researched the Publix agreement that started in 2005. It does not speak to whether it's temporary or not. We assumed it would go back on the Palm Coast service area if they ever extended a force main or service line up to the Bings Landing area. Dick Ryan said it was so far in the future that they didn't worry about it at the time and it would more or less be semi-permanent.

We're doing a total accounting of the capacity of the wastewater treatment plant. The current rating of that plant is 500,000 gallons a day. When we get this expansion done there will be 210,000 gallons added to it. We need to make sure we have enough capacity and room at this site to expand. I think we could go to a million gallons a day pretty easily. One of the things with Bings Landing is we don't want to be put in a situation of telling the residents they can't build their home because we don't have current capacity so we always want to stay ahead of that. The other thing to think about is where do we stop? There may be other failing septic systems so it's something to think about. On the positive side, it may be an opportunity to negotiate some things with the County.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

There being none, the next item followed.

B. Engineer - Report

Mr. Ponitz reviewed his report, a copy of which was included in the agenda package.

Mr. Swinburn asked when do you think the wastewater treatment plant expansion will be finished?

Mr. Ponitz responded it's estimated for August and they're on schedule.

Mr. Swinburn asked after it's finished could we program into the appropriate Board meeting a tour of the new plant with you guys explaining how it works?

Mr. Peugh responded absolutely. One thing I wanted to bring to your attention is we've had some change orders at about \$45,000-\$50,000. The vast majority is due to underground pipes being larger than expected.

Manager

C. Bridge Report for December

Mr. Peugh stated vehicle traffic was up about 3% and revenue was down 3% from last year again due to more people using their bridge cards. We also cleared out 5,859 accounts. We had a few hiccups with accounts that were cleared but were not supposed to be for different reasons but we think we've corrected all of those. The total for the cleared accounts was \$114,835.02. With those accounts cleared we're down to about 18,000 total active accounts and of those 450 are using the website so it increases every month.

D. Additional Budget Items Report

Mr. Peugh stated the European Village revised their policy and I expect to see a copy of that in the next week so they are working with us.

SIXTH ORDER OF BUSINESS

Supervisors' Requests and Audience Comments

Mr. Crahan stated I'm concerned about our Jungle Hut intersection. There was a relatively significant accident there on Monday or Tuesday. The sight line coming east on Jungle Hut looking north is terrible. I think it's the palmettos that are the problem.

Mr. Peugh stated after that crash happened I went out and looked at it. What the traffic engineers will tell you is you're supposed stop at the stop mark and then creep out until you can see it. When I crept out I could see past the palmettos, and maybe it's my height that was different than the standard, but the tree was in the way for me. I can cut the palmettos back.

Mr. Crahan stated I would start with the palmettos and see what affect that has.

Mr. Peugh stated we will cut those back and see if it's sufficient and if not then we will look at the trees.

Mr. Perry stated as of right now the sight line is in compliance with FDOT standards.

SEVENTH ORDER OF BUSINESS Financial Reports

E. Balance Sheet & Income Statement

F. Community Projects Schedule

G. Approval of Check Register

Mr. Swinburn asked why there were so many entries under the Bank of America Credit Card check. Mr. Peugh responded that I do not know but I will find out.

Mr. Swinburn stated on the community projects fund we've got this almost \$1.4 million dollars sitting there creating a pretty good yield but it's not being useful to anybody. We've got the MalaCompra drainage project, which was \$900,000, we pledged \$400,000 and to the County for Dune restoration and we have the \$56,000 in interest that we agreed to give the County for future tolls. Is anything happening or is it just going to sit there forever?

Mr. Peugh responded I asked Mr. Coffey when I talked to him a few months ago and he said he would send a bill and that was supposed to happen last July. I'll ask the next administrator.

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

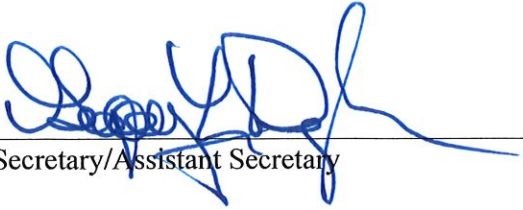
EIGHTH ORDER OF BUSINESS

**Next Meeting Scheduled for Friday,
February 8, 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. Swinburn with all in favor the meeting was adjourned.



Secretary/Assistant Secretary



Chairman/Vice Chairman