

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 8, 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

Also present were:

Greg Peugh	District Manager
Jim Perry	District Representative
Michael Chiumento	District Counsel
Rich DeMatteis	Ocean Hammock POA
Jim Ulsamer	Ocean Hammock POA

The following is a summary of the discussions and actions taken at the March 8, 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

Comments from the audience were in reference to the geographic area for the Board of Supervisors seats. That item was moved up on the agenda to accommodate those comments.

THIRD ORDER OF BUSINESS

Approval of Minutes

A. February 8, 2019 Meeting

Mr. Crahan 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 February 8, 2019 meeting were approved as amended.

FOURTH ORDER OF BUSINESS

Reports and Discussion Items

Discussion on Geographic Area for Board of Supervisors Seats

Mr. DeMatteis stated I appreciate that the Board has continued to review this topic. I think it's a very good idea for the District as a whole. I understand Michael has indicated that the voting of the geographic district supervisors must be done by all of the electorate, and not just the electorate of the specific districts. I don't see that reference in the statutes. What I see is if the District imposes some kind of taxing authority that is what you have to do. I don't see it as a general rule for any type of voting. I think having electorate outside of the district of the specific geographic area goes against fair and equitable representation. How would someone in Ocean Hammock know who the right person is within Hammock Dunes district to represent that community's residents and vice versa? I take issue with that and I think the District should ask the Attorney General for what it wants and not necessarily what it thinks it can get based upon the wording of the statute. Again, I don't think the statute is very clear.

Mr. Ulsamer stated I want to offer some perspective on why I think it's worth looking at making sure the representation is balanced. I've been involved in our community affairs for about 13 years. I'll go back to when Lupert Ather attempted to do a change to the development order and they wanted to put up approximately 1,100 additional units in Ocean Hammock. It was this close to blowing through the County Commission consent agenda and I happened to be sitting next to then Commissioner Holland and she brought it to my attention that it was on the agenda. We moved quickly to get that off of there so we could deal with this thing in a rational way. We knew about it because it directly affected our property. When Hurricane Mathew hit I teamed up with George and Mike Gill and Mr. Eckert and we went to the county for a solution. At the same time this was happening our lakes were filling up from what breached MalaCompra basin and also from Washington Oaks Crossing. For six days homeowners in Northshore watched their creeks rise to, any many cases, within a foot of their homes. Again, that's something we worked jointly on, but it impacted our community and you might not have even been aware of it. The dunes restoration is another thing we worked together on. I think I called the first meeting with the county to get going and you guys were right in there, but this then led

to attempting to get FEMA money and one of the rationales for even looking for that money is protection of this utility and the lakes. We've been in the forefront of the whole issue of vacation rentals. If we had not passed amendments to limit vacation rentals you would have dozens if not more 8 to 10 bedroom homes consuming massive amounts of water. I could probably come up with half a dozen more situations. All I'm saying is we have a big perspective of all the things that happen in Ocean Hammock and these things do impact the DCDD and neighboring communities so I think with that perspective I would suggest we consider heading towards this because it's what we want to do, because it's right and if ultimately whoever holds the cards says no, at least you've given it thought and tried.

Mr. Chiumento stated to address Richard's issue; the statute does not discuss the ability of whether or not to do zones. The statute merely says that each seat will be held by *an* electorate, which is a resident qualified to vote within the District, by *the* electorate, and it says the seat shall be voted on by the electorate. It does not say that the seats cannot be divided into zones. I think you've got to convince the Attorney General to interpret a statute that does not address it that our proposal is a reasonable interpretation of the statute. We are fighting to get zones and I would be concerned that, absent additional language, if we do get zones to say that an electorate from a zone has to be to be voted by only the electorate in that zone. It is a push of the interpretation of the statute. I think it's clear that *the* electorate have to vote for the seat, whether it's in the zone or not. If the Board asks us to do it that's fine. I am less confident that we could get the Attorney General to say that *the* electorate in the zone vote for the electorate of the zone as opposed to saying, yes we can create zones and the electorate, as the statute presently reads, gets to vote for it. I'm not saying you're wrong, I'm just telling you what our thoughts are.

Mr. Swinburn stated I've read the statute and thought about the question and I agree with Michael's interpretation.

Mr. Chiumento stated presently we have it set up that we are merely asking the Attorney General to say that we can create zones and then when you create zones you have to comply with all the laws. If we were to be successful the way I see this occurring is it would be very similar to what we know Palm Coast and Flagler County do; where everybody is a zone and the representative lives in that zone, but yet everybody in the County or City votes for that seat.

Mr. Crahan stated I've read Michael's letter several times. My thing is why are we asking the question? Specifically that we're looking for fair representation and that's driven

unfortunately by the social makeup of the two communities that does not have an overlap structure to be able to share familiarization with candidates. I don't know how we say that, but that's fundamentally why we're going to ask this question in the first place. We need a background paragraph.

Mr. Chiumento stated I agree. I think it would add color and flavor to what we're asking. I think it would help in articulating to them what the underlying fundamental concept is here and why our community is somewhat separate and distinct in a lot of ways socially. We can work on that this week.

Mr. DeGiovanni stated we can pursue it incrementally and ask if we can create zones and then go back and ask if we can now vote by zone versus globally, rather than getting turned down because we maybe asked for a little too much at first.

Mr. Leckie stated would it satisfy you to take the letter we have now and add some background to it?

Mr. Crahan stated yes, I always put myself in the reader's shoes and say what are they getting to, or what's the problem?

Mr. Swinburn stated it wouldn't surprise me if the next time Gary is up for election there's nobody but Hammock Dunes representatives left on the Board. We're asking the question largely because of that trend and largely because of the desire on some people's parts to have representative government.

Discussion on Capacity Fee Issues for Commercial Accounts

Mr. Peugh stated I spoke to Daniel Baker about coming to the April meeting. His usage is down again and they're under their purchased capacity right now. I would say with this one we continue to monitor it and if it continues on this trend of going down we don't have a problem.

In the next few weeks we're going to send a letter to all of the accounts that are over and there's going to be a discussion with each one of those accounts.

Mr. Leckie stated I think we start with sending letters to the five accounts with numbers over \$40,000 and it opens the discussion.

Hammock Dunes Marshes Update

Mr. Peugh stated we are still waiting on a formal response from St. Johns on our offer.

Discuss Weir Structures / MalaCompra Drainage

Mr. Peugh stated we are gathering information for the master plan. George wanted to see the weir at Hotel Trace and we pulled a manhole and hundreds, if not thousands, of fish were in there about to die. We called our environmental consultant and that's the memo you have in front of you from Atlantic Ecological Services. To summarize, he says the fish kills are normal for shallow ponds. We are cleaning the reclaim pond now. Just four years ago there were no tilapia in there; it was all catfish and brim and now it's almost all tilapia. That's something that has changed in our environment in the last few years. He said also with the drought the pipe was possibly lower and not as many fish came in there. He said the fish kills during the cold snaps are completely normal and there's nothing we can do about those. The next time we have a fish kill that is not cold weather related we have a sampling protocol for heavy metals, ammonia, salinity and bacteria to see if anything jumps out at us. He's also going to try and net some of the ones that are still alive, do some forensics and see what's wrong with their gills.

Renaissance / Beach Walk Development Update

Mr. Peugh stated I spoke with Mike Gill and he said they're optimistic about the developer and the builder trying to partner. That was a couple of weeks ago and I haven't heard anything new. Adam Mingle expects Beach Walk to go before the Board of County Commissioner's at the March 18th meeting.

Mr. Leckie asked but we're out of it, other than we don't want to them to breach the right of way?

Mr. Peugh stated absolutely. There is nothing on Hammock Dunes Parkway with the current plan.

B. Proposal for Concentrate Disposal Permit Renewal

Mr. Peugh stated this is our water treatment plant concentrate discharge that goes out to the intercoastal. We have to get a five-year permit for that and this is to renew that permit. We need help from the consultant so there is a charge of \$16,000 and that's normal.

On MOTION by Mr. Swinburn seconded by Mr. Crahan with all in favor the proposal for concentrate disposal permit renewal was approved.

C. Stormwater Funding Report – Presentation by PRMG set for April BOS Meeting

Mr. Peugh stated I just wanted to get this in front of you. If you have any specific questions I will write them down and PRMG will do an entire presentation in April. They do rate studies all over the state so they are well versed in this.

Mr. Leckie stated it's certainly thorough.

Mr. Peugh stated the first question is do you want the stormwater utilities and then assuming you do, there are a lot of decisions to be made and things we need to talk about. That's why I'd like to have PRMG do this presentation and answer any questions.

Mr. Swinburn asked will you be able to tell us what the financial impact will be on our customers?

Mr. Peugh stated I don't know what the assets are. We need to know how many miles of pipe we have, how many manholes we have and how many inlets. I don't have that information so the first step is to fund doing assessments of those and get them on a map. Once we have that we can start cleaning them. Once we have the cleaning done we will have an idea of how long the pipes are going to last. We could assume a concrete pipe would last 50 years at least, but we don't have any assessments on that. The first number I put in the budgets before is about \$100,000 a year. That program was at least a half a million dollars to do some of the assessments and cleaning. I could say \$1,000,000 would cost the residents this and then as we add millions to it you will have a rule of thumb number.

Mr. Chiumento stated we need to just be careful when we set this up including the rates because the law is very clear in terms of user fees versus a tax.

Mr. Peugh stated please write all your questions down and if you want to send them to me before the presentation I can get them to Henry and he can specifically address them.

D. Bridge Ladder Assessment Report

Mr. Leckie stated I went through this whole report and looked at all the pictures and it looks to me that we could just cut that thing off and not use it anymore. That might be the best answer.

Mr. Peugh stated the reason I sent KCA out there was the contractor asked how much I wanted replaced and I said I don't know so I had a structural engineer look at it and that's what this report was supposed to clarify. He also talked to district five from DOT and they said they are taking their ladders off of the bridges for liability reasons. I asked Petticoat Schmitt, our contract here on site what it would cost to do to remove it and they said \$206,000. Kissinger Campo gave us an option. They said they're doing bridge inspection in May. They know they need to do the cathodic protection on the piers that go into the water and that's at least an \$800,000 job so we will get the report from May and see if there's anything wrong and we could then add this because a lot of the \$206,000 cost was for a snooper truck going underneath it, as well as renting a barge. Both of those things will be needed for the cathodic protection from what I've been told so we would spread that cost and the cost of removing it would then be less. I think from a liability perspective it would be good to get rid of it. For the short term we will cut off 15-25' of the ladder so nobody could get up there.

Mr. Leckie stated there was some wiring that looked like it was a problem also.

Mr. Peugh stated North Carolina DOT has solar/battery packs that we could use on this bridge. This is Coast Guard approved and that's the authority that takes precedence. I'd like to get those in place and then we don't need the electric going down there.

Mr. Leckie stated that makes sense to me. How much do you think it will cost?

Mr. Peugh stated there are six lights and they are around \$1,000 apiece so you're talking \$6,000, plus the \$10,000.

Mr. Swinburn stated one paragraph in this report indicates people are potentially climbing over the fence on the bridge deck level. Do we have any separate evidence that might be happening?

Mr. Peugh stated yes, last summer a young lady climbed over the fence. Sandy went up there and asked her to get down. We now have 'No Trespassing' signs up there.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

There being none, the next item followed.

E. Engineer - Report

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

Manager

Bridge Report for January

Mr. Peugh stated traffic was up 4% and revenue was down about 2% from last year. In the next few months we will start to see the traffic and revenue pick up quite a bit.

F. Additional Budget Items Report

Mr. Peugh stated we are cleaning reclaim pond number one. We had an ECS consultant come in and look at the liner of the pond and the connections to make sure it's good. We want to continue that maintenance every year and we're just going to rotate through the ponds.

Next month we will have the traffic study. We provided more data from the bridge so we would have better numbers on growth projections.

The utility and bridge payment website usage is steadily increasing.

Mr. Leckie stated I saw an ad about buying a pass for bridge tolls in 14 states. Have we had any information come in on joining a deal like that?

Mr. Peugh stated the RFID system is about a half million dollars and then we would have to get our money from the state and be compliant with whatever they have. It would be a really long arduous task. I haven't seen anything about that.

SIXTH ORDER OF BUSINESS

Supervisors' Requests and Audience Comments

Mr. DeGiovanni stated I was talking to John Heise who publishes the Sun and Surf Magazine, which you guys probably get. It gets distributed to all of the Hammock communities and all of Palm Coast. I asked him if he's ever had an article on DCDD and he said he didn't remember ever publishing one so I suggested he talk to Greg at some point and see if the Board thought it would be a good idea to tell about the DCDD and all the things that are happening in the CDD since Greg took over. I thought it would be a good way to communicate. John said he would get with Greg and it probably wouldn't be until the October issue that he would be able to

put that information in, which might be good timing in terms of when your wastewater treatment plant is finally finished.

Mr. Crahan stated the other time would be if the County would use the \$900,000 productively because a good amount of people reading that are outside the gates and they would benefit from knowing that we contribute to the community.

Mr. DeGiovanni stated I think it would be a good idea to talk about this utility, what it does for this community and what it's doing in the future.

Mr. Peugh stated I did want to bring up that when we do the bridge inspection in May we will close one lane. We will put the word out on our website and I will also send it to the homeowners associations but just to let you all know.

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. DeGiovanni seconded by Mr. Crahan with all in favor the check register was approved.

EIGHTH ORDER OF BUSINESS

Next Meeting Scheduled for Friday, April 12, 2019 @ 9:30 a.m. at the Dunes CDD Administrative Office, 101 Jungle Hut Road, Palm Coast, Florida

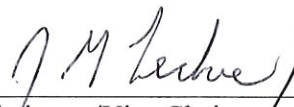
NINTH ORDER OF BUSINESS

Adjournment

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



Secretary/Assistant Secretary



Chairman/Vice Chairman