

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, April 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
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
David Ponitz	District Engineer
Carlton Grant	Hammock Beach
Brad Hauer	Hammock Beach
Henry Thomas	PRMG
Doug Guarino	Hammock Dunes Resident

The following is a summary of the discussions and actions taken at the April 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.

THIRD ORDER OF BUSINESS

Approval of Minutes

A. March 8, 2019 Meeting

Mr. Crahan provided a correction 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 March 8, 2019 meeting were approved as amended.

Discussion on Capacity Fee Issues for Commercial Accounts

This item was moved up to accommodate a Hammock Beach Club representative in attendance to discuss their account.

Mr. Peugh stated we've been working with the Ocean Hammock properties. They were significantly over on consumption, at one point at 3.5 million per month, and now they are down significantly and there is no mechanism in our rules and regulations to do an appeal. They've improved significantly over the last year and they are continuing to do more so it looks like they may be in compliance but we're not sure so we wanted to hear what your plans were and what was going to go on.

Mr. Grant stated probably the most effective thing I can do is tell you what we we've been doing over the last 12 to 18 months to address the issue of consumption, which is related predominantly to the Hammock Beach and club. One by one we have taken each pool down, brought in a leak investigation company and they've done everything from dye testing to gas testing, sealing light fixtures, replacing drains and gaskets, opened up the surface of a couple of pools in a couple areas to repair loose or cracked pipes in the drains, replaced all of the skimmer line tile and as part of that was re-caulking and resealing all of the coping in the pools. We've done a lot of work and the re-plastering was probably the most effective because we've put a completely new surface on the pool and new tile. To monitor it we've installed sub-meters so we know what is going into the pool on a daily basis in each individual pool and our engineering team is monitoring that on a weekly basis so we know if we back wash a pool and we see a little bit of a spike we know the reason for it. We've probably spent well over \$250,000 on those efforts to mitigate the leaks and get back to normal usage.

Mr. Peugh stated the numbers have steadily gone down over the last 12 months, however the last month was up about 450,000. Per our rules we can charge them the \$257,000. They haven't hit their peak season yet so I'd like to see what the number actually is. I'd like the Board's input on whether we could monitor it for the next six months. They've been working with us and they've made improvements.

Mr. Grant stated the last few months numbers are a little higher simply due to the work that has been done. When you drain a pool to re-plaster it, it causes a spike. The numbers are going to be lower as we go forward and the next few months will show a consistency and numbers even lower than that.

Mr. Vohs asked is there any area where if we make a decision on postponing for another six months it could impact us with any of the other customers that we're looking at?

Mr. Peugh stated we've written to the five accounts since the last board meeting and said it looks like you're over capacity so we haven't put a hard deadline. Porto Mar didn't know they had a capacity limit so they can manage it I think. Some of the others may do things to improve and I'd like to give them that opportunity. We're being fair I would say.

Mr. Leckie asked would you be comfortable if we gave you until September 30th?

Mr. Grant stated absolutely, I appreciate that.

On MOTION by Mr. Vohs seconded by Mr. Crahan with all in favor extending review of the capacity for Hammock Beach Resort to September 30, 2019 was approved.

SECOND ORDER OF BUSINESS

Audience Comments

Mr. Guarino stated I live in Hammock Dunes and I am a member of the Hammock Dunes Strategic Planning Committee. In the early sessions we came to a conclusion that in trying to gain a better foothold in the community Hammock Dunes, as well as the rest of the Hammock, is in the eyes of the post office located in Palm Coast and we all know it's located in the Hammock so we decided that we've got kind of an identity issue and maybe it would benefit all of us to form our own identity. A wrong address can affect property values, insurance rates and voter registration so with that in mind how do we get a Palm Coast address changed to The Hammock? There are two ways. One is via a zip code change so I contacted our Palm Coast post office and they were kind enough to send me the guidelines from their address management system. I learned a Homeowners Association can't make the request so the question is who in The Hammock is best suited to make the request. First of all, what would we change the name to from Palm Coast? Logically the name would be changed to The Hammock. The Hammock is already recognized by the federal Geographic Names Information System database as an address for the Flagler County Sheriff's substations and the fire department so it's already recognized as a location. It seems the Community Development District holds the most influence and has the greatest likelihood in getting a change effectuated. You serve the majority of the population in The Hammock, you've got elected representatives, you can issue bonds, etc. The post office would need a letter stating the reason for the request with a map of the area included and the

names of the affected streets. The District can apply strictly for District customers, or it can act as a proxy for the whole Hammock. I ask for you all to consider the proposal and I think it would be a wonderful change for the Hammock.

Mr. Vohs stated throughout Florida growth and property values have gone straight up except for our area. Palm Coast is not well known and I can't imagine The Hammock would be better known. It just seems we would be downgrading any chance we have of improving real estate.

Mr. Crahan asked have you conducted any liaison with the county?

Mr. Guarino stated no I didn't want to put the cart before the horse. You are the ones that can make this happen and according to my conversations with the post office, without you getting behind it I think there's very little chance because when these get approved they usually come from some type of municipal background.

Mr. Swinburn asked has the owner's association considered and taken a formal position on this?

Mr. Guarino stated not the broad HOA. It's important to note that the post office is part of the application process, according to what I read and the discussions I had, and they send a survey out to all of the potentially affected residents to see if they're on board. Pretty much a majority is enough to sway the post office in one direction or the other but if they think the proposal is good enough based on the application itself they can go ahead with it.

Mr. DeGovanni asked have you brought this to the HDOA board?

Mr. Guarino stated no.

Mr. Leckie stated I think before we go further you should go to the HOA board and get their backing and then you'll have to go to Ocean Hammock and get those two groups behind you and then we will take a look at it.

Mr. Crahan stated obviously the east/west boundaries are self evident but the north/south are not. Where is your proposal to draw a line?

Mr. Guarino stated from what I know about the area it would be Marineland south to Beverly Beach and that would be if we were outside your purview.

FOURTH ORDER OF BUSINESS**Reports and Discussion Items****Stormwater Funding Presentation**

Mr. Peugh stated we have Henry Thomas here who is a Senior VP at Public Resources Management Group. He's worked on many stormwater utilities throughout Florida. He authored the report that I presented at the last board meeting and he is going to go through a PowerPoint presentation on stormwater funding.

Mr. Thomas stated this is really about the feasibility of implementing a stormwater utility and if it is feasible, what are the alternative rate methods that you would use to apply a fee relative to create a funding source and finally how would you bill it. You're trying to reduce undesirable stormwater impacts through stormwater runoff reduction and just as important is pollution prevention strategies or water quality issues. You've got a lot of assets out there that have quite a bit of age on them and are going to need some attention in the future. Once those assets fail you are digging them up and replacing and it gets quite expensive. Your staff has identified a need for an asset inventory. Since a lot of this is underground you need to know what you've got out there and what the condition of those assets are and I think this is a real important step. You need to know what it might look like in terms of the expenditure requirements going forward so you can be more proactive than reactive. A master plan would be a key element of this as well that based on the condition and age of the assets would give you some priorities. In the future I think the funding sources could be used to maintain your current level of O&M.

The methods we see in the industry today for establishing a fee for stormwater are a flat fee per parcel or a fee per total square foot of area for that property. Those are not necessarily the most equitable approach to this. 80% of the stormwater utilities in Florida today do the fee per square foot of impervious area, which are those hard surfaces that don't allow the water to percolate and infiltrate into the ground like buildings, rooftops, driveways, sidewalk, etc. Finally, probably the most complicated method is a fee per square foot of weighted pervious areas. The standard we create for the impervious area method is based on a single-family equivalent residential unit. This relates the fee to equivalent runoff burden. Within any of these options you can bill through a non-ad valorem special assessment or put it on the monthly utility bill. Our recommendation would be to do the ERU based on impervious area approach, which will the

fairest and most supportable way. For the billing method we recommend going through the utility bill. You've already got the billing system in place.

Mr. Peugh stated I understand it's money out of people's pockets but within the next 20 years we're going to start seeing the stormwater pipes break and see things were going to have to improve and there is no revenue source, except for non-ad valorem taxes and that's generating right now about \$200,000 a year. One pipe repair could decimate that. I'd like to see some sort of funding source.

Following a discussion on the presentation the Board approved moving forward with establishment of a Special Revenue Fund for stormwater and directed staff to gather proposals for asset inventory and evaluation of the stormwater system.

On MOTION by Mr. Swinburn seconded by Mr. Crahan with all in favor authorizing staff to request proposals for a stormwater assessment and inventory and establishment of a special revenue fund was approved.

Hammock Dunes Marshes Update

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

Discuss Weir Structures / MalaCompra Drainage

Mr. Peugh stated we have a kickoff meeting with ETM next week to go over the information we have and as soon as we have something we will bring it back to the Board.

Discussion on Geographic Area for Board of Supervisors Seats

Mr. Chiumento stated we completed the letter to the Attorney General and we're ready to go forward and ask if we are allowed to have districts / voting zones and each voting zone would be voted on by the general electorate within the district. The letter needs to go through my firm's proofreading department to polish it.

Mr. Swinburn stated I think you're saying we'd have to have five voting zones, one for each supervisor. Is there a way to get around that because it seems to me that's going to be complex in measuring the geographic boundaries of the five zones? Couldn't we say two zones, one of which is represented by two supervisors and one of which is represented by three

supervisors because I think the numbers come pretty close to being able to justify that if you take Jungle Hut Road as your dividing line and it would be a lot easier in the implementation.

Mr. Chiumento stated there are groups out there that do re-districting. The law says districts have to be equal in population and you have to do things to avoid segregating communities. How that concept would apply here, I don't know.

Mr. DeGiovanni stated we don't want the number of zones in there; we just want to ask if we could create sub-zones.

Mr. Swinburn stated that's what I'd like to do and then maybe we could work it out with Katie on how we're going to do it.

Renaissance / Beach Walk Development Update

Mr. Peugh stated I spoke with Mike Gill on Renaissance and they are still optimistic that the developer and builder are going to partner and move forward.

The county commissioners voted the Beachwalk development down five to nothing.

Retirement Program Update

Mr. Peugh stated we have been funded and the majority of people are using the 457. Hopefully we will get to every two weeks and when we get our paychecks it will transfer automatically but we're moving forward.

B. Prepaid Toll Card Plan

Mr. Peugh stated the initial plan was ten trips for \$10. I wanted to have it so we could take our liability off the books so to do that we need to call it a promotional card or loyalty card and they would then expire in a year. I don't want them out there for 20 years and it just sits in our expenses. The biggest thing is the cost; E-Transit charges \$9,000 to program the software to accept the cards that will scan separately. We'd like to find out if there is a demand for this first but we think there is. This is a convenience for our customers.

The Board unanimously agreed to move forward with the prepaid toll card plan.

C. Consideration of Back-Up Pumps Installation Proposal

Mr. Peugh stated Petticoat-Schmitt is our current contractor for the wastewater treatment plant and they've already installed two back-up pumps this year, which cost \$90,000. This is an increase of \$10,000 because these stations are deeper and they will be working next to busier roads. Petticoat-Schmitt did an excellent job so I'd like to move forward with this.

On MOTION by Mr. Vohs seconded by Mr. Crahan with all in favor the proposal for installation of back-up pumps in the amount of \$100,000 was approved.

Mr. Swinburn stated I walk past the pump house by the back gate a lot and the pavers are in bad shape. Maybe they can be fixed at the same time they are doing this pump.

Mr. Peugh stated we will get those fixed.

Mr. Leckie stated I think you were going to cover it later but let's discuss Captain's BBQ.

Mr. Peugh stated the county commissioners had a workshop on April 3rd. About 150 people showed up and the vast majorities were against any additional seating capacity or the liquor license for Captain's. The county kicked the can down the road because they didn't want to vote and there was no clear-cut answer as to how to get a line up there.

Mr. Leckie stated I think the point here is we're not going to do anything until the county makes up its mind. Greg pointed out that Palm Coast Utility services that area and the county will have to go to Palm Coast and get approval if they even want to come talk to us.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

There being none, the next item followed.

D. Engineer - Report

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

Manager

E. Bridge Report for March

F. Additional Budget Items Report

Mr. Peugh stated traffic was up 6% and revenue was up about 2% from last year. 3,310 people are using the website now out of about 18,500. We've started our quarterly plan of closing accounts and we had 300 or 400 this quarter that we closed and we will continue to do that every quarter to keep up with it.

We removed the bottom section of the ladder at the bridge pier. We've cleaned one of the reclaimed ponds and got about 80% of the sediment at the bottom.

We expect to have the traffic study and preliminary budget next month.

SIXTH ORDER OF BUSINESS

Supervisors' Requests and Audience Comments

Mr. DeGiovanni stated I'd like to talk about what Doug presented. He approached me about a month and a half ago to ask my opinion and I said I think it's a good idea in general but you need to talk to the board. I know why you're concerned; if you talk about the global Hammock, it's a little different than if we just call this Hammock Shores, with Hammock Shores being just the four communities that the DCDD is responsible for. If you isolate it to that it's a different concept than the entire Hammock. If we ever want to consider it I would recommend it be Hammock Shores with it being only the communities the DCDD is responsible for and not worry about the zip code change initially, although a zip code would be logical too because a government utility has the authority to make the request.

Mr. Swinburn stated if we were to go somewhere with it I'd like to have it based upon a benefit to the DCDD and not just a favor to the community because some of the cases that were cited in one of your memos at one time made it clear there are limits on where we can exercise our discretion and do things like this and doing a favor for the community I don't think is one of them.

Mr. Crahan stated frankly it would be nice to take a step back from the Palm Coast thing. It is one incremental baby step way to avoid the annexation aspect.

Mr. Vohs stated I wish that somebody spent something on marketing the area. I don't think putting The Hammock on it would give us a chance at being known.

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. Vohs seconded by Mr. Swinburn with all in favor the check register was approved.

EIGHTH ORDER OF BUSINESS Next Meeting Scheduled for Friday, May 10, 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