

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, August 10, 2018 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)
Rich DeMatteis	Assistant Secretary
Dennis Vohs	Treasurer

Also present were:

Greg Peugh	District Manager
Jim Perry	District Representative
Tim Sheahan	District Engineer
David Ponitz	District Engineer
Michael Chiumento	District Counsel

The following is a summary of the discussions and actions taken at the August 10, 2018 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

There were no audience members in attendance.

THIRD ORDER OF BUSINESS

Approval of Minutes

A. July 13, 2018 Meeting

There were no corrections to the minutes.

On MOTION by Mr. Vohs seconded by Mr. DeMatteis with all in favor the minutes of the July 13, 2018 meeting were approved.

FOURTH ORDER OF BUSINESS

Public Hearing to Adopt the Budgets for Fiscal Year 2019

B. Fiscal Year 2019 Budget

Mr. Peugh gave an overview of all the budgets. Mr. Peugh stated we will start with the general fund. We've increased revenue. The transfers from the water and sewer surplus fund and bridge fund are up for capital improvements funds that we intend to fund in the future. The total revenue is about \$518,000. Everything is pretty much the same under administrative. The insurance goes up every year. The final numbers will be in during the next week. Capital improvements are up because we want to start funding the stormwater study.

In the water and sewer fund budget the revenue is down a little bit from last year's budget by about \$119,000. The majority of that decrease is due to the irrigation. We've had a ton of rain and it is driving the reclaim sales down. This year we've had 73 inches of rain in the past twelve months. A lot of the administrative expenses are the same. Again, the insurance costs are going up and we have increased our repair and maintenance line. Among the items that are driving the costs up are meters being replaced. We also continue to pull in a stormwater pump for the six months of the storm season in the event we have any hurricanes. This rental also allows us to have an extra pump and we can pull out of the storm water system if we need to supplement the reclaimed system. Capital costs are going quite a bit higher. A lot of it is the wastewater treatment plan expansion. We also would like a new dump truck, a vulnerability assessment, pump station rehabilitation, two new pony pumps, a utility truck and a mini track hoe.

In the bridge fund the revenue is going to stay flat. We are proceeding with the engineering at \$127,000 and doing a traffic study at the Camino Del Mar four-way stop.

Mr. DeMatteis stated your footnotes on page nine prompted me to look at the financials. On page three we have the details of the funds moving in the bridge fund. Net invested in capital assets shows \$7,166,434. The number in the next few months drops around \$2 million. Why would that happen?

Mr. Peugh responded I'm not sure but I'll get you that answer.

Mr. Perry stated I don't know offhand. I know we haven't written \$2 million of anything off.

On MOTION by Mr. Vohs seconded by Mr. DeMatteis with all in favor the public hearing was opened.

C. Resolution 2018-05, Approving the Transfer of Funds from the Bridge and Water & Sewer Funds to the General Fund for FY 2019

On MOTION by Mr. DeMatteis seconded by Mr. Vohs with all in favor Resolution 2018-05 was approved.

D. Resolution 2018-06, Adopting the General Fund Budget for FY 2019

On MOTION by Mr. Vohs seconded by Mr. DeMatteis with all in favor Resolution 2018-06 was approved.

E. Resolution 2018-07, Levying Assessments for FY 2019

On MOTION by Mr. Crahan seconded by Mr. DeMatteis with all in favor Resolution 2018-07 was approved.

F. Resolution 2018-08, Adopting the Water & Sewer Fund Budget for FY 2019

On MOTION by Mr. DeMatteis seconded by Mr. Vohs with all in favor Resolution 2018-08 was approved.

G. Resolution 2018-09, Adopting the Bridge Fund for FY 2019

On MOTION by Mr. Vohs seconded by Mr. DeMatteis with all in favor Resolution 2018-09 was approved.

H. Resolution 2018-10, Adopting the Section 125 Cafeteria Plan

Mr. Crahan asked has anything changed from last year?

Mr. Peugh responded nothing has changed. This resolution is regarding the plans for people to pick from the cafeteria options. This is also for if they want to take out pre-tax dollars or have additional insurance.

Mr. Crahan stated I just wondered because we had been talking about benefits so I wanted to know if there is anything expanded on this now or just pro forma to authorize it.

Mr. Peugh stated right now we're looking at what it costs for spouses and children. I don't have those numbers in yet so I don't even know if it's cost effective at this point but it is something we want to look at and expand on.

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor Resolution 2018-10 was approved.

On MOTION by Mr. Vohs seconded by Mr. DeMatteis with all in favor the public hearing was closed.

FIFTH ORDER OF BUSINESS

Reports and Discussion Items

Discussion on Capacity Fees Issues for Commercial Accounts

Mr. Peugh stated Tim has drafted a letter and in the next month or so we're going to start sending those letters out. I talked to Daniel Baker and he said they have done nothing recently due to heavy occupancy. Once that starts to drop off they will start making those repairs again.

Mr. Crahan asked have you seen the impact of those repaired leaks?

Mr. Peugh responded not really. Since they are in peak season their water consumption is up so it's hard to tell a difference. We will look at that in more detail as we have more data.

Status of Marsh "TB" & Hammock Dunes Marshes Update

Mr. Peugh stated for Marsh TB we are going to put two yard drains in to take care of the ponding. We talked to Cline and he said that would be done in the next couple of weeks so hopefully by the next Board meeting we will have that done. He has fixed the area where the track hoe dug in on the golf course side. It's starting to grow in.

Mr. Vohs stated people have been positive about how the whole marsh looks.

Mr. Peugh stated on the rest of the marshes in Hammock Dunes, I spoke to Jody Sisk our Environmental Consultant and he said St. Johns is a little hesitant to put a conservation easement over those large parcels at the moment due to the fact that we have storm drains in there and they know it's going to cause problems later if we don't cut out the easement for the storm drain within the conservation easement. It's an ongoing negotiation so we don't have a complete solution yet. He said at the moment they're probably leaning more towards the credit. We will try and pursue whatever we need credit-wise and try to drive the cost down because we haven't discussed the number of acres yet. We will continue a dialogue with them and get the best deal we can when it comes down to it.

Status Report on New Toll Collection System

Mr. Peugh stated everything is running smoothly. We have minor glitches here and there but we're working through everything and I think we're on the tail end of the start up issues. I expressed to the reporter for the Hammock Observer that I would like to put our new website in the paper that way we can get the word out to more of our residents. In a few more months we are going to start clearing accounts out if they have haven't been used in 18 months.

Discuss Weir Structures / Malacompra Drainage

Mr. Peugh stated we have the contract, which was approved at the last meeting. In the next month we're going to do the kickoff meeting and then start down the path of going forward with the stormwater harvesting.

Discussion on Geographic Area for Board of Supervisors Seats

Mr. Chiumento stated we checked with Jim's group and Severn Trent who also manages many special districts and neither one of those two manager groups were aware of any districts that have districts within them assigned to seats. The Statute does not prohibit it, but it also does not authorize it. I worked with Katie Lenhart's office and they are not aware of any regulatory or administrative regulation that permits this. However, each year the Department of Economic Opportunity puts out a special handbook on districts and there's a section in there that talks about certain districts having seats so last week I talked to a gentleman who is in charge of special districts about this and he said he would discuss it amongst his folks to determine what their opinion would be.

I. Status Report on Discussion with the City of Palm Coast to Install Landscaping and Irrigation on DCDD Property / Golden Lion Property

Mr. Peugh stated the easement agreement in the book did not have the exhibits so I handed out a complete copy. The exhibits are exactly the same as they came from the agreement with the City. This is the easement to allow the entity to come out underneath the bridge.

Mr. Chiumento stated the only thing we didn't discuss that is in there is the City wanted to allow the timeshare group to have an emergency ingress/egress through the Golden Lion property out on ours but they're not building anything and it's only for emergency purposes.

On MOTION by Mr. Vohs seconded by Mr. DeMatteis with all in favor the easement agreement with TCC, LLC was approved.

SIXTH ORDER OF BUSINESS

Staff Reports

Attorney

Mr. Chiumento stated you all had asked me to write a memo to Greg and the Board summarizing our position on the bridge fund. I will do that this month.

J. Engineer - Report

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

Manager

K. Bridge Reports and Traffic Comparison for July

Mr. Peugh gave an overview of the bridge reports for June.

L. Additional Budget Items Report

Mr. Peugh stated I do not have any additional budget items for this month.

Ken Atlee who is the developer of the parcel immediately west of the wastewater plant and south of our new well asked for water and sewer service. I said I would poll the Board. I told him in the past we have not provided stormwater or water or sewer to any entities outside of the Dunes other than Publix, which he brought up. He asked if we would consider serving it with stormwater. I told him in the past we have not typically done that. He is willing to do a presentation if you'd like. He would like to tap into the pipe that goes into the pond near Hotel Trace and put his stormwater in it. We would have to set up a separate agreement and he would have to pay us a fee. I don't really see any benefit or negative to allowing it.

Mr. Leckie stated we made a decision a while back about Publix because we felt that it would help the island. We also talked about O'Keefe's land where that well is now because Tom O'Keefe came and asked us to supply water. He lived in Hammock Dunes at the time and we turned him down and said no, we won't go outside our borders. Bobby Gin came to us and gave a presentation. At the time that development went away because the economy wouldn't support it but I don't think we were looking at trying to supply him with the sewers. I'm of the opinion that at this point we do not go outside our limits. Do we have capacity to take on something like this if they came to us?

Mr. Sheahan stated we've already committed capacity for the plant.

Mr. Leckie asked do we include what Ocean Hammock has asked for the hotel?

Mr. Chiumento responded no. I think the Board sent something to the County that said there's not capacity.

Mr. Peugh stated there's not a lot of capacity. It depends until you see the numbers.

Mr. DeMatteis stated I think it creates a slippery slope once you do it.

Mr. Leckie stated I think at this point we should tell him we're not interested in going outside the boundaries.

Mr. Vohs stated why don't you tell him to go the City.

Mr. DeMatteis stated there was a fundraiser for Commissioner Hansen in Ocean Hammock earlier this week and he mentioned he was going to push the County to get grant money to study and get Palm Coast water to do sewer lines in the Hammock. He said he'd be coming to the District looking for funding. I don't know if that meant he wanted to tie into us. I'm just letting you know that's on his mind and how that may or may not impact us.

Mr. Peugh stated when you do this you send the plans to DEP and you outline the geographic area Palm Coast has and they say "this is my service area". At some point if they intend to service there has to be the population and tax base to do that so he would first need to go to those folks and they'd have to say that they can't do it and then we'd have to have that discussion. That is Palm Coast's service area.

Next month one of the things that is going to come to the Board is that arc flash is becoming more of a concern. All of our cabinets and panels need to be rated. It tells what kind of equipment you are supposed to have on to get into that panel. In general a pair of denim jeans and t-shirt if you're going to go behind the panel are sufficient. There are also arc flash suits. We need to rate those panels on the wastewater plant. I have a preliminary number of \$20,000. It's a safety issue and I want to go forward with that but I'll bring the contract once I get it where I need it to be.

SEVENTH ORDER OF BUSINESS

Supervisors' Requests and Audience Comments

Mr. Crahan stated we used to talk about refurbishing our wells with a back flush. I haven't heard that discussion in quite a while. Do we have a cycle that is being planned?

Mr. Sheahan responded we just did that in the last year. We monitor the draw down in the wells and compare that to the pumping capacity of the well itself. When that starts to drop that's when you start looking at a refurbishment and we haven't seen that in any of the other wells.

Mr. Crahan stated the reason we authorized and executed putting a third well in was so that we could do a rotational schedule on that I think. I just hadn't heard anything.

Mr. Peugh stated the other ones aren't showing any symptoms of needing that at the moment but we do monitor it.

Mr. Peugh stated one thing I forgot to bring up is we sent the landscape contractor of the Parkway a letter that says they're not doing everything they should be doing, they have a month to fix it and if it's not fixed in the next month the contract will be terminated. The contract is about to go out for rebid to do the entire Parkway in the next few months. I talked to the supervisor this morning and he said he saw the letter and they're going to do the best they can.

EIGHTH ORDER OF BUSINESS

Financial Reports

- M. Balance Sheet & Income Statement**
- N. Construction Schedule**
- O. Assessment Receipts Schedule**
- P. Approval of Check Register**

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

NINTH ORDER OF BUSINESS

Next Meeting Scheduled for Friday, September 14, 2018 @ 9:30 a.m. at the Dunes CDD Administrative Office, 101 Jungle Hut Road, Palm Coast, Florida

TENTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Vohs seconded by Mr. DeMatteis with all in favor the meeting was adjourned.

August 10, 2018

Dunes CDD


Secretary/Assistant Secretary


Chairman/Vice Chairman