

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, October 13, 2017 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
Rich DeMatteis	Assistant Secretary
Charles Swinburn	Assistant Secretary (by phone)

Also present were:

Greg Peugh	District Manager
James Perry	District Representative
Michael Chiumento Jr.	District Counsel
Tim Sheahan	Utilities Manager

The following is a summary of the discussions and actions taken at the October 13, 2017 meeting. A copy of the proceedings can be obtained by contacting the District Representative.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Perry called the meeting to order at 9:30 a.m.

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of Minutes

A. September 22, 2017 Meeting

Mr. Crahan provided corrections to the minutes that will be reflected in the final version.

On MOTION by Mr. Crahan seconded by Mr. DeMatteis with all in favor the minutes of the September 22, 2017 meeting were approved as presented.

FOURTH ORDER OF BUSINESS

Reports and Discussion Items

Discussion on Capacity Fee Issues Not Covered Under Milo Suit

Mr. Chiumento stated the letter is done and should go out by certified mail shortly.

Mr. Peugh stated if you can send it to me I will send it out to the board.

European Village License in Second of a Three-Year Agreement

Mr. Leckie asked did they pay October 1st?

Mr. Peugh responded they did not. I've called Mr. Martin Brabham, he emailed me on the 10th and said he apologizes for the delay and is working to have the check processed as quick as possible.

Status Report on New Toll Collection System

Mr. Peugh stated everything is working well right now. We've ordered five more security cameras for any place where we handle money. E-Transit isn't as responsive as we'd like but we're working through that.

Mr. Crahan asked what about this last payment we were worried about carrying over?

Mr. Peugh responded it will be carried over.

Status of Marsh "TB"

Mr. Peugh stated we met with Robert Paymayesh last week. They are putting together specs and a planting plan for us so that we can bid that out as quick as possible. We will go ahead with that. The key issue there is easement; how are they going to access it. I have called Mr. Lantier and left a message. We would prefer to go through his property. It's the most cost effective way to access that marsh to do a planting or if we wanted to dredge it out at some point in the future. When we talked to the folks that do the planting plans they said March is probably when we would want to do the actual planting because right now the plants are somewhat dormant. It will take us a while to get the bid together.

Mr. Leckie stated I asked both Greg and Tim to go with me to take a look at it because it's not a marsh anymore. The whole thing is a lake and it's underwater. What I've asked them to do, and they tried to do it before this meeting, was to set up a meeting with Cline and I to see

what he was going to do because none of us could figure out how he could do that for \$50,000. To keep that marsh up it's going to be a yearly thing so if the cost was going to be anywhere near the same, we should maybe do the lake. The only thing that got me was that they were going to do 33 truckloads of dirt.

Mr. Peugh stated Tim talked to Scott at Cline and they planned on building a cofferdam at the end of it so that they could access it. Tim set up a meeting on the 18th to meet with Cline.

Mr. Leckie stated the dunes breached again during the hurricane. It doesn't look like salt got all the way down to there but it came right down and went into the drainage system so the salt got into that lake.

Mr. Crahan asked have all of the salt levels continued down?

Mr. Sheahan responded yes, for the most part. We're collecting another sample either today or next week.

Status Report on Discussion with the City of Palm Coast to Install Landscaping and Irrigation on DCDD Property

Mr. Peugh stated underneath the bridge they wanted to install landscaping on our property on the west side. I contacted Mr. Butler with the City of Palm Coast and he's supposed to put together a plan and get it to us. He's waiting to discuss it with the City Manager.

Mr. Crahan asked how does that marry with the Golden Lion?

Mr. Peugh responded it's part of that.

Mr. Crahan asked are they supportive of the Golden Lion plan?

Mr. Peugh responded yes.

B. Community Projects Report

Mr. Peugh stated no real change with the monies. We added the interest of about \$1,500. I talked to Craig Coffey last week and he said there's no activity on the Malacompra drainage. They plan to start in January. They're going to bid it in December and then move forward with it. In regards to the repairs to the dunes at the end of 16th, Jungle Hut and Malacompra, he said they also plan to start on that in January and they plan on completing that in-house. I'm supposed to meet with him on the 25th and hopefully I'll get some of those plans and I can report back to you on what they intend to do.

C. Acceptance of the 2017 Public Facilities Report

Mr. Sheahan stated this is just an update on the 2016 report. I sent a copy to the County.

Mr. Swinburn joined the meeting by phone at this time.

Discussion of Future Initiatives

Mr. Peugh stated the bridge manager resigned yesterday. We are putting together an ad for an assistant bridge manager in the paper anticipating putting the current assistant bridge manager as the interim manager, which is Sandy.

Mr. Crahan asked what's the thumbnail qualification?

Mr. Peugh stated we're looking at someone with a two year college degree preferred and a minimum of a high school diploma. We want someone with computer skills. If they have toll experience, we would like that but it's not necessary. If someone has done retail or managed a store, it is customer service heavy. We can probably teach the toll aspect of it.

We also had a water line break at Viscaya. Tim sent out a boil water notice the other day. There is no apparent reason of why it broke.

There was also graffiti underneath the bridge that was painted over on Wednesday.

With the change over to the ADP system, we are now going to have to do direct deposit for everyone. I've got the forms that I will hand out.

We've got initiatives that we're looking to do and we're going to implement over the next months/years. One thing we'd like to get going quickly is online bill pay for the utility bills and for the bridge accounts. That will help us with customer service. Most people want to know if they can pay online. Also, from a liability standpoint with running the credit cards, we want a third party vendor to handle it. You hear about companies getting hacked and we want to get as far out of that business as possible. In that same vein of security and customer service, we'd like to have additional parking at the tolls facility. During shift change just for our folks, there's not enough parking. I've got a scope of work for one of the engineering firms, CPH. They're looking at a planning level study so they can tell me how much it's going to cost. The key there for parking is stormwater. We don't exactly know what we're going to do with it so we need to identify that before we say we can actually have parking.

Mr. DeMatteis stated you need parking on the west side of the building for people who want to go to the toll office. There's one spot.

Mr. Peugh stated we are going to look at that. On that west and east side if we got rid of that median strip I think we could put three or four parking spaces there. Also, we want to look at lighting for security at the toll facility in the night for our tollbooth operators.

Mr. Leckie asked have we looked at how much tolls are paid between 10 at night and 6 in the morning? I'm wondering if it makes sense to have somebody there during those times.

Mr. Peugh stated I'll look at those numbers. I can't tell you offhand. Other issues at that toll facility is we'd like to get the customer service away from the money handling. We would like to have just a customer service area. Right now, money handling and customer service is inner-mingled just because of the way the building is set up so we want an architect to give us a conceptual plan to see if there is anything that can happen. We were thinking where those exterior bathrooms are, to possibly put a customer service area there. We will take a look at that and see how much it is going to cost and go from there.

Additionally, there is an underground storage tank and it's approximately 30 years old. It runs the generator and that's a liability. We need to be proactive as opposed to having to remediate it later. All of this will be contained in that report.

On the utility side, we are prioritizing the pump stations for rehabilitation. They are approaching 30 years old. At 30 years usually you have to do a face-lift – new piping and possibly new pumps and bases, coat the interior of the wet wells, things like that. We can do a lot of that in-house and it will cost a fraction, or we can hire a contractor if we want to accelerate that. We will touch them now once, and we won't have to touch them again for 40 years hopefully.

Mr. Crahan asked that should have been addressed by the facilities report. What was their interval? Did they assume 30?

Mr. Peugh stated I did look at the reserve study but I can't tell you their exact number. Right now we have some that are in bad shape that we need to start looking at them.

This year we're going to put in two pony pumps. We're thinking two a year so that when we have storms we don't drag the generator from one pump station to the next and the guys are working long hours all of the time. They can also be backups if something happens with the pump. We would look at putting those on our larger stations.

We want to prioritize our vehicle replacement. We had a problem with the Ranger and found out it was only a battery but that truck is shot. It's the one from the bridge. We have a resolution for that. We'd like to buy a new truck for one of the supervisors. The supervisor's truck is a 2006. They only use it for going up and down the bridge once a day to check the structure and the breakdown lanes and also do a bank run to deposit so it would be sufficient for that. The resolution says up to \$30,000. I think we spent \$26,000 on the last one. We want to make sure it's an extended bed truck.

Mr. Leckie stated I think you also said we need to look at the trucks on a routine basis instead of waiting for the crisis to happen.

Mr. Peugh stated I would like to prioritize and put them in the budget instead of doing an emergency resolution like this.

On MOTION by Mr. Crahan seconded by Mr. DeMatteis with all in favor resolution 2018-01 was approved.
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Mr. Peugh stated the last thing I want to bring up is we want to put out a continuing services contract for engineering firms. Currently the way I read the state purchasing code is anything over \$35,000 we have to put a separate RFP out. If we go with a continuing engineering services contract you can go up to \$2 million total construction costs or \$200,000 of a study so that would take care of anything we do except for our plant expansion. You pick a minimum of three firms so you have a depth of folks you can go to. If something comes up and we need to do a pipeline from point A to point B, if it's over \$35,000 I have to put out a separate RFP but with this contract up to \$2 million I can use whoever is most qualified. We will put out the RFQ, look at the selection of them and then give our results to the board.

D. Consideration of Paid Time Off Recommendations

Mr. Peugh stated we looked at Flagler County, City of Palm Coast, JEA and Ormond Beach. Most local governments do have a bank of hours that are carried over from year to year. The amounts of them vary widely but they seem somewhat proportional to the size of the government entity. Most of them have a sellback policy with various constraints. You have to do it in December and you can only sell back so much. Some of them have a forfeiture policy as well. Palm Coast divides vacation and sick leave. Their sick leave is an unlimited accrual but if

you separate from them they are only going to pay you for 320 hours of sick time. We looked at it in lieu of fairness in terms of the current practices and what's equitable to the DCDD in terms of future compensation liability. I think one month is too little and six months is too much so somewhere in between. Our recommendation is 480 hours. We also have to compete with those same entities for operators and utility workers so we want to make sure our compensation package is similar. Currently the most accumulated leave any employee has is 210 hours. I'm not big fan of the buy back. Let's say on September 30th if you have more than 480 hours, we will send you a check for anything over that so they don't lose anything. If you have 500 hours at September 30th, we will cut you a check within 30 days for 20 hours. On rare occasions, like if I need someone to work when they intended to take a vacation, we need some flexibility. That's when we would carry over more than 480 hours.

Mr. DeMatteis stated when you approve any carryover I suggest that gets reported to the board at the next meeting.

Mr. Leckie asked do these recommendations get added to the handbook?

Mr. Peugh responded it does need to be added to the handbook. That's another thing we're doing is looking at that employee handbook. ADP is going to review it for us and we're also going to send it to Michael Chiumento.

Mr. Leckie stated I know we've been trying to hire people to work in the utility and we don't have anything like this so we've been at a disadvantage and Dick has talked to me about it a dozen times so I think we have to do something. I think this makes sense to have this added to our package.

Mr. Crahan stated I would bless this as a framework and have it then become the building block of that section of the handbook.

On MOTION by Mr. DeMatteis seconded by Mr. Crahan with all in favor to accept staff recommendations for new paid time off policy and to be incorporated into the employee handbook was approved.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

District attorney, staff and board discussed the bridge enterprise fund along with various related assets.

E. Engineer

Mr. Sheahan stated we've talked about the wastewater design bids being 60% over so our thought was we go back and do some value engineering and try to cut some things out we don't really need at this point.

Mr. Leckie stated I would rather wait and look at this a year from now as long as it's not going to affect our service to our customers.

Mr. Peugh stated a year from now it's still not going to get to \$5 million so we're going to have to look at the scope of what we can live without if we want to get to the \$5 million range.

Mr. Crahan stated I think \$6.5 million would be a reasonable goal.

Mr. Peugh stated but then that has an impact on the rates because we only put \$4.8 million in that rate study so we would have to look at raising rates.

Mr. Leckie stated we've been the only people to go down in rates. We'd have to look at that pretty seriously.

Mr. Peugh stated we were thinking we eliminate items until we get to what we thought was around \$5 million and we can have alternate bids.

Mr. Sheahan continued. We have the meeting with Cline next week about Marsh "TB". Regarding irrigation reclaimed water storage, we met with the City of Palm Coast and they're looking at three different routes right now of increasing the amount of effluent we could potentially get from them.

We've got a meeting set up with St. Johns about the weir structure on Tuesday.

Mr. Crahan stated it makes no sense to have that intermediate weir. If there's a concern that salt is going to back trace, there is no physical way that can occur unless you had tremendous surge from one side.

Mr. Peugh stated I don't disagree with you but until we exhaust everything we can to find out why it was there, it scares me to rip out a weir and find out later we shouldn't have.

Mr. Sheahan stated last meeting I told you we had a depression up on Northshore Avenue and we didn't think it was ours. It turned out I was wrong. After cleaning and TVing it, we found a cable had been drilled right through the center of our 8-inch PVC sanitary sewer main. After the storm came in it washed a lot of dirt and debris into the main, which caused a void, which allowed that road to settle. We made the repair and we have it scheduled for paving next week.

When we were doing the cleaning of the sewer some of our customers on Northshore Avenue experienced kind of a blow back from the cleaning operation.

Mr. DeMatteis asked is AT&T paying for this?

Mr. Peugh responded we're looking at that. We have to prove it and find the right person at AT&T. The costs we've incurred so far are \$55 for cleaning one house and \$160 for another. We looked at our POs and there wasn't any protection there so we've rewritten our POs so that we will indemnify ourselves if this happens again.

Mr. Sheahan stated we had the Crom tank painted and subsequent to that we saw some blistering where they had made those repairs so we had them come out and look at it several times and they don't think it's leaking. The only way to make sure is to drain it and inspect it so we had that set up the first week of October and the consensus was if there's another storm system brewing out there we probably don't want to do that and switch over to Palm Coast water and that's what we were faced with so we said let's look at doing this in February or March when we're out of the hurricane season.

F. Manager – Bridge Reports and Traffic Comparison for September

Mr. Peugh gave an overview of the bridge reports for September along with the traffic comparison.

SIXTH ORDER OF BUSINESS

Supervisors' Requests and Audience Comments

There being none, the next item followed.

SEVENTH ORDER OF BUSINESS

Financial Reports

- G. Balance Sheet & Income Statement**
- H. Construction Schedule**
- I. Special Assessment Receipt Schedule**
- J. Approval of Check Register**

Mr. Crahan asked I note from the discussion that occurred last meeting with regard to the surplus procedure, how we show it, and the carryover that was going to be resolved. What is that outcome?

Mr. Perry responded we've provided some language that will go onto each of the budgets for the year. It's just a disclosure; it's not changing any of the numbers.

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

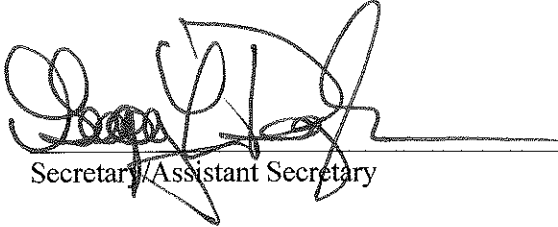
EIGHTH ORDER OF BUSINESS

**Next Meeting Scheduled for Friday,
November 17, 2017 @ 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. DeMatteis with all in favor the meeting was adjourned.



Secretary/Assistant Secretary



Chairman/Vice Chairman