

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, November 16, 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
Rich DeMatteis	Assistant Secretary
Charles Swinburn	Assistant Secretary (by phone)
Dennis Vohs	Assistant Secretary

Also present were:

Greg Peugh	District Manager
Jim Perry	District Representative
David Ponitz	District Engineer

The following is a summary of the discussions and actions taken at the November 16, 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. October 12, 2018 Meeting

Mr. DeMatteis had a correction to the minutes, which will be included in the final version.

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor the minutes of the October 12, 2018 meeting were approved.

FOURTH ORDER OF BUSINESS

Reports and Discussion Items

Discussion on Capacity Fee Issues for Commercial Accounts

Mr. Peugh stated we do not have much of an update this month. The Ocean Hammock pool consumption went up slightly this month and we expected it to go down. I emailed Daniel Baker about that and he said they filled two pools and the lazy river and that's probably why it went up.

Mr. DeMatteis asked what about their payment?

Mr. Peugh responded we are waiting for it to stabilize and then we will send them a bill.

Mr. Crahan stated when they proposed what they called the "new lodge" they also proposed that there would be a water park in the center of that as well. We had previously asked a number of times for their estimate as to what they were going to require for services and as far as I know we never received one so you need to bring that discussion up again in light of this so they aren't surprised that there will be an additional component.

Status of Marsh "TB" & Hammock Dunes Marshes Update

Mr. Peugh stated all of the neighbors have responded positively and I have emails confirming their responses with one exception being the Caucci's who I have emailed and called. I had our consultant check with St. Johns to see where they are, and they are still reviewing our file, so we are waiting on them at this point. We think the Old Brick Road Mitigation Bank has the type of plants that will accommodate us buying mitigation credits there, so that's a positive.

Discussion on Geographic Area for Board of Supervisors Seats

Mr. Peugh stated, Michael Chiumento and I met with Katie Lenhart. She stated that if we get a determination from the Attorney General she would be fine with that. From what I understand they report to the DEO, whereas Chapter 190 is governed by the Attorney General so she said that Supervisors of Elections and their Associations have nothing to do with Chapter 190 and they would want the Attorney General's opinion. Michael's question is how much do we want to spend on writing an opinion. He was going to look into the cost of creating a brief to

send to the Attorney General, so that will probably be one of his questions for the Board next month.

Mr. Vohs stated I understand why we're looking at this, but I have some experience that makes me nervous about it. I was on the club board at Hammock Dunes when we were looking for new people to run and we looked into people that had some knowledge in different areas. Our homeowners association is like Congress; somebody is elected for every area, which means you don't necessarily have people that know anything about the problems you have to resolve. When I look at our history here, a few of us were appointed and when you were appointed, Rich, we had a couple people with tremendous experience. One was a guy that had a company that built water plants, the other was a woman who had been involved with the federal EPA and we selected Rich primarily because of his contacts with Flagler officials. So I have this concern that because I know how much effort we have to go through to get somebody to run for the club board in Hammock Dunes. We have places that don't have representation from their area because we couldn't get anybody to volunteer for the positions and when we start making Districts we're going to put ourselves in that position of having to find somebody and I can tell you we won't always find somebody that's willing to run particularly with the number of part time residents and rental properties we have. As we go through this, we need to take into consideration that there are consequences that come as a result.

Mr. Crahan stated I'm reasonably comfortable that we could generate candidates but in the final vote, because of the homesteading mismatch, not only is Hammock Dunes more physically built out, but it has far more residents and registered voters than up north and will be for some time. The execution gets to be trickier.

Mr. Leckie stated when this Board started it had five people from ITT, then two went off and they picked a lawyer and financial person. I came on because I was a civil engineer. They also wanted a waterworks person and that was Dick Ryan. We tried to keep a good balance of backgrounds on the Board regardless of where the person lives.

Mr. DeMatteis stated I can say that having two of us from Ocean Hammock on the board has brought a lot more interest and knowledge about it. I think people being aware of the 60/40 registered voter split in this election has also sharpened their interest in it so I think as a result of that we will have much less problem finding people to run in the future.

Mr. Leckie stated let's hold on further discussion until Michael is present.

B. Consideration of Resolution 2019-01, Amending the FY18 General Fund Budget

Mr. Perry stated during the course of the year we might have certain line items that are in excess of the budget that the Board adopted. We have 60 days within the end of the fiscal year to formally amend the budget and that's what this resolution does.

On MOTION by Mr. DeMatteis seconded by Mr. Vohs with all in favor Resolution 2019-01 amending the FY18 General Fund budget was approved.
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C. Discuss Weir Structures / Malacompra Drainage

Mr. Peugh stated we had ETM prepare a draft report for us to see if we could lower the stormwater ponds prior to a hurricane. This would allow us to have more storage and hopefully less flooding. It wasn't as advantageous as we had hoped, due partly to how we operate our reclaimed system. If you think of it like a big bathtub up at the reclaimed ponds, we have four spigots that come into it; our wastewater treatment plant, the irrigation well, the Palm Coast reclaimed, and the stormwater from our lakes. We want to make sure we don't run out of reclaimed water so we keep those ponds relatively high most of the year. If we started lowering within 3-5 days of a hurricane, which is the cone of uncertainty, we could lower the ponds approximately 1.05-1.75 inches and that's about two million gallons per day. That equates to 0.6 inches to 1.0 inches of rainfall or 0.2 inches per day so that's not much volume we would reduce it by.

Mr. Crahan stated we were going to lower the weir gate itself and discharge to the Malacompra in conjunction with draw down.

Mr. Peugh stated we talked about that early on but we'd have to do a study to see if we're impacting all of those wetlands above the weir and we figured that would be cost prohibitive at hundreds of thousands of dollars to just find out if we can do it. ETM looked at it and said it's really not going to help much because the ditch flows backwards.

Mr. Leckie stated I'm concerned about our reclaimed irrigation water supply from Palm Coast because when we have had droughts here we were getting 2,200 gallons a minute and now

we're down to 1,600 gpm. If we get into a dry period again, we're going to have a problems supplying our customers and the golf courses.

Mr. Peugh stated yes and that's why we need a master plan and we need to look at a normal stormwater pump station so we can withdraw the average 0.9 million gallons a day that St. Johns River Water Management District allows through our CUP. Hopefully the stormwater connection to the pump station is big enough that we can pull two million gallons a day. I don't know that and that's why we need to design it and then we can look at if it is sufficient. We need the design to see how much stormwater much we need. We also need to modify the intermediate weir and then we can draw both sets of lakes down at the same level.

Mr. Leckie stated what I'm hearing is it doesn't make sense to spend money going forward on this program. Do we need a motion to say we stop right now?

Mr. Peugh stated I don't really need a motion but what I'd like to do is point ETM in a direction of a master plan and get a scope of work from them since they are more familiar with this than any other engineer that we have. Let's get the calculation to see how much irrigation water we are going to need at build out and then we can do an inventory of where we are getting the supply from. Is Palm Coast going to give us 1,600 gallons a minute, are they going to give us more or less? For the stormwater pump station do I need three million, or four million? I don't know what those numbers are but if we can get a scope of work from ETM and start from there. That's what I'd like to do.

Mr. Vohs stated I think it would be worth it to look at our contract with Palm Coast as well and what we would ideally like to have from them.

Mr. Crahan asked can we use that stormwater report and add evaluating removal of the intermediate weir in Ocean Hammock to the scope?

Mr. Peugh responded absolutely.

D. KCA Bridge Inspection Proposal

Mr. Peugh stated this is the annual bridge inspection proposal and the cost is \$21,206. It's mandated by the DOT and it needs to be done in May so I'd like to get them on the books and scheduled for it. After the inspection in May they have 60 days to turn the report into DOT.

On MOTION by Mr. Vohs seconded by Mr. Crahan with all in favor the bridge inspection proposal was approved.

E. Renaissance Development Discussion / Beachwalk Development Discussion

Mr. Peugh stated the plans and specs have been submitted for Renaissance. We intend to serve them with water and sewer for 28 lots. If we took the stormwater it would go from the golf courses pipes into our lakes. We didn't really like that because if something clogs up there's a lot of finger pointing as to who is responsible to fix the line. The Developer's Architects stated that the HOA is going to take over maintenance of the stormwater, which we think is a great solution

Mr. Ponitz stated they are proposing to have a central irrigation system that they will control so they wanted a master meter for the reclaimed system.

Mr. Peugh stated Beachwalk is right across the road from us. They intend to permit 54 lots. One of the issues is this that they have an emergency exit onto Hammock Dunes Parkway. They never told us anything about this in the original sketch that the Developer gave us. I told Adam Mengle at the County that we do not intend to support any entrances onto Hammock Dunes Parkway. It's a public road but it's privately owned so we don't intend to allow a connection on Hammock Dunes Parkway. He said the Developer will probably apply for a variance and have only one entrance off Jungle Hut.

F. Dunes Retirement Benefit Discussion

Mr. Peugh stated I wanted to review our retirement benefits and what we can and can't do. Our benefits package doesn't match up to a lot of the local communities so I did a little bit of research on that and that's included in this report. There are three options we could look at. The first is the 457 plan which allows us to make pre-tax contributions. Right now we have a contribution of six percent of the salary that goes into an IRA. Currently you can contribute either \$5,500 if you're under 50 or \$6,500 if you're over the age of 50. The 457 allows you to go up to \$18,500 or \$24,500 depending on your age. If nothing else, I'd like to have this as a benefit to encourage people to save more. The 401(a) plan is where most of the employers contribute retirement benefits to instead of an IRA. They can contribute whatever the percentage is to the 401(a) and the investments are self-directed by the employee. There's also the Florida Retirement System that state employees use but it's very rigid and expensive. The employee contributes 3% and currently the employer has to contribute 8.26% for each employee including

Part-Time employees and that contribution is set by legislature each year and you have no control so it's not very flexible. The City of Palm Coast has both the 457 and the 401(a). With the 401(a) general employees get 10% and they also have 2% match on the 457. Ormond Beach contributes 6% to the 401(a) plan. All of them have vesting years, usually four or five years. The costs to do this are included in the table in your agenda package.

My recommendation is if you didn't want to do anything else I'd like to have a 457 plan. That allows employees to contribute more.

Mr. Leckie stated so your recommendation is a combination of a 457 plan and a 401(a)?

Mr. Peugh responded yes.

Mr. Leckie stated it looks like it is a reasonable cost to go that route.

Mr. Crahan stated I would agree. I don't care for the FRS.

Mr. DeMatteis stated I agree.

Mr. Peugh asked with the 457 does the Board want to contribute dollar for dollar matching? It costs you about \$11,000 per percent that you add so 2% is \$22,000.

Mr. Leckie stated I like the idea of matching and it's a positive when you're hiring people.

Mr. Crahan stated I agree. I also think our annual 3% pay raise has been there forever and I don't think it represents the cost of living change, so we need to make sure all of our benefits are dovetailed to what is realistic.

Mr. Peugh stated I think this is the first step towards that. I would like to do a comprehensive salary survey, but I haven't gotten there yet.

The Board Members were in agreement with this proposal and stated Mr. Peugh is to bring a formal resolution to the next Board Meeting as well as start the process for implementing this retirement benefit as soon as possible.

G. Dunes Health Care Rates and Options Discussion

Mr. Peugh stated our renewal rate is about 9% more than it was last year. We need to get this done pretty quickly because December 15th is the end of open enrollment if we need to change anything. We basically have three options, we can continue with the existing plan and the cost of that is about \$230,000 a year just for health insurance. The next option is a platinum plan. Our existing plan is compliant but it's not one that the Affordable Care Act rolled out so it's

grandfathered in. The platinum plan is very similar to what we have. If we go to that one, if nothing else, we save \$19,000 a year so it's kind of a no brainer. The last option we looked at is a PPO and we could save up to \$74,000 if we pushed everyone to it. It's similar to our existing plan but there are larger co-pays and your deductibles are higher. There are also costs listed in your agenda packages for insuring dependents. My recommendation would be we change our plan to the platinum plan and we could consider providing a stipend for dependents in the future. I would also like to budget a consultant for next year to bid our health care and see how we can implement dependent coverage and the cost.

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor to change to the platinum health insurance plan for 2019.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

There being none, the next item followed.

H. Engineer - Report

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

Manager

I. Bridge Reports and Traffic Comparison for October

Mr. Peugh gave an overview of the bridge reports.

Mr. Peugh stated there is a lot owned by Mrs. Drobot that Lowe had a sales trailer on until 2006. From 2007 until now we have not charged her an availability fee, which is \$14.69 a month. It was a clerical error on our part. They asked for an estoppel letter recently as the property is being sold. I sent a letter stating that \$1,924.39 is due. Mrs. Drobot who owns the lot was livid obviously. I discussed with her Real Estate agent and asked that she make an offer that I would present to the Board since it was the District's error. She offered \$800. I talked to Michael about it and discussed with him that I had to send the letter to be fair to all our customers. This is unusual but the way it reads in our rules is the Board can consider unusual circumstances.

Mr. Leckie stated \$800 to me seems a fair settlement, especially since it was our fault.

Mr. Crahan stated I have no problem.

The Board was in favor of accepting the \$800 to settle the account.

Mr. Peugh stated we have a proposal for an ATM at the toll office. It would allow us to capture the cash tolls that state they do not have any cash. It would be a convenience to our customers and it's \$0.30 per transaction, so if you did 100 transactions, we would receive \$30. We do have to supply them with an electrical outlet and a connection to the internet and there is only a 30 day cancellation clause.

Mr. Crahan stated I have no objection.

Mr. Leckie stated I'm okay with it.

The Board was in favor of placing an ATM at the Toll Facility.

J. Additional Budget Items Report

There being none, the next item followed.

SIXTH ORDER OF BUSINESS Supervisors' Requests and Audience Comments

There being none, the next item followed.

SEVENTH ORDER OF BUSINESS Financial Reports

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

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

EIGHTH ORDER OF BUSINESS Next Meeting Scheduled for Friday, December 14, 2018 @ 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. Vohs with all in favor the meeting was adjourned.



Secretary/Assistant Secretary



Chairman/Vice Chairman