

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, December 8, 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
Dennis Vohs	Assistant Secretary

Also present were:

Greg Peugh	District Manager
Jim Perry	District Representative
Michael D. Chiumento III	District Counsel
Tim Sheahan	Utilities Manager

The following is a summary of the discussions and actions taken at the December 8, 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. November 17, 2017 Meeting

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

On MOTION by Mr. Crahan seconded by Mr. Swinburn with all in favor the minutes of the November 17, 2017 meeting were approved as amended.

FOURTH ORDER OF BUSINESS

Reports and Discussion Items

Discussion on Capacity Fee Issues Not Covered Under Milo Suit

Mr. Peugh stated Tim and I met with Daniel Baker, Terry Bechtold the managing director of Hammock Beach and their internal engineer to discuss the letter that we sent to them. He was a little concerned that it came from Michael and asked if we were starting down a path of litigation. I told him we want to sit down first and see where we're going. His response was that they think they have a huge leak at the pool complex but they can't find it. They've spent a lot of time and money. He said he was going to give us a report of what they've spent to date and they are also doing some more leak detection. He said they hoped to have a leak testing company in before the holidays to try and pinpoint where those leaks are. I told him we understand they have a problem but that we have a bigger problem from the board's perspective that they're consuming a huge amount of water. We left it that he will send us a letter outlining what he's spent his money on over the years and give us a report of when they're going to fix this problem.

Mr. Peugh stated that Daniel Baker also requested that the Dunes CDD consider being the vehicle for which the County would charge residents on a non-ad valorem basis for beach re-nourishment as opposed to lineal footage of beach front property. The Dunes will wait for this request from the County before making a decision but sees no benefit in becoming the vehicle for collecting the monies.

Status of Marsh "TB"

Mr. Peugh stated in your packet you have a drawing that was provided to us. I think it's what we've discussed in the past that we wanted to do – make it a lake with a 4-foot cross section. They may have to dredge around that 24-inch reinforced concrete pipe but other than that, it's what we would like to do. We hoped to get a price this morning but we don't have it. Charlie Swinburn had asked about mowing up to the water line. I talked to Glenn Hertzog and he said he did not have a problem with that and he doesn't expect any problems with his neighbors but we would have to come up with an agreement that would run with the property. Once we

decide what we want to do with this we would need a temporary easement through Mr. Lantier's property to get there and then easements that say the golf course and these property owners are going to maintain to the water line. If you give the go ahead we would do that concurrently while we are submitting to St. Johns.

Mr. Leckie stated we will wait for the bid and see what we have.

Mr. Crahan asked does this set a precedence with other areas that are labeled as marshes?

Mr. Peugh stated that last week St. Johns was looking at the 18th tee to put the bridge across and they said since we've looked at it, now you're not in compliance with all of your marshes. They've asked for a meeting. We've pushed that off until January. Tim and I have already had a conference call with our consultant. They said there were 10 acres of marsh and we can't figure out where that 10 acres is coming from unless they're including what we consider lakes but they are supposed to provide us a map of that. We are waiting on that map and then we can talk more in depth.

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

Mr. Peugh stated I went to the City of Palm Coast and I met with Jim Landon, Bill Butler, Ray Tyner and Charlie Faulkner to talk about the Golden Lion. Charlie is the engineer for the Golden Lion and he said they are somewhat moving forward. It's slowed down a bit with getting the food service at Palm Harbor. It's been more of a task for them than they expected. He said they might possibly sell that parcel. The City wants to landscape that intersection and they want to do some improvements. They are supposed to give us a final plan on what they would like to do since the Golden Lion may sell it to someone else.

Status Report on New Toll Collection System

Mr. Peugh stated we are close to being on the tokenized system. We are testing a phase of that. A tokenized system means of the 16 digits on your credit card, data goes back and forth and no one can read the first 12 numbers, you only use the last four. Once that goes live we will be a lot more secure. We hope to have that next week. The next step would be the website. Last meeting we talked about the RFID system and to go to that it would cost about \$100,000-\$200,000. To link with Sunpass would be approximately another \$500,000. To interlock the

arms, that's about \$15,000. Wednesday we met with our engineer and the architect. I told them I wanted the DOT engineer looking at the left turn out of the parking lot, the U-turn east of the toll booths and also if that U-turn sign should be where it is because people come off that bridge at 60 mph and that's an impediment if they hit it. I know it's one of those that snaps off pretty easily. We will ask them about the merging, signage etc.

Discuss Weir Structures / MalaCompra Drainage

Mr. Peugh stated we were supposed to have our meeting on the 7th for the outflow study but we couldn't get our schedules together so we are meeting on the 14th so I don't have anything to report on that.

B. Discuss Emergency Potable Water Connections with Palm Coast

Mr. Peugh stated in your packet is an approximate cost of about \$50,000. You can see the second page is the interconnect at Yacht Harbor, that's a temporary interconnect that was put in when a line broke so we want to replace that one. If the 16-inch line that feeds everything south ever becomes compromised, we don't have a way to feed the southern end so this would allow us to back feed and maintain pressure in the south. The north end of the system is similar. It has an emergency connection I would like to replace as well. From a reliability and engineering point of view, this is a good thing to put back in. These are the short term solutions for redundancy and the long term solutions are looping the northern line through the Ocean Hammock Driving Range and for the southern end we will loop the line through the northern Yacht Harbor entrance. We need an easement for both of those solutions, so that will take a while. It's a minimal charge for the redundancy that we receive.

Mr. Leckie stated I look at it like we need the redundancy. You're talking about drinking water and if we went out on the south or the north end we would be remiss if we had the chance to have redundancy and didn't do it.

On MOTION by Mr. Vohs seconded by Mr. Swinburn with all in favor reliability and redundancy connections for the north and the south at an approximate cost of \$50,000 was approved.
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C. Community Projects Report

Mr. Peugh stated at the time of printing the Board package the almost \$1,500 of interest was not on there so I've added that. You also asked me to talk to Craig Coffey about the interest and how to make it go away. I discussed with him that we would like to propose you take that interest and attach it to the dunes restoration or whatever project you would like and not ask us about free tolls again. He asked about hurricanes and I said our intended practice right now is to follow whatever the state tells us to do. He seemed satisfied with that.

D. Report on Additional Budget Items

Mr. Peugh stated this is the spreadsheet that I came up with per Charlie's suggestion. The first five items are the ones we've approved in previous meetings. The next two, A and B, are potentially absorbable within the existing budget. The first is trimming the trees to 14 feet and also the Dick Ryan consulting. The upcoming items are the water emergency interconnections and the KCH bridge streetlight inspection, which Tim will bring up later. If all of those go forward, it's a total of about \$322,000.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

Mr. Chiumento stated at the last meeting you all approved Grau to do their study. I talked to Tony and he will have a report and proposal to Greg and I the first week of January so we anticipate coming to you all with a proposal on the 12th on how to properly transfer and loan funds from the bridge funds into general and/or stormwater funds. I believe at the end of the day we're going to have to pass a rule, which takes 30-day notice, and once we have a rule we will pass a resolution implementing the rule.

E. Engineer

Mr. Sheahan stated we talked about the wastewater plant design. The value engineering reduced the price by \$1.645 million so the revised project value is \$6.351 million.

Mr. Peugh stated you have a letter that details everything Petticoat Schmitt took out. There are a few minor add-ons to offset some of those changes. The price is about what we expected. Tim and I would like to go forward with this. Obviously you have to look at the fact

that the rates were programmed at about \$5 million and this is going to be about \$6.3 million. We do have the funds to take care of it but that is a consideration.

Mr. Swinburn asked where are the funds that will cover that difference?

Mr. Peugh responded in the surplus funds there are about \$10 million.

Mr. Perry stated currently the bulk of the funds are invested in the state board of administration.

Mr. DeMatteis asked is this the end of any kind of real expansion?

Mr. Peugh responded obviously in 15 or 20 years when things start to degrade there will be upgrades but this should take care of our capacity unless there's a huge increase in inflow and infiltration, which we don't expect.

Mr. Swinburn asked does taking that \$1.3 million out of those reserves screw up any of our projects in our capital plan down the line?

Mr. Peugh responded all of the projects planned for fiscal year 2019 to 2023 are a total of \$2.8 million and that's in the budget.

Mr. Crahan stated this goes back to that 40-year study that was part of the rate analysis and it had a flaw in that it ignored infrastructure piping in the ground and it presumed uniform obsolescence of all major components that the same period in time when they will in fact cycle off, some earlier, some later. I'd recommend you look at that study to see what is realistic in a short term to see how it marries to your budget proposals and planning to make sure we are safe.

Mr. Swinburn stated look at the rate study too because that's what links all of this together.

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor the contract with Petticoat Schmitt for the wastewater treatment plant in the amount of \$6.351 million was approved.
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Mr. Sheahan stated we have a proposal from Kisinger Campo to inspect the lights on the bridge. We have the one light that failed and was hanging and that will be repaired sometime in January.

Mr. Peugh stated it wasn't just the pole that failed, it was the structure itself so that's why we would like to look at the rest of them and find out if we have a problem or not. We also had Economy Electric looking at it and they just said it's broken but we will hand that to Kisinger

Campo so they can get a better analysis. Those lights are 30 years old and we're guessing a light lasts 40 years but I don't know.

Mr. Leckie asked how many lights are out there?

Mr. Sheahan responded 33.

On MOTION by Mr. Swinburn seconded by Mr. Crahan with all in favor the proposal from Kisinger Campo for bridge light inspections in the amount of \$18,455 was approved.

Mr. Sheahan stated I mentioned we did some testing of the piers; we had some cores taken. Those have been delivered to the FDOT laboratory. The results came back and they indicate that there is already active corrosion in those pile caps so the engineer is recommending a galvanic cathodic protection system to go in there and along with whatever other items that were identified in the inspection done in the summer to go ahead with that and the estimated cost is about \$800,000.

Mr. Peugh stated it's not an imminent failure. They said in the next year or two we can get to this but there is corrosion there and if we catch it early we can hopefully stop it and extend the life of that bridge.

Mr. Sheahan stated on Island Estates Parkway we had the contractor that is doing the rehab work on the pipes that go underneath the bridge. Once he started blasting the pipes are in really good shape so they finished that up this week and got a good coating on them and they should last many years.

Manager – Bridge Reports and Traffic Comparison for November

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

Mr. Peugh stated we hired the assistant bridge manager. He's an existing bridge employee and we felt he was the most qualified candidate for the position.

The engineering RFQ was sent out on December 4th. We expect the responses back on January 16th then we will evaluate them and bring our results to the board.

We are having a meeting next Tuesday on the handbook to finalize our comments and at that point we would hand it to Michael and then get it to the board for comments or suggestions.

Mr. Crahan asked is this with the assistance of HR experts?

Mr. Peugh responded Maribel used ADP’s format.

Along the lines of the handbook, one of the things the City of Palm Coast and Ormond does is they have a certification pay program. One of the benefits is let’s say you are required to be a C operator, if you go ahead and get your B, there is an increase in pay. It’s a benefit to our organization. I would love to have all A operators out there and this gives them an incentive to do that. Also, on the tolls side, maybe there’s customer service training. I wanted to get your thoughts on this.

Mr. Crahan stated obligated service, pay back time, two year service something like that?

Mr. Peugh responded I hadn’t thought of it but yes.

Mr. Crahan stated most companies do that. If they underwrite your bachelors’ degree or any other certification there is an agreement that says I will stick around for another two years barring medical or any other unforeseen things.

Mr. Peugh stated absolutely. This would be an addendum to the handbook. I don’t want to complicate the handbook with this right now. I’m thinking in the next few months I want to get to this.

Mr. Leckie stated I like the idea of moving people up.

Mr. Peugh stated one last thing. We now have a mailbox here and a physical postal address. Dick said we should consider changing the address of the Dunes to 101 Jungle Hut. He said part of it is bridge related. My contention is that facility is the County because that’s where I’m getting all of my permits from but if anything does happen in the future, there’s no question that the Dunes address is in the County.

Mr. Leckie asked what kinds of things do we have to do to make the changes?

Mr. Peugh responded we’d have to notify the State.

Mr. Perry responded it’s nothing.

Mr. Leckie stated we all agree we will change it to 101 Jungle Hut. While we’re talking about Jungle Hut, how many signs have you gotten and have you put up any security cameras?

Mr. Peugh responded the security camera is up here but no signs or anything at this point.

SIXTH ORDER OF BUSINESS

Supervisors’ Requests and Audience Comments

Mr. Crahan stated I've been approached by a constituent that says that our lake edge maintenance program is substandard. I kind of sidestepped it because of the high water level that we've got but this particular one was around the 6th green.

Mr. Sheahan stated the thing is if we go in there and spray that and the water recedes then you've got a burnt orange ring around the whole lake.

Mr. Crahan asked is there any downside to waiting? Do we let the growth take place too much and then it becomes harder to mitigate?

Mr. Sheahan stated we will take a look at it.

Mr. Swinburn stated yesterday was the annual meeting of the Hammock Dunes Club and our general manager had to explain to the membership why the pool is several months behind in reconstruction and he gave a litany of excuses and he ended up with a statement about the difficulty of dealing with bureaucrats and he named the county and the DCDD. What's he talking about?

Mr. Sheahan responded we got the plans for the renovations to the Hammock Dunes Club, we reviewed them and got the comments back within a couple of weeks so we didn't hold them up there. Now their contractor is out there tearing gas mains and our water main out of the ground. Now he wants to relocate one of our meters and we have a problem with that because we own that line up to the meter. We have a meeting set up with them Monday with the contractor and whoever else wants to be there.

Mr. Peugh stated their plans say that they are to coordinate with us and they have not been doing that. Typically there is a pre-construction meeting and that didn't happen. We're not holding them up, we're trying to help.

Mr. Swinburn asked is it possible to move the meter where they want it and have them sign a piece of paper that gives them responsibility for maintenance for the piece of pipe that's been moved?

Mr. Peugh responded it's possible but that's typically our pipe. We own everything up to that backflow.

Mr. Sheahan stated the last discussion I had with the guy from Underwood Construction said he is going to go ahead and put it where it was originally shown so I think it's a mute point.

SEVENTH ORDER OF BUSINESS

Financial Reports

F. Balance Sheet & Income Statement

G. Construction Schedule

H. Approval of Check Register

Mr. DeMatteis asked on page four of the water and sewer expenses the FICA is about \$4,000 over but it's not like there's a comparable increase in salary so it seems out of line.

Mr. Perry stated we will have to look at that because it doesn't look right.

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

EIGHTH ORDER OF BUSINESS

Next Meeting Scheduled for Friday, January 12, 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. DeMatteis seconded by Mr. Vohs with all in favor the meeting was adjourned.



Secretary/Assistant Secretary



Chairman/Vice Chairman