

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 14, 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
George DeGovanni	Assistant Secretary
Charles Swinburn	Assistant Secretary

Also present were:

Greg Peugh	District Manager
Jim Perry	District Representative
David Ponitz	District Engineer
Michael Chiumento	District Counsel
Craig Coffey	Flagler County Administrator
Jonathan Sims	Hammock Observer
Mike Dickson	Flagler County
Heidi Petito	Flagler County

The following is a summary of the discussions and actions taken at the December 14, 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.

THIRD ORDER OF BUSINESS

Organizational Matters

Oath of Office

Mr. Perry administered an oath of office to George DeGovanni and Charles Swinburn.

A. Consideration of Resolution 2019-02, Designating Officers

The District officers were designated as follows: Jack Leckie, Chairman; Gary Crahan, Vice Chairman; Greg Peugh, Secretary; Dennis Vohs, Treasurer; Patti Powers, Assistant

Treasurer; Jim Perry, District Representative; Rich Hans, George DeGovanni, and Charles Swinburn, Assistant Secretaries.

On MOTION by Mr. Swinburn seconded by Mr. Crahan with all in favor Resolution 2019-02 was approved.

SECOND ORDER OF BUSINESS

Audience Comments

Mr. Coffey stated the reason I'm here today is to talk to you about us running sewer from Bings Landing to run into your system. We have a septic tank at Bings Landing currently. We are working jointly with the City to bring sewer up A1A to slowly bring people off septic tanks. It's going to be a multi-year project. At Bings Landing we combined all of the sewer from the bathrooms and Captain's BBQ to one septic system. We've had it in our sights to replace that for years so we're currently looking at septic upgrades and we can do that. The problem is septic is still not a good answer for multiple reasons. If we were to hook up to you we would essentially put a grinder package pump station like you do at a lot of residences and we would force main it to one of your manholes. We would pay you fees for connection and sewer costs and stuff like that. In the future we would propose us disconnecting from your system and connecting to this future sewer line. Unfortunately, I can't give you a window on that because it's become a hotter issue but it's something we and the City are supporting and we're trying to do jointly together. I know you have gone off-site for Publix in the interest of the CDD and we are another public entity so I think we can appeal to you in that respect. I know there have been private ones you've denied off-site and I'm aware of those issues. I know there is sewer proposed to come up to at least Jungle Hut at some point if the Beach Walk project does occur. Septic tanks aren't good for the environment because they're not designed to remove nitrogen and some of the other things that cause some of the algae blooms and other things going on in the intracoastal.

Mr. Dickson stated physically we would have to jack and bore underneath A1A and pump it into the gravity sewer system at the canal bike path on the south side of Malacompra.

Mr. Peugh asked you would design it, permit it and construct it?

Mr. Coffey responded yes we would do that all on our dime.

Mr. Peugh stated there are no utility easements on the sides of the properties on Spanish Moss Court so how would you get in?

Mr. Coffey responded we have to work through that detail, we just wanted to have this conversation first. It may not even be prudent to do it there and we may have to find a homeowner that is sympathetic to us that we can work with. Our intent would be to not bother anybody or cause any problems.

Mr. Ponitz asked would you propose owning and operating the whole service?

Mr. Coffey responded we would maintain all the way to the point of connection.

Mr. Crahan asked what is the peak volume?

Mr. Coffey responded we think it would be about 6,500 to 7,000 gallons per day. It depends on what the restaurant does.

Mr. Leckie stated I think we are all concerned about the environment. We're not saying yes but we certainly want to listen and we will take this under advisement.

Mr. Swinburn stated I don't like the idea of septic systems dumping stuff into the intracoastal and I want to do whatever is needed to be done to stop that but at the same time, I'm not excited about the idea of this organization being labeled as being in support of a new restaurant. I'd like that decision to play out so we then know what we're responding to and we don't get involved in that decision.

The Board tabled the decision of whether to serve the Bings Landing Complex pending the County's decision on the Bings Landing Development Issues.

Mr. Peugh stated with the Beach Walk development that's coming to your planning and zoning department, we want to make it known that we are not interested in having any more curb cuts along Hammock Dunes.

Mr. Coffey stated we understand.

Mr. Crahan stated we had a discussion at the last meeting about the Renaissance development and I said the cloverleaf greenway shape is, I think, intended to be a potential off-ramp off the bridge to connect down to A1A. In areas I've lived before, if traffic was conceived it was always a good idea to get the buyers of adjacent properties to sign off that it could be an eventuality. We're concerned about that traffic intersection and whether it might ever be activated for what it was designed for?

Mr. Peugh stated I talked to Adam Mengel after the meeting and he said it is still a viable option and I explained we'd like to have the folks notified that there might be a lot of traffic behind their house and he said he'd look into it.

Mr. Coffey stated I don't think an emergency exit would preclude that but notification to those people that it potentially could occur has not been done but I think we could include it as a final note on their plat.

The Flagler County guests left the meeting at this time. The Board discussed holding further consideration of the proposal until January.

FOURTH ORDER OF BUSINESS

Approval of Minutes

A. November 16, 2018 Meeting

Mr. Crahan had corrections 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 November 16, 2018 meeting were approved.

FIFTH ORDER OF BUSINESS

Reports and Discussion Items

Discussion on Capacity Fee Issues for Commercial Accounts

Mr. Peugh stated the Hammock Beach pool was down again this month, which is a good thing. I counted approximately 30 accounts that we would send letters to letting them know they are over capacity. We're working through accounts that we don't have any records on.

Status of Marsh "TB" & Hammock Dunes Marshes Update

Mr. Peugh stated all of the neighbors have responded positively in regards to Marsh "TB". We just signed the easement for the club to maintain the new land and come January 1st we will pull all of our temporary irrigation and I will consider the issue closed at that point.

I spoke with our consultant on the Hammock Dunes marshes and he said he talked to St. Johns and he expects a response from them, hopefully by the end of this month. They are still skewing their numbers towards the \$335,000 versus our \$200,000 but he said they are also leaning towards it not having to be the same vegetation as our existing plants as long as we are providing mitigation. That's all hearsay until we get a formal response.

Discuss Weir Structures / Malacompra Drainage

Mr. Peugh stated in regards to Malacompra drainage, ETM is putting together a scope of work for a kind of mini master plan of the reclaim water / stormwater and to see what the build-out volume would be and then look at the stormwater pump station. I'll bring that back to the Board and we can discuss it. The intermediate weir that was questioned will be part of the design and can be taken out.

Discussion on Geographic Area for Board of Supervisors Seats

Mr. Chiumento stated we met with the Supervisor of Elections and she has no issue with it and would support our effort and implement our effort if legislation specifically dealt with it or if there was an attorney general opinion that supported the concept. The next step would be to draft an attorney general report for an opinion on this issue. We've done a significant amount of research on this and I would say that we're 75% done with the research. We want to go back and clarify and draft a proposed request to the attorney general. We have done something similar in the past, it took about six months from the time we submitted the request to the time it got issued by the attorney general. I think budgeting \$15,000 would be conservative. That \$15,000 anticipates requiring supplemental information to the attorney general's office. I'm confident we would get an opinion that would support the concept of creating districts. The issue with districts once you create them though is periodically you have to go through mapping your districts and that would happen approximately every ten years. We'd have to identify someone that could help us with that but it's all based on one person-one vote and generally districts need to be similar in size and population.

Mr. Swinburn asked in your professional opinion is there a right way to create districts?

Mr. Chiumento responded no there are multiple ways to do it. For example, the City of Palm Coast has five districts and they also elect a mayor. The entire city votes for each seat and the mayor. The City of Ormond Beach has four zones and only the electorates in that zone vote for their representative and then they also have a mayor for which the entire city votes. They do it every two years and Palm Coast has staggered seats every four years.

Mr. Crahan stated I would say the respective neighborhoods would vote for their two and the fifth seat is thrown up for everyone to vote. The unbalance right now occurs in how many residents on each side use that home as their primary residence.

Mr. Leckie stated we have to get the attorney general's opinion first and to go forward Michael is saying it will cost \$15,000.

On MOTION by Mr. Crahan seconded by Mr. Swinburn with all in favor District Counsel fees to seek an Attorney General opinion in an amount not to exceed \$15,000 was approved.

Renaissance / Beach Walk Development Update

Mr. Peugh stated he had nothing further to discuss.

Mr. Crahan asked have you seen where Beach Walk is getting their water and sewer?

Mr. Leckie stated he said they were coming up from the bridge to get their sewer.

Mr. Peugh stated when I talked to their engineer they were still working through that. They understand they are not getting sewer from us. I was also explicit that they are not coming in to our stormwater system.

Mr. Ponitz stated we received some updated demand computations from the landscape architect for the Renaissance project so we updated our capacity and connection fee schedule. We're waiting to see some revised plans based on our previous meeting.

Mr. Swinburn asked what do we understand to be the case on handling the stormwater in Renaissance?

Mr. Peugh responded their architect said the homeowners association for these 28 homes would be handling that stormwater.

Mr. DeGovanni stated for all of the neighborhoods within Hammock Dunes the master association is still responsible for anything that happens within those neighborhoods even though they have separate associations. The HDOA association, or at least the president of that board, doesn't want to accept any liability in the future if a drainage problem occurs there and that sub neighborhood floods. They're going to go to that HOA and then they're going to go up to the master association for the legal battle. All of the sub neighborhoods drain into the DCDD stormwater system. If that development goes forward the HDOA would annex it into the master documents as a neighborhood with appropriate CCR's and they would want to have the same precedent as everything else.

Mr. Crahan asked why isn't this like any other development where the developer has to buy the capacity?

Mr. Peugh stated we don't have that in the stormwater.

Mr. Chiumento stated in this situation the entire Dunes stormwater system was created and modeled to accept stormwater from all of the sub associations and micro developments, including this one. I don't believe there is a document that says they have any easement or any rights but it is clear that the DCDD stormwater system always intended to include stormwater from that.

Mr. Crahan stated initially the developer should have a construction requirement to provide a lateral that carries it to that boundary point.

Mr. Chiumento stated that's all internal. If a pipe breaks, it's their responsibility is what typically happens. What he's saying is yes, we understand that, but historically Hammock Dunes master HOA has assumed responsibility for the internal drainage issues and they don't want it.

Mr. Ponitz stated I think what he's saying is the HDOA assumes the District has that responsibility and they want to maintain that.

Mr. DeGovanni stated Hammock Dunes and Ocean Hammock have the same thing. If a stormwater drain on a street clogs up they call DCDD to clean it up.

Mr. Ponitz stated the Developer's original plat indicated that the stormwater system responsibility be dedicated to the District and we asked that they reconsider. It's a Board decision whether the District is to maintain the stormwater system but it seems like it's in keeping with the way that Hammock Dunes drainage system and golf course system appears to be the District's responsibility. We commented on the system as proposed.

Mr. DeGovanni stated what I would propose is that you and Mike Gill get together because Mike just met with the developer this past week so he would be able to share what happened.

C. Consideration of Resolution 2019-03, Approving the Establishment of a Retirement Program

Mr. Peugh stated this is a resolution that documents what we talked about last month. We put language in there so that the contribution is flexible but we're going to start with 6% and it can go up or down.

Mr. Crahan stated I think we need to add language stating that the Board will determine that allocation percentage at September or October meeting with the adoption of the budget.

Mr. Peugh stated I'll add that language.

On MOTION by Mr. Crahan seconded by Mr. DeGiovanni with all in favor Resolution 2019-03 approving the establishment of a retirement program was approved.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

There being none, the next item followed.

D. Engineer - Report

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

Manager

E. Bridge Report for November

Mr. Peugh stated vehicle traffic was up about 5% and revenue was down 1.29% from last year. More people are using the express card pass and it's driving revenue down.

Mr. Crahan asked what percentage is using the online capability?

Mr. Peugh responded we have 23,000 accounts and 2,250 are using the website. Come January 1st we will start to clear about 5,600 accounts. More than that are over 12 months but we're starting with folks that haven't used their account in greater than 18 months. We have added a kiosk where you can type in your information and get your bridge card right there rather than waiting a day for us to process it. It's helping with customer service and people like that.

F. Additional Budget Items Report

Mr. Peugh stated the only thing I've added is the \$30,000 for the retirement plan.

Mr. Peugh stated Dennis had asked how long the interlocal agreement with Palm Coast lasts to take reclaimed water and for them to use our line and it states it is an initial term of 15 years. It was originally signed in 2007 so we have until 2022. After that, it's a ten-year automatic renewal unless we give two years prior notice to any period ending.

Mr. Crahan stated at that 2-year point if we need to renegotiate we should start thinking about what flow numbers we want to negotiate to.

Mr. Peugh stated we'd like to have as much flow as we can. That's where this study that ETM is doing will come in. Let's see what the overall reclaimed flow needs to be at build out and then we can base our decisions on that.

Mr. Swinburn asked the last minutes show that in the past we were getting 2,200 gallons a minute and now we're down to 1,600 gallons a minute. How could we get the 2,200 if it was physically flow limited?

Mr. Peugh responded I don't have a good answer for that. I think most of it is they are pulling off from Grand Haven and it's on the same pump header. I think Grand Haven wasn't taking as much previously. It's something we need to find out from Palm Coast because our agreement says they're going to give us 2.6 million that we get the first right of refusal for.

European Village is not providing satisfactory insurance. We've notified them that we will revoke the license and I haven't heard from them, so I will be calling them.

The Parkway mulch looks a lot better. Our landscape contractor, Yellowstone, is not doing well so Dave is putting together our new agreement to bid out in the next couple of months to have one company do everything.

SEVENTH ORDER OF BUSINESS Supervisors' Requests and Audience Comments

Mr. Crahan stated do we need to add the discussion on the stormwater fund as an agenda item for the next meeting? Where does it stand now?

Mr. Peugh stated you approved the contract with McKim and Creed and they are in the process of going through that. They've had a bit of employee turnover so they are a little slower to respond than I would like so I don't have anything to report at this time. We will eventually have a technical memo and then we can discuss the pros and cons and they will give a recommendation.

Mr. Crahan stated I continue to get very favorable comments about our management of the Hammock Dunes Parkway. It is an attractive roadway.

EIGHTH ORDER OF BUSINESS Financial Reports

- G. Balance Sheet & Income Statement**
- H. Community Projects Schedule**
- I. Approval of Check Register**

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

Executive Session

The Board discussed changes to the District Manager's contract.

NINTH ORDER OF BUSINESS

Next Meeting Scheduled for Friday, January 11, 2019 @ 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. Swinburn seconded by Mr. Crahan with all in favor the meeting was adjourned.



Secretary/Assistant Secretary



Chairman/Vice Chairman