

MINUTES OF MEETING
DEER RUN
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Deer Run Community Development District was held Thursday, May 25, 2017 at 3:00 p.m. in the Government Services Building, 1769 E. Moody Boulevard, Bunnell, Florida.

Present and constituting a quorum through organizational matters were:

James Marvin	Chairman
Duane Owen	Assistant Secretary
Jan Doan	Assistant Secretary

Present and constituting a quorum after organizational matters were:

Robert Porter	Chairman
Mark Dearing	Vice Chairman
Duane Owen	Assistant Secretary
James Teagle	Assistant Secretary
Jan Doan	Assistant Secretary

Also present were:

Jason Showe	District Manager
Sarah Warren	District Counsel (by phone)
Rey Malave	District Engineer
Alan Scheerer	Field Manager

FIRST ORDER OF BUSINESS

Roll Call

Mr. Showe called the meeting to order.

SECOND ORDER OF BUSINESS

Public Comment Period

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Organizational Matters

A. Consideration of Resolution 2017-01 Canvassing and Certifying the Results of the Landowners' Election

Mr. Showe stated Resolution 2017-01 canvasses and certifies the results of the landowners' election.

On MOTION by Mr. Marvin seconded by Mr. Owen with all in favor Resolution 2017-01 was approved.

B. Acceptance of Resignations of Board Members and Appointment of Individuals to Fill Board Vacancies

Mr. Showe stated we have resignations from David Jae and Scott Campbell and in order to keep a quorum we will need to accept those resignations then appoint two individuals to fill those seats then we will take the last resignation.

On MOTION by Mr. Marvin seconded by Mr. Owen with all in favor Mr. Campbell's and Mr. Jae's resignations were accepted.

Mr. Showe stated we have vacancies in Seats 5 and 3, seat 5 has a term that goes through 2020 and Seat 3 has a term that goes through 2018. Are there any appointments to fill those vacancies?

On MOTION by Mr. Marvin seconded by Mr. Owen with all in favor Bob Porter was appointed to fill seat 5 with a term ending in 2020 and Mark Dearing was appointed to Seat 3 with a term ending in 2018.

Mr. Showe being a Notary Public of the State of Florida administered the Oaths of Office to Mr. Porter and Mr. Dearing.

Mr. Showe stated Mr. Marvin has also submitted his resignation.

On MOTION by Mr. Dearing seconded by Mr. Porter with all in favor Mr. Marvin's resignation was accepted.

Mr. Showe stated that leaves a vacancy in Seat 1 with a term ending in 2018. Is there an appointment to fill this seat?

On MOTION by Mr. Porter seconded by Mr. Dearing with all in favor James Teagle was appointed to Seat 1 with a term ending in 2018.

C. Administration of Oath of Office

Mr. Showe being a Notary Public of the State of Florida administered the Oath of Office to Mr. Teagle.

Mr. Showe stated I will go through the packet of information. The second page is your information form and if you will fill that out and provide it to me after the meeting we will have all of your contact information. Next is the form 1 statement of financial interests and is required to be filled out and submitted to the Supervisor of Elections in the county in which you reside within 30 days of today. We recommend that you get a signed copy or something dated that shows that you turned it in because there are potential fines if it is not turned in on time. Behind that is a form 1F that is a final statement of financial interests and you will complete this form in the event you were to leave the Board and that is to be filed within 60 days of leaving the Board. Next is a W4 and I-9 forms and as a member of the Board you are eligible to receive up to \$200 per meeting and do you choose to accept or waive that compensation?

All new Board members accepted compensation.

Mr. Showe stated you will need to complete the W4 and I-9 and turn that in to our office. After that is a memorandum of voting conflict and in the event you feel you have a conflict of interest on an item that may come before the Board we would ask that you talk to myself or District Counsel to make sure you have a conflict of interest and in the event you do have one, this is the form that you would file with our office. Finally, there is a booklet on the guide to the Sunshine Amendment and government ethics. You are now a public official and you are required to follow Sunshine laws, which means you are not allowed to have conversations with other Board members outside of a publicly noticed meeting about things that may reasonably come before the Board for a vote, that is any conversation, text, phone calls, emails. When we send out emails from our office it will have a note at the bottom that says please do not reply to all. If there is something you need distributed to the entire Board, send that to our office and we can distribute that to the Board. It is our function as District Manager to keep all the records of the District and you don't have to keep any of the records. However, if you do keep them we recommend you separate those into a separate file so that in the event there is a public records

request your personal or business items are not comingled with District records. If you already have those forms on file with the Supervisor of Elections you can add this District to that when you receive the annual renewal form.

Ms. Warren rejoined the meeting by telephone conference at this time.

D. Consideration of Resolution 2017-02 Electing Officers

Mr. Showe stated Resolution 2017-02 is a resolution electing officers. We ask that from our office if you could put Ariel Lovera as Treasurer, George Flint as Secretary and myself as Assistant Secretary that will help facilitate paperwork on our end.

On MOTION by Mr. Teagle seconded by Mr. Dearing with all in favor Resolution 2017-02 electing the following officers was approved: Bob Porter Chairman, Mark Dearing Vice Chairman, Ariel Lovera Treasurer, George Flint Secretary, Duane Owen, James Teagle and Jason Showe Assistant Secretaries.

FOURTH ORDER OF BUSINESS

Approval of the Minutes of the September 14, 2016 Board of Supervisors Meeting and Acceptance of the Minutes of the November 17, 2016 Landowners' Meeting

On MOTION by Mr. Porter seconded by Mr. Dearing with all in favor the minutes of the September 14, 2016 Board meeting were approved and the November 17, 2016 Landowners' Meeting minutes were accepted.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2017-03 Adopting Prompt Payment Policies

On MOTION by Mr. Porter seconded by Mr. Dearing with all in favor Resolution 2017-03 was approved.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2017-04 Approving the Fiscal Year 2018 Budget and Setting a Public Hearing

Mr. Showe stated this is the start of the Fiscal Year 2018 budget process and this resolution approves the proposed budget, attached as Exhibit A and sets the public hearing to

adopt the final budget for August 24th, in this location. You can check your calendars to see if you are available on that date and if not we can change that. The resolution also directs us to transmit this to Flagler County and City of Bunnell at least 60 days in advance of the public hearing.

Mr. Porter asked are all our meetings typically on a Thursday afternoon?

Mr. Showe stated that is when the District has met and August is the last meeting scheduled for Fiscal Year 2017 and we will look at a meeting schedule for 2018.

Mr. Porter stated I have a routine conflict at 1:00 p.m. and it would be hard for me but 3:00 p.m. works great if that works for everybody else.

Mr. Showe stated we will adjust that resolution to reflect a 3:00 p.m. start time. After talking to Mr. Porter we have mirrored the 2017 budget for 2018. We contemplate keeping the assessment level and will enter into a developer funding agreement for Fiscal Year 2018 for any additional expenses outside of the budget. Going into Fiscal Year 2019 we will have a better handle on where the assessments need to be.

On MOTION by Mr. Porter seconded by Mr. Dearing with all in favor Resolution 2017-04 approving the proposed Fiscal Year 2018 budget and setting the public hearing for August 24, 2017 at 3:00 p.m. in the same location was approved.

SEVENTH ORDER OF BUSINESS

Presentation of Upland Buffer and Wetland Restoration Annual Monitoring Report 2016 Grand Reserve

Mr. Showe stated there is no action required by the Board on this item but it is the upland buffer and wetland restoration annual monitoring report for last year and we included that as part of your agenda package and is part of the contract we have for those services.

Mr. Scheerer stated they have been out here doing the report for the last two years, it seems complete and indicates there was some failure of some of the plant material and we will have to look at replacement on that going forward but for the most part it appears to be a good report and plants are adapting quite nicely.

Mr. Dearing asked what is the term?

Mr. Scheerer responded it is a five-year monitoring report. After that we can look at any ongoing maintenance in addition to the five-year monitoring report.

EIGHTH ORDER OF BUSINESS

Consideration of Proposal from Applied Aquatic Management for Additional Pond Services at Main Entrance

Mr. Scheerer stated we had an onsite meeting as everyone from D.R. Horton is aware of with Mr. Teagle, myself and several contractors. It was requested that we clean up the water feature at the U.S. 1 entrance that happened relatively quickly if you have been on property before and look at it today I think it looks quite nice. With all the plants and everything that was sprayed around the pond it is recommended that we do some ongoing maintenance to keep it that way. We asked Applied Aquatic who did a lot of the work out there for proposal and David Beck's group from EcoTec Environmental to provide us with a proposal for monthly maintenance. Included in your agenda package is a proposal for the year for a total annual cost of \$1,320 to come out and spray and maintain all the invasive species within that body of water going forward. In talking with Mr. Teagle he had a desire to thin out some of the lily pads and that wouldn't be an additional cost we would just work with the vendor. We didn't want to go too far and we can always do more.

Mr. Dearing asked is this for one lake?

Mr. Scheerer responded this is the one lake out front, the water feature out front.

Mr. Porter asked what about the other lakes do they need it?

Mr. Scheerer stated they need it too. A little history on that is Sarah had forwarded a year or two years ago a master plan of all the lakes and there was supposed to have been some sort of shared costs. Perhaps the golf course would maintain the banks on their side, the homeowners or the developer or CDD would maintain on the home site side, and there would be CDD costs and golf course costs but we were not asked to pursue that at that time.

Mr. Showe stated I think the agreement is in place; however, we were asked by the previous Board to not do any of the lake maintenance until such time as development warranted it.

Mr. Scheerer stated we can forward that information to you so you can see the documents.

Mr. Porter stated I don't even need to see them. I will move approval of what you have now but ask you to go ahead and arrange to get us a proposal for the rest.

Mr. Scheerer asked all the lakes?

Mr. Porter stated all the lakes that are visible to anyone who is going to be a resident, anything that backs up to any of the lots or is visible from the parkway.

Mr. Scheerer stated I understand everything on the first phase coming in U.S. 1 where you are building the current homes. Golf course ponds as well or not golf course ponds? Mr. Teagle do you want to work on that with me and we will bring back a proposal? There is a lot of lake bank work that needs to be done.

Mr. Porter stated let's get it right. You don't have to do the golf course at this point.

Mr. Scheerer stated I will have it for the next meeting.

On MOTION by Mr. Porter seconded by Mr. Dearing with all in favor the proposal from Applied Aquatic Management for additional pond maintenance services at the main entrance in the amount of \$1,320 was approved.

NINTH ORDER OF BUSINESS

Consideration of Agreement with Greenberg Traurig, P.A. to Provide Bond Counsel Services

Mr. Showe stated the next two items have been added to the agenda and I have handed out those documents to you. The first is the agreement with Greenberg Traurig to provide Bond Counsel services.

On MOTION by Mr. Porter seconded by Mr. Dearing with all in favor the engagement letter with Greenberg Traurig to serve as Bond Counsel was approved.

TENTH ORDER OF BUSINESS

Consideration of Agreement with MBS Capital Markets, LLC to Provide Underwriting Services

Mr. Showe stated next is an agreement with MBS Capital Markets for underwriting services.

On MOTION by Mr. Porter seconded by Mr. Doan with all in favor the agreement with MBS Capital Markets to serve as Underwriter was approved.

ELEVENTH ORDER OF BUSINESS

Ratification of Dissemination Agent Agreement with Lerner Reporting Services, Inc.

Mr. Showe stated next is ratification of the dissemination agent agreement with Lerner Reporting Services.

Mr. Porter asked do we still want to do this even though they are not on the Board?

Mr. Showe stated yes, the Board approved their proposal at the last meeting we just didn't have the full contract.

On MOTION by Mr. Porter seconded by Mr. Dearing with all in favor the dissemination agent agreement with Lerner Reporting Services, Inc. was ratified.

TWELFTH ORDER OF BUSINESS

Ratification of Fiscal Year 2016 Auditing Services Agreement with Berger Toombs Elam Gaines & Frank

Mr. Showe stated we signed this agreement due to the timeframe to get the audit started since we didn't have a meeting.

On MOTION by Mr. Porter seconded by Mr. Dearing with all in favor the engagement letter with Berger Toombs Elam Gaines & Frank to perform the Fiscal Year 2016 audit was ratified.

THIRTEENTH ORDER OF BUSINESS

Consideration of items Regarding Land Sale

A. Consideration of Resolution 2017-05 Declaring Special Assessments for Bond Refunding

Mr. Warren stated Resolution 2017-05 is going to declare the assessments to be sure the refunding bonds at the time those are issued.

On MOTION by Mr. Porter seconded by Mr. Dearing with all in favor Resolution 2017-05 was approved.

B. Consideration of Fee Agreement for Bond Refunding with Hopping Green & Sams, P.A.

On MOTION by Mr. Porter seconded by Mr. Teagle with all in favor the fee agreement with Hopping Green & Sams for the bond refunding was approved.

C. Consideration of Resolution 2017-06 Approving and Confirming Special Assessments and Confirming Intention to Refund the Special Assessment Bonds

Ms. Warren stated Resolution 2017-06 authorizes the refunding and confirms the 2008 project that was set forth in the Engineer’s report and confirms the lien of assessments with the Series 2008 Bonds and finds that the Board believes it is in the District’s best interest to refund the bonds and authorizes staff to move forward with the process of procuring the necessary documents.

On MOTION by Mr. Porter seconded by Mr. Dearing with all in favor Resolution 2017-06 was approved.

D. Consideration of Agreements with D.R. Horton, Inc.

- i. Bond Team Funding Agreement**
- ii. Form of Budget Deficit Funding Agreement**
- iii. License Agreement to Provide Sign Installation and Maintenance of Marketing Signs**
- iv. Consideration of Temporary Construction and Maintenance Easement Agreement**

On MOTION by Mr. Porter seconded by Mr. Dearing with all in favor the above referenced agreements were approved.

FOURTEENTH ORDER OF BUSINESS Approval of Request for Qualifications for Engineering Services

Mr. Porter stated I talked with the folks from Dewberry whom I have not met before and I’m perfectly happy with what we have now.

FIFTEENTH ORDER OF BUSINESS Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

Mr. Malave stated we were authorized a while back to do a public facilities report as required by the state and I have a draft that I would like you to look at before I hand it in and also Roy or Sarah to look at it. I will send copies out this afternoon or tomorrow morning and we will go from there.

Mr. Porter stated I'm not accustomed to providing reuse. I have seen them expanding the reuse system.

Mr. Malave stated they are bringing a line that is coming right to our main entrance to be connected to our irrigation. Sarah, isn't there a reuse agreement?

Ms. Warren stated there is a reuse agreement that was in place with the original developer.

Mr. Malave asked but it wasn't with the CDD?

Ms. Warren stated no, I believe it was with the original developer.

Mr. Malave stated there was contemplation at that time to do that and I don't remember without looking at the drawings, but they were supposed to use the aqua place as a place to discharge reuse water and then we can pump out of there using the same equipment. The intent was we were not going to tear out all the streets to put the reuse pipe in there and just use the irrigation system. That is as much as I remember for now.

Mr. Porter stated we don't want to be in the utility business if we can avoid it as you can understand. If that meant that we had to pay for a meter for everybody or whatever one time I think we could probably live with that. Would you get with the city and see if there is some basis? I don't mind installing it going forward and I don't mind paying meter fees but I do not want to own a reuse system.

Mr. Scheerer stated every lot already has a curb stop already on the property. The issue is from the storage pond through the system to who is going to bill and collect and it may be the City of Bunnell.

Mr. Malave stated the key is turning over the system to the city is what we would want.

Mr. Porter stated we don't want to be in that business. I would much rather us doing it one time and an upgrade if we need to and out of the business.

C. Manager

i. Approval of Check Register

On MOTION by Mr. Porter seconded by Mr. Dearing with all in favor the check registers were approved.

ii. Balance Sheet and Income Statement

A copy of the balance sheet and income statement was included in the agenda package.

iii. Presentation of Number of Registered Voters - 10

A copy of the letter from the Supervisor or Elections indicating there are 10 registered voters in the District was included in the agenda package.

iv. Field Manager's Report

Mr. Scheerer stated we have talked about a lot of the items. I did meet today with Yellowstone Landscaping we do that every month and review the community. A couple issues came up and I let Mr. Teagle know that the irrigation controller at the U.S. 1 entrance is gone and he and I will work on getting that replaced once the new landscape goes in. Also, one of the survey trucks backed over a valve at the 100 entrance and broke the main line and that happened today and we shut the water off immediately and will have it repaired as quickly as possible. We are happy you are here it has been a long time coming.

Mr. Porter stated we are happy to be here and congratulations on the way the place looks given the fact that you had to do it with their budget. I would like to authorize James to work with you and order whatever else we need to get started on trying to upgrade everything. I understand you have been short of money but if we need fertilizer or weeds pulled or mulch and so forth.

Mr. Scheerer stated one of the things that Mr. Teagle and I discussed was maybe reviewing the scope of services for the landscape contract and some of the areas of responsibility will change because the rights of ways we are currently maintaining under the \$3,100 a month that we are spending with Yellowstone and that will go to the lot owner once the home is built and sidewalks are installed. I think we have good room for improvement once the landscaping goes in, the mulch goes in, some tree ring work and other things and I will work with Mr. Teagle on that.

Mr. Porter stated work with James and do whatever needs to be done and bring it back for ratification at the next meeting. I don't want to wait.

v. Presentation of Arbitrage Rebate Calculation Report

Mr. Showe stated the last item is presentation of the arbitration report that is required as part of the bond indenture and you will see that there is no rebate liability.

On MOTION by Mr. Porter seconded by Mr. Dearing with all in favor the arbitrage rebate calculation report was accepted.

SIXTEENTH ORDER OF BUSINESS Other Business

There being none, the next item followed.

SEVENTEENTH ORDER OF BUSINESS Supervisor's Requests

Mr. Porter asked what else has not been done that needs to be done?

Mr. Showe stated it's what Alan has been talking about. We have dialed back on the landscaping.

Mr. Scheerer stated the landscaping and the lakes. There is a great opportunity to provide a great view to new homeowners and it has been that way for a long time and I think if we can move forward to clean up some of these lake banks and Grand Reserve Boulevard and interior ponds I think that will go a long way and maybe the up lighting too at the entrances, cleaning the entry features and repainting. The only recommendation I have on the lighting is to get rid of the lights out front and replace them with LED. It is worth the expense and will give you a nicer look especially after you invest the time and money to redo the entrances.

On MOTION by Mr. Doan seconded by Mr. Teagle with all in favor the meeting adjourned at 1:33 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman