

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, August 23, 2018 at 3:00 p.m. in the Government Services Building, 1769 E. Moody Boulevard, Bunnell, Florida.

Present and constituting a quorum were:

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

Also present were:

George Flint	District Manager
Katie Buchanan	District Counsel
Rey Malave	District Engineer
Alan Scheerer	Field Manager
Brett Sealy	MBS Capital Markets
William Viasalyers	GMS
Clayton Smith	GMS

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Porter called the meeting to order at 3:00 p.m.

**SECOND ORDER OF BUSINESS**

**Public Comment Period**

A resident stated I'm curious about the increase of 47%.

Mr. Flint stated we will have a budget hearing and at that point it will be addressed.

**THIRD ORDER OF BUSINESS**

**Approval of the Minutes of the May 24, 2018 Meeting**

On MOTION by Mr. Owen seconded by Mr. Dearing with all in favor the minutes of the May 24, 2018 meeting were approved as presented.

**FOURTH ORDER OF BUSINESS**

**Bond Related Items**

**A. Final Supplemental Engineer’s Report**

On MOTION by Mr. Dearing seconded by Mr. Teagle with all in favor the Final Supplemental Engineer’s report was approved.

**B. Final Supplemental Assessment Methodology**

On MOTION by Mr. Dearing seconded by Mr. Teagle with all in favor the Final Supplemental Assessment Methodology Report was approved.

**C. Consideration of Resolution 2018-04 – Supplemental Assessment Resolution**

On MOTION by Mr. Teagle seconded by Mr. Dearing with all in favor Resolution 2018-04 – Supplemental Assessment Resolution, was approved.

**FIFTH ORDER OF BUSINESS**

**Public Hearings**

On MOTION by Mr. Teagle seconded by Mr. Dearing with all in favor the public hearing was opened.

Mr. Porter stated we are now in the public hearing for the budget. Most of the budget items get done as we enter into annual contracts for things like landscaping and that kind of thing. We will go through the budget a line at a time or whatever anybody wants to ask.

The main reason the budget has gone up is that for years there was no money, nobody other than the seven lot owners were paying their assessments and there wasn’t any money coming in and the property owner was not funding it at a level that let us get the grass mowed, every week or ten days, it was once or twice a month and that kind of thing. There would be no annuals, no this or that. That is essentially the reason for it. The District did not pay to rebuild either of the entries, they didn’t pay for getting the waterfall cleaned out, to get the bubblers put in; that was all done by D.R. Horton at D.R. Horton’s expense. It is the District’s responsibility to maintain all of the improvements here.

A resident stated I can’t understand why it is costs \$500 a month to just maintain it plus a \$500 contingency fees for potential future repairs. That sounds outrageous, the \$6,000 a year for

each of the pumps, that is \$12,000 setting aside for two pumps. \$500 a month sounds high. Does that mean someone has to come out every day to maintain it?

Mr. Porter stated one of the problems is when you have a water feature like that we end up having to chlorinate it, treat it almost like a swimming pool. How often do we treat that?

Mr. Scheerer stated it is a three day a week service on both fountains, the one on U.S. 1 and one on U.S. 100. There are also additional things that residents don't see on the waterfall feature, there is actually a sub-base in that fake wall that we have to drain and there are pumps and filtration system in that because of the type of water being used and circulating through that waterfall feature. There is a little more expense that is tied to that. You are pulling water out of the lake and circulating it through the water feature so there are some issues with that we are working on and the developer has allowed us to change over from reclaimed water to potable water and we are working with the City of Bunnell and hopefully, that will decrease some of the expenses we have but we are just not going to know at this time until a meter has been installed.

A resident stated the contingency for repair and maintenance is \$500 a month.

Mr. Scheerer stated there is a repair and maintenance fund of \$6,000 per year and that is for the pumps, filters, anything that breaks on either of the water features.

A resident asked how much are pumps?

Mr. Scheerer stated these particular pumps can be about \$2,000 to \$3,000 for the submersible pump that we have and we have a circulating pump that you could probably buy off the shelf for about \$600 to \$800. There are other things such as impellers, filtration, chlorination, we have two filter systems on one pump and one filter system on another.

A resident asked did you put out bids for this?

Mr. Scheerer stated no, because the system wasn't running, it hadn't run in 10 years. We got it up and running and we found a company that could go ahead and do it but that is not to say that we can't put it out to bid at some point in time.

Mr. Porter stated we had a horrible time trying to get it to run. It would run for two days and be off, the wiring was no good, you couldn't shut it off and start it again so we had to redo all the wiring, and replaced the pumps.

Mr. Scheerer stated we replaced everything, pumps, clocks, wires, filtration, chlorination.

A resident asked was that done in last year's budget?

Mr. Porter stated that was done by D.R. Horton.

Mr. Scheerer stated D.R. Horton did all the upgrades and repairs and got it going, we are responsible for the upkeep and maintenance.

A resident asked do you have any idea what was spent getting it back up?

Mr. Teagle stated ballpark about \$40,000, it is probably more than that.

A resident asked do we need those fountains?

Mr. Porter stated no, we don't need those fountains, we don't need flowers and we don't need to mow the grass but the decision was that it helps everybody's property value. If it is \$500 a month and we have 500 homes it is costing you \$1 a month to maintain that fountain.

A resident stated there aren't 500 homes that people are living in.

Mr. Porter stated D.R. Horton pays on our lots too even though there aren't any houses. This year as the District has spent money and spent way over what we have collected in assessments as we are trying to fix things, D.R. Horton has funded the deficit, whenever there was a shortage of money. Some of this stuff D.R. Horton did directly and paid for some of it the District has been doing and D.R. Horton has been paying the shortfall.

I'm on a number of CDD Boards but I want every District to have a budget that will keep things in good shape. We could leave this half as much and have D.R. Horton contribute more or whatever then in two years when we raise it so the community is paying for itself everybody who bought a house is going to say you deceived us, we thought this was what it was going to be. We are trying to get a budget that covers the expenses of the District. D.R. Horton is still paying the majority of it because we own much of the land, but we want to have a budget that reflects what we are actually doing and we feel this ought to be a first class community and it ought to look good.

A resident stated you have those fancy light poles but it is only on Grand Reserve. Why are they not on all the other streets and the total annually is \$31,384 and you go to Lakeview or Fairway Court and there are no lights. We have had to put lights on our garages so we can see at night.

Mr. Porter stated I will check on that and let you know next time. I do not know right now. The problem is the District does not own any of the lights; we just pay for the electricity.

Mr. Flint stated there is a streetlight lease with FP&L.

A resident stated the streetlight at the entrance of Fairway Court next to the 18<sup>th</sup> hole has been down for about a year.

Mr. Porter stated anytime you see something like that whether it is a bulb out or a pole over feel free to call FP&L. FP&L owns those and they are the only ones who can do anything about it. We can report it as well but anytime you see something with a light that is down if you call them they will put it on their schedule.

Mr. Scheerer stated I will go there after the meeting and follow-up on that. I will give you my card before you leave and if you see something like that just email, text or call me and we will take care of it.

Mr. Porter stated when he says we will take care of it he will call FP&L to report it. We just don't have the authority to repair them, they don't belong to us and we cannot legally touch them.

A resident asked do you see more of those lights in the future?

Mr. Porter stated I don't want to tell you they are coming because I'm not certain, but I think so and I will know for the next meeting.

A resident stated the landscape maintenance was \$30,000 last year and it is \$100,000 this year. How much more grass are you cutting than last year?

Mr. Porter stated we are cutting it on a regular basis opposed to just doing it once a month. We are also putting mulch around the trees, we put in annuals a few times a year at the entryways.

Mr. Scheerer stated those areas will get annuals four times a year and the palm trees will now be trimmed.

A resident stated I understand the golf course's rates are not going up but ours are.

Mr. Porter stated their rates are going up the same percentage as yours. I think everybody knows we didn't develop it and I didn't create the CDD. Back when the CDD was set up they had the concept, which is common, equivalent residential units. In some Districts if you are in a townhome you pay half as much as a lot does and if you are on a 75-foot lot you pay a lot more than a 50-foot lot. When it was first set up I think the golf course was 5 or 5 ½ ERUs, equivalent residential units so that means they are paying about five times what you are paying. I think the concept is that the golf course is not going to use the amenity center and that kind of thing. I have no way to change that it is the way it was set up.

A resident asked does that mean we are going to see another increase after the amenity center is up and running?

Mr. Porter responded yes.

A resident stated the sales office told us that one of the things we were going to add was an amenity center. The way we understand it is that we have to pay for that amenity center.

Mr. Porter stated you are going to have to pay for the electric, janitorial service, pool cleaning, pool chemicals, not for the construction.

A resident asked how do we pay for it, are we going to get a bill from you?

Mr. Porter responded no, when we prepare the next budget it will include things like pool chemicals and so forth. There will be a public hearing this time next year, we will go through it and by then we will have a contract for the pool maintenance, all the things that have to be done. When it is done you will be paying for the operation and maintenance of it and your bill will go up a little bit as the amenity center gets used. Your CDD assessment is on your tax bill. There are two parts to the CDD charge, the debt service, which is the bond payment then there is the operation and maintenance. The debt service will stay the same year after year but the operation and maintenance will adjust every year. We will have a meeting, go over the budget and adopt a new budget that reflects what is going on.

A resident asked did you get more than one bid on lawn maintenance?

Mr. Flint responded no, Yellowstone has been doing it. The Board at any time can choose to direct staff to bid that out.

Mr. Scheerer stated we just added areas that increased their scope but at any time the Board so directs we can put that out to bid. We have doubled the amount of service they had been providing.

Mr. Porter stated it more than doubled the amount of service because before there was no mulch, no fertilizer, no real weed treatment, we did not have annuals. They came in now and then when it got really high and mowed it down and that was all they were doing and those of you who have been here for a while know that, it was a different place.

It looks like the golf course is 1.69 ERUs, I thought it was more.

Mr. Flint stated I think the thought process back then was a lot of the trips were going to be internally generated and that impacts how many ERUs are assigned to it but if they have a lot of outside play it might be different.

Mr. Porter stated that was a decision that was made nine or ten years ago and it is what it is. There are no more townhomes, it will be all single-family lots going forward, not quite as many units as there were but the houses pay more than the townhomes did.

A resident stated there are a lot of residents that wanted to attend but couldn't because of the time of the meeting.

Mr. Porter stated what we do in a lot of places is one meeting a quarter in the evening. The reason they are in the day is, you see lots of consultants sitting around here that the District is paying, if we have a meeting in the evening we pay more and we try to schedule the same day so you have a schedule. For next year we will try to have a quarterly meeting in the evening and certainly have the budget meeting in the evening because that is the one that we get the most residents. We will make that change going forward.

Mr. Porter stated we do everything in the sunshine and if there are any documents that you want you can contact George's office.

Ms. Buchanan stated the agenda package is on the website, generally about a week in advance of the meeting so you can look at it that way and it is George's practice to include financial statements every month so you can track how the budget is progressing.

Mr. Flint stated the audits are on there, the adopted budgets, and agendas.

Mr. Porter stated websites are a great way to get in contact with George's firm. If you see a problem let him know, he will answer right away. They have been very responsive and I think they have done a good job for us.

On MOTION by Mr. Teagle seconded by Mr. Dearing with all in favor the public hearing was closed.

**A. Consideration of Resolution 2018-05 Adopting the Fiscal Year 2019 Budget and Relating to the Annual Appropriations**

On MOTION by Mr. Dearing seconded by Mr. Teagle with all in favor Resolution 2018-05, Adopting the Fiscal Year 2019 Budget and Relating to the Annual Appropriations, was approved.

**B. Consideration of Resolution 2018-06 Imposing Special Assessments and Certifying an Assessment Roll**

Mr. Porter stated next is Resolution 2018-06 imposing special assessments and certifying the assessment roll. That authorizes our Manager to take the budget and essentially send it to the tax collector so that will be the amount that shows up on your tax bill. On all the platted lots the tax collector collects it for us and it saves a lot of trouble. Everybody pays their taxes, it is not like an HOA where if you don't pay it everybody else has to make up the difference.

On MOTION by Mr. Teagle seconded by Mr. Dearing with all in favor Resolution 2018-06, Imposing Special Assessments and Certifying an Assessment Roll, was approved.

**SIXTH ORDER OF BUSINESS**

**Consideration of Fiscal Year 2019 Budget Deficit Funding Agreement**

Mr. Porter stated next is the budget deficit funding agreement. This basically says that if we run out of money D.R. Horton is going to make an additional payment.

On MOTION by Mr. Dearing seconded by Mr. Teagle with all in favor the Fiscal Year 2019 budget deficit funding agreement between the District and D.R. Horton, Inc. – Jacksonville was approved.

**SEVENTH ORDER OF BUSINESS**

**Ratification of LED Lighting Agreement with Florida Power & Light**

Mr. Porter stated we are getting 17 new lights installed on Golf View, Fairway and Lakeside. When those lights go in if you feel that they skipped your area, go to the website and report it to George because we have to go back and enter into contracts; they won't put them in unless we agree to pay for them.

On MOTION by Mr. Dearing seconded by Mr. Teagle with all in favor the LED lighting agreement with FP&L was ratified.

**EIGHTH ORDER OF BUSINESS**

**Staff Reports**

**A. Attorney**

There being none, the next item followed.

**B. Engineer**

Mr. Malave stated there is one document we are working on it is a legal we created for the pump house that we can use to transfer that property to the City and they take over the reuse line.

Mr. Porter stated one of the things the District has been spending money on the last few years is the reuse system and instead of belonging to the City for whatever reason belongs to the CDD. We have spent a good deal of D.R. Horton's money to upgrade the system, replacing



some pumps, making sure everything runs and the City has agreed to take it over when we get it up to their standards. In the long term that will save us money because we don't want to be in the business.

**C. Manager**

**1. Approval of Check Register**

On MOTION by Mr. Teagle seconded by Mr. Dearing with all in favor the check register was approved.

**2. Balance Sheet and Income Statement**

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

**3. Approval of Fiscal Year 2019 Meeting Schedule**

Mr. Flint stated the proposed meeting schedule assumes quarterly meetings at 3:00 p.m. in this location on the fourth Thursday with the exception of November.

Mr. Porter stated that is another way we try to save money because every time we have a meeting it costs us money. Let's make it every other month.

Mr. Flint stated I recommend, November, January, March, May, July and August. That lines up with the May proposed budget and an August final approval and lines with up March to accept your audit.

Mr. Porter stated the November meeting should be in the evening because we may have an election, May meeting for the proposed budget and August for the final budget. If there is no business to come before the Board we can cancel them but this list will end up on the website so you will be able to see which meetings are at what time.

Mr. Flint stated as far as the location we will have to verify the availability and if you delegate authority to the Chairman on the final decision on the meeting schedule we can work out the meeting room availability and he can approve it.

On MOTION by Mr. Dearing seconded by Mr. Teagle with all in favor the Chairman was authorized to work with staff to finalize the location of the Fiscal Year 2019 meetings.

Mr. Porter stated a year from now these will be more convenient because there will be a very nice meeting room in the amenity center. As soon as it is open we can start meeting there.

Mr. Teagle stated it should be open sometime in the summer next year.

**4. Field Manager’s Report**

Mr. Scheerer stated I want to introduce William Viasalyers and Clayton Smith both with GMS. William has been doing a lot of work out here and has helped with site visits. At the last meeting the Board approved the removal and repair and upgrades to the reclaimed system. The first pump was replaced and installed today, the second one was pulled and hopefully within the next 30 days we will be ready to turn that over the City of Bunnell. Also at the last meeting the Board approved staff to get with the City of Bunnell and install a potable water meter at U.S. 100 to help with some of the issues with the reclaimed.

Mr. Viasalyers stated I do meet with Yellowstone monthly and do site visits with them to make sure everything is moving forward. I also check the fountains that have been working. I know there have been some things that Yellowstone is going to touch on at the U.S. 1 with the magnolias and they are going to clean them up a little bit the first or second week of September.

Mr. Scheerer stated as you exit to U.S. 1 we have some really nice magnolias that the wax myrtles are coming out and choking them down so we are going to remove those in the next couple of weeks and that will allow the magnolias to expand.

**NINTH ORDER OF BUSINESS**

**Other Business**

There being none, the next item followed.

**TENTH ORDER OF BUSINESS**

**Supervisor’s Requests**

There being none, the next item followed.

**ELEVENTH ORDER OF BUSINESS**

**Audience Comments**

On MOTION by Mr. Dearing seconded by Mr. Teagle with all in favor the meeting adjourned at 3:49 p.m.

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman