

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 24, 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
Jan Doan	Assistant Secretary

Also present were:

Jason Showe	District Manager
Sarah Warren	District Counsel by telephone
Jonathan Johnson	District Counsel by telephone
John Shultheis	District Engineer- by telephone
Alan Scheerer	Field Manager
Scott Barnes	Yellowstone
Mike Baldwin	City of Bunnell

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

There being none, the next item followed.

THIRD ORDER OF BUSINESS

**Approval of the Minutes of the October 12,
2017 Meeting**

On MOTION by Mr. Dearing seconded by Mr. Doan with all in favor the minutes of the October 12, 2017 meeting were approved as presented.

FOURTH ORDER OF BUSINESS

**Review and Acceptance of Revised Draft
Fiscal Year 2017 Audit Report**

On MOTION by Mr. Dearing seconded by Mr. Doan with all in favor the Fiscal Year 2017 audit was accepted and staff authorized to transmit the final document to the State of Florida.

FIFTH ORDER OF BUSINESS

**Consideration of Resolution 2018-02
Approving the Proposed Fiscal Year 2019
Budget and Setting a Public Hearing**

Mr. Showe gave an overview of the proposed budget that reflects an increase in assessments to offset some of the expenses and stated at this point we have no funding for the amenity center but we could include them and offset that expense with assessments. There is no contingency or capital reserve. Some of the individual line items have contingencies but we don't have anything major in terms of contingencies. We did not include anything for pump repair or fountain repair and we have a quote for those items that will be discussed later in the agenda. The thought process is that we would likely do those this year opposed to waiting. Depending on the Board's decision today we can adjust those assessments as well. We also didn't include any costs for the lake cleanup.

The 75-foot lots went up \$150 per year, 60-foot lots went up \$120, 50-foot lots went up \$100 and the townhomes went up \$70.

Mr. Porter stated ultimately when we get through with the rezoning there will be no townhomes, there will be no 60's so we will have the existing 75's and everything else will end up being 50's. I do not want to subsidize the budget too much from the developer's standpoint then double everybody's assessment in a couple years. Ultimately, we are going to end up with O&M assessments of \$600 or \$700.

Mr. Showe stated if you want to provide us some direction in terms of you want the assessment levels at \$600 or \$700 we can adjust that now and put the rest in contingency.

Mr. Porter stated I don't want to do it yet. Basically, we are going up \$10 a month for everybody and we will do that again for the next year and probably the year after and by then we should have something that is pretty much sustainable.

Mr. Showe stated we will likely need to enter into a deficit funding agreement with the developer.

Mr. Porter stated we will be happy to do that.

Mr. Showe stated later in the agenda is an addendum to the landscape contract that has been included in the proposed budget along with pump maintenance, which may or may not be needed depending on how we proceed with turning those over, but we also included fountain maintenance as well.

Mr. Porter stated we are going to end up turning over the reuse and end up doing work to clean up.

Mr. Scheerer stated that is what some of these proposals would address.

On MOTION by Mr. Doan seconded by Mr. Dearing with all in favor Resolution 2018-02 approving the proposed Fiscal Year 2019 budget and setting a public hearing for August 23, 2018 at 3:00 p.m. in Government Services Building was approved.

SIXTH ORDER OF BUSINESS

Discussion of Proposals

A. Lake Clean Up with Applied Aquatic Management, Inc.

Mr. Porter stated we have a proposal to clean up the ponds and I just rode through and it doesn't appear to be that bad. We had a terrible growth of cattails and the rest of it, which we have gotten knocked down. I wouldn't spend \$56,000 to speed up the process.

B. Landscaping with Yellowstone Landscape

Mr. Scheerer stated we understand that at some point in time it is going to be determined that the reclaimed system is going to be turned over to the City of Bunnell. There are two pumps and the proposal is based on inspection of both pumps of some work that needs to be done to both pumps. That is why the cost is duplicated at \$16,972.

Mr. Porter stated before we start working on the pumps we ought to coordinate with the City. I don't have a problem, we will fix what needs to be fixed but we ought to have them look at it.

Mr. Showe stated we have tasked the Engineer to look at all those aspects and coordinating with the proper authorities to get the project turned over.

Mr. Porter stated before we spend money let's make sure that what we are doing is what the City would like to see done.

Mr. Scheerer stated we figured if there is anything wrong with them we want them turned over in full working order and then they don't have any issues.

Mr. Porter stated check with the City and if the City approves it then just give me a call and I will go ahead and sign it.

Mr. Scheerer stated we will send these directly to you and let you know our conversations with the City of Bunnell and their recommendations.

The last item can be modified. We had included in the agenda for consideration today an amendment to the contract for landscape services. Part of that is the mowing and trimming for the pond banks should the CDD clear out those pond banks. We can remove that and \$16,568 but in the interim rather than nickel and dime the installation of annuals and pine straw, fountain maintenance per month they would look to roll that into the actual contract and do that four times a year, pine straw twice a year, palm tree trimming twice a year just to keep it fresh. They are doing a great job and Scott spends a lot of time on the site and we appreciate that. We would like to do the \$4,350, the \$1,184 and \$7,680 and \$6,072 and add that to their contract. I will have to amend the pricing on that.

Mr. Showe stated we will get a revised agreement and send it to you.

On MOTION by Mr. Dearing seconded by Mr. Doan with all in favor addendum no. 2 to the contract with Yellowstone Landscape was approved minus the mowing.

Mr. Showe stated we will adjust the budget and instead of reducing assessments we will throw that into a contingency so there is some flexibility going forward.

SEVENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

Mr. Shultheis stated I want to report a conversation with Mike Baldwin of the City of Bunnell relating to the reclaimed lines and it sounds as though it is becoming timely to transfer the reclaimed water lines to the City of Bunnell because from Mike's point of view they are

already getting service calls from customers to work on that system even though it has not yet been conveyed to the City. I ask the Board for direction for me to do the needed work to affect that transfer.

Mr. Porter stated as far as I'm concerned as quick as you can get it done, do so.

Mr. Baldwin stated I just checked with Kristen Bates, our community development and City Clerk. According to our legal and to make a smooth transaction a legal description of the infrastructure is needed, so some kind of as-built of the reclaimed system. That along with the bill of sale deeding of this legal description, which lays out the size of the pipe, the linear length of the pipe and that is pretty much what we are going to need and I would love to have any historical costs you have incurred and that will help us with our budgeting.

Mr. Scheerer stated I think we did that at one point in time and we can provide you with what we have spent on that and we can get with you to review the pump system. We will facilitate whatever repairs are needed.

Mr. Baldwin stated we have had some hesitation from some residents because we were going to install meters at every residence and as soon as they saw that they wanted to know if they were going to have to pay extra on their water bill. The reclaimed water is technically our product, but it is not being fed in our infrastructure. Before we got into a big pushing match we stopped installing meters and one of the things the residents mentioned is they already pay a fee to the CDD for reclaimed water, they said it was included in their dues or something.

Mr. Porter stated they are wrong. They pay an O&M charge and among the things that would be covered would be work on the reuse if we really did anything.

Mr. Showe stated we are not metering it ourselves or charging them directly for that.

Mr. Porter stated the bottom line is going to be you take it and they will not be charged in the future from us. It is not like we are charging them a usage fee.

Mr. Baldwin stated that was why I was curious if you were generating any revenue from the residents towards your maintenance.

Mr. Showe stated no.

Mr. Baldwin stated when we take on the infrastructure we are going to have to be able to budget that so we will have to do a charge and if you are charging we need to know that because we can't double charge the customer.

Mr. Porter stated we are not charging them.

Mr. Baldwin stated maybe an outline of what you are charging or covering so when we get that question from residents we can provide that.

Mr. Showe stated I will show you our budget.

Mr. Doan asked is the builder going to meter new construction?

Mr. Porter stated we are planning on putting in reuse, we will have to work with Mike and figure out exactly what that means. I assume we would put in services and call you to come set the meter. We intend to have reuse everywhere.

Mr. Shultheis stated we started this conversation about a year ago, we have 50 to 60 homes now almost ready for occupancy and if we prolong and prolong end up having 200 homes and all of a sudden, we are going to put in a meter you are going to get a lot of resistance on that. You want to start something off and go from there and maybe we can grandfather some residents who have been there prior but there is a metering cost of the actual infrastructure plus usage.

Mr. Porter stated next time you get a permit and you tell them you are giving water away without a meter that is going to change anyway. Mike, if you will work with these guys we will get it done. There should have been as-builts but it was a long time ago.

Mr. Showe stated we definitely pulled some material together to provide in the past.

Mr. Porter asked are the reuse lines in the right of way or an easement outside of it?

Mr. Shultheis stated they are in the right of way.

Mr. Porter stated the legal description is going to be pretty simple on the bill of sale we are going to say all of the reuse lines and equipment are within the right of way.

Mr. Johnson stated yes, however, I think the City is going to take one of the two pump stations and that being outside the right of way I think a legal description needs to be created.

Mr. Porter asked is that platted?

Mr. Johnson responded it is platted but an additional piece is going to need to be created. Is it the intent to convey real estate and the pump station?

Mr. Porter responded yes, they need to own that. Get with Parker and let Parker coordinate with our surveyor. Is there anything else that needs to be decided?

Mr. Shultheis stated I believe the roadway we just put the reclaimed down all the way to 100.

Mr. Porter stated we are in the process I don't know if we got it done or not.

Ms. Warren stated I could check the status of that.

Mr. Shultheis stated that is the original one we started with because we were putting in reclaimed along that roadway and that roadway was still private and we had a construction easement for our reclaimed line, which is now on close-out we should be completely done and close-out paperwork this coming week. That project is done.

Mr. Porter stated be sure we get that process finished so we can dedicate it back to the City.

Mr. Johnson asked on the two pump stations, the eastern and western, which one is going to be deeded to the City?

Mr. Scheerer responded eastern.

C. Manager

1. Approval of Check Register

Mr. Showe presented the check registers from November 9, 2017 through January 16, 2018 and January 17, 2018 through May 14, 2018.

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

2. Balance Sheet and Income Statement

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

3. Presentation of Number of Registered Voters - 38

A copy of the letter from the Supervisor of Elections indicating that there are 38 registered voters residing within the District was included in the agenda package.

4. Designation of November 15, 2018 as Landowners' Meeting Date

Mr. Showe state we have set November 15, 2018 as the landowners meeting. This will not be a full Board meeting we just need approval to hold the landowners meeting that day.

On MOTION by Mr. Dearing seconded by Mr. Doan with all in favor the landowners meeting scheduled for November 15, 2018 at 3:00 p.m.

5. Field Manager's Report

Mr. Scheerer gave an overview of the Field Manager's report and stated we continue to have problems with the fountain.

Mr. Porter stated run a potable line and that will get rid of the problems with it silting up.

EIGHTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

NINTH ORDER OF BUSINESS

Supervisor's Requests

There being none,

On MOTION by Mr. Doan seconded by Mr. Dearing with all in favor the meeting adjourned at 3:28 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman