

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, October 12, 2017 at 3:00 p.m. in the Emergency Operations Center, 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
Jan Doan	Assistant Secretary

Also present were:

Jason Showe	District Manager
Sarah Warren	District Counsel
John Shultheis	District Engineer
Darrin Mossing	GMS (by phone)
Alan Scheerer	Field Manager (by phone)
Brett Sealy	MBS Capital Markets (by phone)
Ashton Bligh	Greenberg Traurig (by phone)
Residents	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Porter called the meeting to order.

SECOND ORDER OF BUSINESS

Public Comment Period

Ms. Johnston stated Jason Showe and I have corresponded quite a bit and he did a very nice job answering my questions. I think it is terrible that the maps referenced in all the information received were in Orlando and not here in Flagler County. The maps should have been in Bunnell.

Mr. Porter asked which maps?

Ms. Johnston stated there were maps about the whole development that were referenced in the paper. The resolution kept referring to different maps.

Mr. Porter stated we have a website and any time you need more information if you go to that website you will find a link to contact Jason and he will share. Anything we are doing we are happy to send you copies of and that sort of thing. If you see this kind of thing come up let Jason know and we can send you copies of maps or whatever we need to.

Ms. Johnston stated the last paragraph said that we can contact the office in Orlando and it would have been much easier if that office were here.

Mr. Porter stated one of the things that is in the works is to do an amenity center in Grand Reserve and at that amenity center there will be meeting rooms, offices that kind of thing and once we get that up and running I expect that we will move all of our records so we will have all of our records onsite.

Ms. Johnston asked will there be a pool at the amenity center? The only picture I could find was on D.R. Horton's website.

Mr. Porter stated I haven't looked at the picture on the website lately. We will send you copies. D.R. Horton is doing the design at this point it is not the District, the District has no money right now but Horton is working on getting the architectural drawings done and we can send you a copy. At the end of the meeting I will give you one of my business cards so you will know how to get in touch with me.

Because we haven't had folks here before let me introduce myself, I'm Bob Porter I work for D.R. Horton and I handle acquisition and development for Horton and I'm very much involved in it. James Teagle is also a Horton employee and James is the one who has been managing all the work on the entryway, upgrades and new landscaping and so forth. He will be managing the process of getting all that stuff designed and the work that has been done so far. Jan Doan is a developer who has developed a lot of projects over the years and Mr. Owen is another developer in Central Florida. We have folks with a lot of experience on the Board.

Ms. Johnston stated for the \$3 million you are asking us to pay it would be nice to know if there were a swimming pool.

Mr. Teagle stated there is.

Mr. Porter stated it is a two-story building, an open area on the top that I think you will have a view of the golf course from, two or three meeting rooms, an exercise room, pool and there will be lanes for people who want to swim laps, Baja shelf if you just want to relax in 18" of water, four pickle ball courts, a couple of bocce ball courts. I will be happy to get you some

more information on it. You don't have to wait for me to answer questions you can contact Jason he is our District Manager.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the August 24, 2017 Meeting

On MOTION by Mr. Teagle seconded by Mr. Dearing with all in favor the minutes of the August 24, 2017 meeting were approved as presented.

FOURTH ORDER OF BUSINESS

Public Hearing

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

A. Consideration of Engineer's Report

Mr. Porter stated we have an engineer's report that talks about what the plans are and for those of you who have not seen this before the original plans for Grand Reserve was 999 units total and over 500 were townhouses. We don't think townhouses is the best solution in Palm Coast so Horton is changing that and it will be a mixture of 40 and 50 foot single-family lots without any townhomes. The intent is we are going to add a third product line, which is what we call Freedom Homes that will be essentially 55 and over, gated community kind of thing. It does talk a little about the amenity center.

Mr. Shultheis stated I apologize I only have the seven copies just let me know if you have any questions on this.

Mr. Porter stated I will give you my copy before we leave. It does have a map that shows the intended land plan that will give you an idea of what we think is coming. The same areas that were included in all the plans before the only difference is the density is a little lower. What we are talking about using the bonds for is building an amenity center and potentially some additional landscaping, all of the future development, roads, water, sewer, streets and so forth will be done by D.R. Horton.

B. Consideration of Assessment Methodology Report

Mr. Showe stated essentially the assessment methodology lays out all the terms of what is in the Engineer's Report for construction and levies those new dollars onto the properties in terms of how we are going to assess going forward. It speaks to the fact that essentially any lots that have already been sold to third parties their assessments will remain the same but they will be longer terms due to the new funding. The rest of the lots are all D.R. Horton so they will be assessed at those rates as well.

Ms. Warren stated I want to note for the record for clarity purposes that the refunding component is not extended, that term stays the same it is just the new money component that has an additional term.

For purposes of the record, is it in your professional opinion that the assessments levied are less than or equal to the benefit that the properties will receive?

Mr. Showe stated yes.

Ms. Warren asked when levied in accordance with the methodology there will be a fair and reasonable apportionment of the assessments?

Mr. Showe responded correct.

C. Public Comment and Testimony

There being none, the next item followed.

D. Consideration of Resolution 2018-01 Levying Assessments

Mr. Showe stated attached to this resolution will be final copies of the Engineer's Report and the assessment report that we just talked about.

Ms. Warren stated I will note that we worked on the mailed and published notices with the District Manager's office and they were provided as required by statute and this resolution confirms your authorization of the project that is set forth in the Engineer's Report that was just presented as well as your adoption of the amended master assessment methodology that was just presented. This resolution sets the maximum cap on assessments and when you reach the stage that we issue the refunding and revenue bonds we will adopt a subsequent resolution that will levy the assessments that are specific to the amount of bonds that are issued.

On MOTION by Mr. Doan seconded by Mr. Teagle with all in favor Resolution 2018-01 was approved.

On MOTION by Mr. Teagle seconded by Mr. Dearing with all in favor the Public Hearing was closed.

FIFTH ORDER OF BUSINESS

Consideration of Agreement with Berger, Toombs, Elam, Gaines & Frank for Auditing Services

Mr. Porter stated next is consideration of an agreement with Berger Toombs Elam Gaines & Frank for auditing services. CDDs are required to have an audit every year and we go out and ask for proposals from auditors, we rank them and pick one. Normally they are all very well qualified and we pick the one that costs the least.

Mr. Showe stated we did the bid in 2016 and they did your audit in 2016 and pursuant to Florida Statutes because they are requiring them to be done earlier now we try to get the process started early so that as soon as we close the books we can get rolling on the audit.

On MOTION by Mr. Dearing seconded by Mr. Teagle with all in favor the engagement letter with Berger Toombs to perform the Fiscal Year 2017 audit was approved.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

There being none, the next item followed.

C. Manager

i. Approval of Check Register

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

ii. Balance Sheet and Income Statement

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

iii. Field Manager's Report

Mr. Scheerer stated I think everybody can see the progress that has been made out there. We are grateful to D.R. Horton for all the wonderful improvements at both entrances. We did have a hiccup with one of the fountains and I want to give some credit to Scott Barnes with Yellowstone in helping us diagnose and correct the problem at the 100 fountain. We are also working with Applied Aquatic right now to get through all the ponds per the proposal that was approved by the Board at the last meeting. I think everything is looking good, the new landscape maintenance schedule has benefited everybody out there and it is nice to see all the progress.

Mr. Porter stated I think it looks a lot better. I live in Jacksonville and I'm not here nearly as often as you are. If you see things that don't look right you can go through Jason. I know there hasn't been any money in the District for a long time and we were not happy with the way the mowing was being done and some of the rest of it. We increased frequency and that sort of thing but if you see stuff that needs to be addressed let us know because we have the same thing in mind that you do and that is we want to drive property values as high as we can get them.

There is going to be a lot of work done out on the U.S. 1 entrance. We are getting the plans finished and getting it permitted and that kind of thing. That entry is going to get rebuilt as well.

Ms. Johnston stated it looks very nice but one thing your company did when the hurricane was coming they were out there doing the best they could putting everything in dumpsters and things stayed in those big dumpsters.

Mr. Porter stated our builder and his wife were out before the storm putting covers over dumpsters.

Ms. Johnston asked is the amenity center going to be a Category 3 or 4 building or anything like that?

Mr. Porter stated it is a 120-mph wind design, essentially the answer is yes.

Mr. Jones stated we have been here about five years and one of the things that we see is you are doing it all in concrete and we have pavers. My wife and I are also walkers and bicycle

people and we have to walk in the street now and that has been going on since the construction started because of stuff blocking sidewalks, because of trucks blocking sidewalks because of a number of things.

Mr. Porter stated I will talk to Kevin and let him know. I will give all of you my card and if there are any problems with what Horton is doing let me know and I will pass it along to our construction folks or whoever. We try to be good neighbors but as you know there is a ton of work going on out there and a lot of different subs, some do a better job than others.

Mr. Jones stated Kevin does respond and there have been a couple of issues with trash all over the place and I mentioned it to him and he does respond. We have a good relationship with him and we have a good relationship with D.R. Horton too.

Mr. Porter stated we want to be good neighbors but there is going to be trash from construction but we will clean it up. If you see problems that we are causing, stuff we break we will fix. I think communication is the most important thing.

Because we have not had folks here before and I'm sure you were told ten years ago about how the CDD works in terms of governance and that kind of thing, right now when we have elections we have landowner elections and it is one vote per lot or per acre so right now Horton will have 1,000 votes and you each get one in terms of the Board Members. When we get to the point where we have 250 registered voters then the first election after that there will be two seats that can only be filled by residents and are only voted on by residents. That will be the first election once we get 250 people. The following election two years later there will be two more seats that transition and the election after that it is all residents. You will see a little more representation as we move forward.

SEVENTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

EIGHTH ORDER OF BUSINESS

Supervisor's Requests

Mr. Porter asked is there anything else you want to talk about?

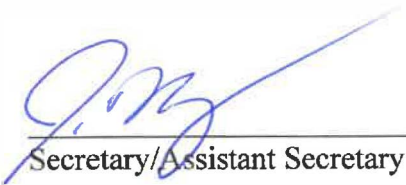
McPherson stated is the HOA coming?

Mr. Porter stated the HOA and the CDD are two entirely different things, the CDD is a government just like the City of Bunnell or Flagler County and the CDD takes care of the reuse

system, some of the roads, the common areas, entryways that kind of thing. But the CDD does not have any authority to do things like architectural control and that sort of thing that is the HOA. The CDD is not by law allowed to get into that. Mark is our in-house attorney and he may know what's going on with the HOA but it is a separate group and I don't know a thing about it.

Mr. Dearing stated I can talk to you about that after the meeting is over.

On MOTION by Mr. Doan seconded by Mr. Teagle with all in favor the meeting adjourned at 3:25 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman