

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 Wednesday, August 23, 2023 at 6:00 p.m. at the Island Club, 501 Grand Reserve Drive, Bunnell, Florida.

Present and constituting a quorum were:

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| David St. Pierre | Chairman |
| Gail Lambert | Vice Chairperson |
| Andre Poulin | Supervisor |
| Greg Dean | Supervisor |

Also present were:

| | |
|----------------------------|--------------------------------|
| Howard McGaffney | District Manager |
| Katie Buchanan | District Counsel |
| Peter Armans | District Engineer by telephone |
| Kayla Rinker | RMS |
| Richard Gray | RMS |
| Alison Mossing | RMS |
| Natalie Clem | RMS |
| Approximately 50 Residents | |

FIRST ORDER OF BUSINESS

Roll Call

Mr. McGaffney called the meeting to order at 6:00 p.m. and called the roll.

SECOND ORDER OF BUSINESS

Public Comments

A resident stated I want you to consider appointing someone to the board from the new area. There are over 200 houses and we make about 40% of the whole place and we have no representation. Some of us are more involved in this community than others. We want someone who lives in our area and sees the problems we have.

Mr. Dean stated I am on this board to represent everybody, not just this end or that end. Everyone is welcome to speak on any issue and any one of us would be glad to take that phone call or email or walk up to us and talk to us.

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Mr. St. Pierre stated this is an elected position, but someone resigned so we will appoint someone to fill that term. There are three positions open this November you can run for. I don't want any of the candidates to be discouraged if they are not appointed tonight.

THIRD ORDER OF BUSINESS

Organizational Matters

A. Appointment of New Supervisor to Fill Unexpired Term of Office

Mr. Smith, Mr. Garner, Mr. Kimberly, Mr. Quigley introduced themselves, gave a brief overview of their background and expressed their interest in serving on the board.

This balance of this item will be taken up later in the meeting.

The next item was taken out of order.

FOURTH ORDER OF BUSINESS

Engineer's Report – Acceptance of District Engineer's Annual Report

Mr. Armans stated we did some minor revisions to the stormwater report to identify the pond that needs a section repaired before it is conveyed to the CDD. That report was submitted during the last meeting and was resubmitted last week and should be in your agenda with that minor modification.

We did meet with St. Johns River Water Management District about the encroachments on the conservation easements, they sent us a letter on Monday based on the site visit last week outlining what they are looking for. Basically, they are looking for two areas to be replanted and some signage to stop mowing some of the locations that should not be mowed. They also requested we submit a final report that summarized all the work that is being done. I'm working on getting the cost estimate for the planting plans and for the report and I will have that on the next agenda.

Ms. Buchanan stated I want to make sure I understand. Out of the all the areas ,we are only doing remediation on two?

Mr. Armans stated the short answer is yes. Of all the locations he highlighted we are down to basically two areas that have to be replanted and a few areas that they just need to stop mowing. That would mean putting up some signs. We sent maps to the golf course explaining to them the areas they need to stop mowing and they have been proactively doing that prior to the district coming out. They were happy with the progress.

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Ms. Buchanan stated Peter, I think based on your concern of estimate, that is a better outcome than we were expecting. Congratulations on doing that. Do we still have to do the monitoring on the two areas of remediation or is monitoring not required?

Mr. Armans stated the letter they sent did not say a monitoring report it said a final report. We are going to clarify that. If they just want us to do the planting plan and then maybe in one year call that a final report, we will try to do it that way, but sometimes they will kick it back when we submit that report in a year and say we don't want this to be a final report we wanted to get progress reports. We will try to get you a cost to do that report, whether it is a progress report or final report and it would be on a yearly basis. If they accept the final report next year, then we won't have to do additional ones.

Mr. Dean asked is there a timeframe for the remediation to be started or completed?

Mr. Armans stated they did not specify a timeframe in their letter. They check every couple of months and see if there is any progress or communication. I think as long as we don't go dead silent they are fine as long as we let them know we are making progress.

Mr. Dean asked is there a timeframe for repairs in the stormwater report?

Mr. Armans stated the timeframe on those would not be a condition from a permitting agency it would be more of a maintenance, good practices to make sure they don't further deteriorate.

Mr. Dean stated part of my reason for asking that question is I asked for the previous stormwater report, that was 2021 and I understand another board member asked for five years and we only have the one year. A lot of the areas are repeats and I wanted to make sure that we have something in place to do the repairs that are required and remedy the issue and track the work that gets done.

Mr. Armans stated a lot of this maintenance will be completed through our maintenance crew and if it is outside their scope we can get quotes for that work. If you want to set up an internal deadline then the management company can also comment on what is a reasonable deadline. I think that is a good direction.

Mr. Dean stated I spoke with Rich about it this afternoon and I wanted to ask those questions to make sure we take care of it this time and not let it go. The other issue is recordkeeping. A CDD record I think we would want to keep those. I don't know the requirement for keeping the records or not but we should look at that.

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Mr. McGaffney asked is there a concern about the records?

Mr. Dean stated going back to 2021, there were a lot of repeat items and I'm curious how far back that recordkeeping goes.

Mr. Poulin stated I think what Greg is saying is that we looked at the past record and it looks like the stuff has just been ignored. There are almost identical issues from last year to this year and we don't want to repeat that.

On MOTION by Mr. St. Pierre seconded by Mr. Poulin with all in favor the engineer's annual report was accepted.

The next item taken out of order.

NINTH ORDER OF BUSINESS

Consideration of Easement (Masonic Temple)

Mr. McGaffney stated I received some communication from Mr. Dave who was asking the status of a previous request for an easement. I was unaware of it, but the gentleman is here on behalf of them and they are asking for an easement. Katie can walk us through some processes.

Ms. Buchanan stated there are two parcels in your district that are essentially unplatted. One is a 3-acre parcel and one is a 2-acre parcel. They are landlocked in such a way that there is a very narrow CDD owned buffer tract between the acreage and the street. One of the tracts was granted an easement back when D.R. Horton controlled the board and now they are here to ask the board to think about granting an easement on the other tract. In our discussion before the meeting we talked about questions you might have in connection with allowing this easement. I think that in Florida you can't have a landlocked tract. The nature of the buffer tract is going to be pretty easy for the district to allow an easement at the roadway. You may have questions about what the property is going to be used for, the size and placement of the easement and things like that and the maintenance. I don't know that we are ready with answers necessarily, but you are welcome to address the board and have them ask you questions or do you want to give an overview?

Mr. ----- stated we acquired this land some years back at the same time the 3-acre parcel was acquired and has since been sold. They were granted the easement. All we want to do right now is to get an easement, so we don't have a landlocked piece of property. We

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have no plans for the land at this point. Our lodge building is 75 or 80 years old in Bunnell on Bay Street.

Mr. St. Pierre asked the intent is to put a Masonic Temple building there like a VFW building?

Mr. ----- stated possibly, we don't have any real plan right now to do anything other than get an easement, so we don't have a landlocked piece of property. We are very flexible as to where the easement is, we would like to have an 18-20 foot wide easement to allow vehicles to go both ways at the same time.

Mr. St. Pierre stated the first thing that comes to my mind is that we can't give people easements if they are going to put houses in there and for us to use our roads, which we pay for, which is the biggest issue. We pay for the maintenance of all our roads. We try to uphold the standards in this area as to holding everybody responsible for their properties. I would like you to get in contact with Katie and she can come back to us with an agreement that will suit our needs and protect us from having a developer building on that property.

Ms. Buchanan stated we won't be able to restrict access at the end of the day. You can't limit that property to access to the only rational roadway. The second thought is we don't regulate land use. Right now that is under development but it is possible that should zonings change they might be authorized by development entitlements. You can come back to this but I want to give you a heads up. I explained before the meeting that it was going to be a challenge for you to grant an easement without having some of these questions answered.

Mr. Poulin asked the road they want to come out on is that a CDD maintained road or City of Bunnell.

Mr. St. Pierre stated they have to come in one way or the other. That is part of the process we have to go through.

Ms. Buchanan stated what you are proposing is that there will be a fee for that to potentially contribute a proportionate share toward roadway maintenance.

Mr. St. Pierre stated yes.

A resident asked what about all the traffic that is going to be contributed to the area?

Mr. ----- stated in response to the question about traffic, we meet the first and third Tuesday from 6 to about 9 and that is basically the only time the lodge will be used, unless we are doing maintenance or cleaning or things like that.

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Mr. Armans left the telephone conference at this time.

THIRD ORDER OF BUSINESS

Organizational Matters

B. Appointment of New Supervisor to Fill Unexpired Term of Office

This item tabled to the next meeting to enable the board to accept additional resumes.

C. Oath of Office for Newly Appointed Supervisor

D. Resolution 2023-08 Election of Officers

FOURTH ORDER OF BUSINESS

Engineer’s Report – Acceptance of District Engineer’s Annual Report

This item taken earlier in the meeting.

FIFTH ORDER OF BUSINESS

Consideration of Insurance Proposal (Brown & Brown)

Mr. McGaffney stated FIA who writes over 90% of special district insurance had given us a heads up that due to all the losses in the state and need to increase the property insurance premiums that it was probably going to be close to a 50% increase. We did our due diligence to get a quote from a company that does governmental insurance to underwrite the district. We won’t have the renewal rate until September from FIA, but Brown & Brown is the one that responded. Both companies have underwritten special districts, their price on property on the breakdown was \$34,000 we projected \$41,946 and if you add all the numbers for PGIT it gets close to the number that we had for fiscal year 2023. My concern is that they might be quoting off 2023 numbers not the reinsured value for 2024. My other districts are waiting to see if we can get FIA’s actual renewal numbers not just a projection to see if we are any closer. They are both going to be very competitive with the exception that Brown & Brown’s prices seem to be lower than the renewal rate for 2024. In a named storm Brown & Brown proposal is a \$35,000 minimum and that is for each section of the plan, FIA has a \$10,000 minimum and that difference can add up and help you make a decision. You have had a history of claims and will probably continue to have a history of claims, we live in an areas that is subject to a lot of weather.

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Mr. Dean stated we don't have a renewal quote yet.

Mr. McGaffney stated they do not put out their pricing until September timeframe. You renew October 1. Their renewal rates have been lower than their projections.

Mr. Poulin stated this year we are carrying a budget of \$58,000.

Mr. McGaffney stated yes, which is about \$17,000 increase over last year.

Mr. St. Pierre stated I have a concern that you had to fight for the pump coverage. I don't think we should have to fight with the insurance company if we are covered for something.

Mr. McGaffney stated the prior claim was withdrawn because it was hit by lightning and I asked them to pull up the lightning strikes from the area on that date and they did and said, okay we will cover it. That's how simple it went.

Mr. St. Pierre stated I have no problem staying where we are and letting our district manager make the best judgment call in October.

Mr. McGaffney stated the direction I would need is since you have a proposal and it is significantly less and as much as I appreciate your trust in me, just direct me how you want to go.

On MOTION by Mr. St. Pierre seconded by Mr. Poulin with all in favor the proposal from Brown & Brown was accepted.

SIXTH ORDER OF BUSINESS

Acceptance of the Fiscal Year 2022 Audit

On MOTION by Mr. Poulin seconded by Mr. Dean with all in favor the fiscal year 2022 audit was accepted.

SEVENTH ORDER OF BUSINESS

Fiscal Year 2023/2024 Budget

A. Overview of Budget

Mr. McGaffney stated I distributed a copy of changes and it boils down to about \$207,119 in changes to the budget. \$190,000 of that change is a one-time capital expense to improve and enhance the irrigation pump system. We all know what we went through and I know the board and staff are very grateful for how patient everybody was during repairs in the growing season. This is the best estimate we have on making necessary improvements to the system that will keep up for the future. That is the major change to the budget and that was a

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decision this board made during the May presentation of the budget. There are some items that are going up some go down and all those explanations are here and those haven't changed. This has been going on since February. We are estimating \$225,000 grossed up to collect the \$190,000. If you own a 40-foot lot the noticed increase was \$257.50, \$225 of it is the one-time expense. That is a 28% increase. If you own a 75-foot lot it would be \$278.36 approximately \$225 of which is the one-time increase and that is a 20% increase. The reason for the difference is the size and ERU factor.

Ms. Buchanan stated I want to make sure the audience can comment on the budget and the proposed assessment.

B. Board Discussion

C. Public Hearing Adopting the Budget for Fiscal Year 2023/2024

On MOTION by Mr. Dean seconded by Ms. Lambert with all in favor the public hearing was opened.

A resident stated the \$190,000 you are saying approximately \$225 is it \$225?

Mr. St. Pierre stated we really don't know. We discussed it with people that are experts in the field and asked if we put \$190,000 into the irrigation system and make it work today and take care of the next ten years. That's the answer the \$225 we used the \$190,000 and backed it backwards.

A resident asked how many lots are you dividing it by because when I take \$190,000 divided by \$225 I get 844.44.

Mr. McGaffney stated it is \$190,000 there are a number of units if you look in the budget on page 3 you will see that. Here is the quick answer on how we came up with the numbers. The budget is grossed up 6%, the tax collector collects 2%, you have an opportunity to pay 4% less if you pay your taxes in November. That is why the number is approximate. If you pay it in November it is one amount if you pay it in December it is going to be another amount, if you pay it in January it is going to be another amount. I don't know the number but I'm not hiding anything. You can receive up to a 4% discount on that number if you pay it in November.

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Ms. Lambert stated you came up with 844.44 and there are going to be 844 lots in the entire development. D.R. Horton is paying that amount of money for each undeveloped lot and we are paying for our own lots so that is what it is, 844 lots.

Mr. St. Pierre stated we made it equal for every lot in the entire Grand Reserve. Hopefully, the \$190,00 covers it and we are set for the next ten years.

A resident stated I want to understand the \$190,000. How many more homes are going in here?

Mr. St. Pierre stated the total is about 820. We had the engineer go back and look at this and tell us that the existing system won't be able to handle it and that we need to upgrade.

A resident stated Horton is putting in houses that can't take the irrigation, why wouldn't they fix it.

Mr. St. Pierre stated they do contribute. They have maybe 400 undeveloped lots that they pay the \$225 for. We each individually pay the \$225, Horton pays \$225 for every lot that is undeveloped.

A resident asked why don't we let it go and they will have to fix it.

Mr. St. Pierre stated they don't have to fix it. We have been through this we have had these conversations. D.R. Horton said no, they are not going to put another dollar into it. To make this work for us we did this for all of us and D.R. Horton pays for 400 lots to help cover, which is their end of this deal is about \$90,000.

A resident stated we are being assessed for something that we had no idea was in disrepair.

Mr. St. Pierre stated we had \$100,000 in the budget for reserves and took that out when we put in the \$190,000 for the irrigation.

A resident asked is this the final number or an estimate.

Mr. St. Pierre stated the \$225,000 is an estimate.

Mr. McGaffney stated I will go over the amounts. 40-foot lots will have a \$257.50 increase and the total assessment for 2024 is \$1,171.31 last year it was \$913.81. If you pay early you will pay 4% less on the total bill not just the \$257.50. That is the O&M only.

A resident asked on the capital reserve, doesn't D.R. Horton pay for that?

Mr. St. Pierre stated whatever we pay for O&M, D.R. Horton pays the same on each lot. We took it out this year to offset the irrigation repair.

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A resident stated I'm concerned we don't have a big capital reserve and we have to maintain the roads. Next year you are going to come back and tell us we didn't have enough in the capital reserves.

Mr. St. Pierre stated last year was the first time we had capital reserves and Gail and I fought for that and we were going to increase it by \$100,000 this year but because of the irrigation we stopped it for one year. Hopefully, we will put in \$100,000 next year.

A resident asked does that take care of the new homes being built?

Mr. St. Pierre responded yes.

A resident stated \$5,000 for street repair doesn't seem like a lot to me. Can you pull money from a different line if you need it?

Mr. St. Pierre stated yes.

On MOTION by Mr. Poulin seconded by Mr. Dean with all in favor the public hearing was closed.

1. Consideration of Resolution 2023-09 Relating to the Annual Appropriations and Adopting the Budget for Fiscal Year 2024

Ms. Buchanan stated there are two resolutions in your agenda package, 2023-09 is the appropriations resolution. There are blanks that will be filled in with the numbers in the budget.

On MOTION by Mr. Poulin seconded by Mr. Dean with all in favor Resolution 2023-09 was approved.

2. Consideration of Resolution 2023-10 Imposing Special Assessments and Certifying an Assessment Roll for Fiscal Year 2024

Ms. Buchanan stated Resolution 2023-10 is the assessment resolution and it imposes the annual operations and maintenance. This is the maximum rate we are going to adopt unless you re-notice and rehear the assessments next year. The one thing I will point out is section 3 does authorize the direct collection of assessments and the schedule included is 50% due December, 25% due February 1, and 25% due May 1, and that is for unplatted property only. All the other assessments come through the tax roll process. One request of the district manager is that we move that December 1, date back to November 1.

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On MOTION by Mr. Dean seconded by Mr. Poulin with all in favor Resolution 2023-10 was approved subject to the change in the due date of the off-roll assessment payment.

EIGHTH ORDER OF BUSINESS

Consideration of Proposals

A. Sand Filtration

B. Mulch Installation

This item tabled.

NINTH ORDER OF BUSINESS

Consideration of Easement (Masonic Temple)

This item taken earlier in the meeting.

TENTH ORDER OF BUSINESS

Discussion of Mail Kiosk

Mr. St. Pierre stated we had a verbal agreement with D.R. Horton to have a buffer zone.

Mr. McGaffney stated as directed by the board you were going to work with D.R. Horton and I understand the verbal commitment still stands, but I'm waiting for it in writing. It will go through the city once we have that written confirmation. As I spoke to the representative from D.R. Horton, there is no irrigation over there. They are asking me to get in touch with the resident to see if we can tap through the residential side to allow the irrigation on any landscaping they put in there. The landscaping is on the CDD side. We would need an agreement in place for the access easement and we can maintain that as well.

ELEVENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being none, the next item followed.

B. District Manager – Discussion of Fiscal Year 2024 Meeting Dates

Mr. McGaffney stated the proposed fiscal year 2024 meeting dates are: October 25, 2023, June 26, 2024 and August 28, 2024.

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On MOTION by Mr. St. Pierre seconded by Mr. Dean with all in favor the fiscal year 2024 meeting schedule was approved.

C. Operations Manager - Report

Mr. Gray stated I was directed at the last meeting to get with the golf course on the urination problem as well as golfers possibly using private or CDD property to retrieve golf balls. I reached out to Brian and he has assured me that he will implement these practices and remind everybody not to do that. He did say it was easier for him to address during the fact rather than after the fact so if anyone sees any of these things please let him know. His contact information is located on the golf website.

The pool will be closed on Monday while we pressure wash the pool deck, chairs, patio, amenity building, sidewalk and bocce ball court. The first quarterly inspection was approved and it will be scheduled August 31, and I will be present for the three hour inspection. Palmetto Electric installed five new panels on the pickleball and bocce ball courts, we were able to offset some of the cost on the warranty. I was able to get with Antonio on the stormwater system list of emergency items. Two grates are missing and they have to be purchased. Antonio will give us a proposal for the balance of the items on the list. J&J Aquatics will be onsite tomorrow for a reapplication at no cost to the district.

Mr. St. Pierre stated we really do appreciate everything staff does, it is night and day different from a year ago.

D. Amenity Manager - Report

Ms. Rinker reviewed the amenity manager's report that included completed maintenance items, recent special events and upcoming special events.

TWELFTH ORDER OF BUSINESS

Supervisor's Requests

Additional comments: The landscaping group is going to look at upgrading the amenity center landscaping, we would like to reconsider the 100 entrance fountains.

THIRTEENTH ORDER OF BUSINESS

Public Comments

Additional comments: Changes in amenity center rental policy, overflow parking, construction debris in new pond, dog waste, mail kiosks.

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FOURTEENTH ORDER OF BUSINESS

Approval of Consent Agenda

- A. Approval of the Minutes of the July 26, 2023 Meeting**
- B. Balance Sheet as of June 30, 2023 and Statement of Revenues and Expenses for the Period Ending June 30, 2023**
- C. Assessment Receipt Schedule**
- D. Approval of Check Register**

On MOTION by Mr. St. Pierre seconded by Mr. Dean with all in favor the consent agenda items were approved.

FIFTEENTH ORDER OF BUSINESS

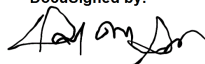
Next Scheduled Meeting – To be Determined at 6:00 p.m. at the Island Club

Mr. St. Pierre stated the next schedules meeting is October25, 2023.

On MOTION by Mr. Poulin seconded by Mr. Dean with all in favor the meeting adjourned at 7:50 p.m.

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 Secretary/Assistant Secretary

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 Chairman/Vice Chairman