

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, November 3, 2023, at 9:30 a.m. at the Dunes Administrative Office, 101 Jungle Hut Road, Palm Coast, Florida.

Present and constituting a quorum were:

George DeGovanni	Chairman
Gary Crahan	Vice Chairman
Dennis Vohs	Treasurer
Kevin Porter	Assistant Secretary
Rich DeMatteis	Assistant Secretary

Also present were:

Greg Peugh	District Manager
Darrin Mossing	District Representative
Michael Chiumento	District Counsel
Mike Holzem	Raymond James

The following is a summary of the discussions and actions taken at the October 13, 2023 meeting.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Mossing called the meeting to order at 9:30 a.m.

SECOND ORDER OF BUSINESS

Minutes

A. Approval of the Minutes of the October 13, 2023 Meeting

Mr. Crahan stated that the minutes do not clearly convey each topic to readers.

The minutes will be revised on page five under miscellaneous items to clarify that a resident felt that one of the District's pipes was causing erosion and it is not the pipe, it is the roadway bank at the entrance to Island Estates that is eroding.

Mr. DeMatteis asked if the discussion on page four of the minutes regarding the four-way intersection is about the piece of property originally obtained, or if it is about the other parcels.

Mr. Peugh responded that there are three parcels at the intersection. The first has been obtained from ITT and is complete and there is no conservation easement on that parcel. The other

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parcels are owned by the county and there is a conservation easement over those parcels. The design for the proposed intersection improvements can proceed without those parcels if necessary.

On MOTION by Mr. Vohs seconded by Mr. Crahan with all in favor the minutes of the November 3, 2023 meeting were approved as revised.

THIRD ORDER OF BUSINESS**Audience Comments**

There being no audience members present, the next item followed.

FOURTH ORDER OF BUSINESS**Reports and Discussion Items****Investment Presentation by Mike Holzem**

Mr. Peugh informed the Board that the balances for the two major funds total around \$9.4 million in the bridge fund and \$3.8 million in the water and sewer fund and those funds are earning around 5% interest currently. The intention is to discuss whether there is a better strategy that the Board would be interested in, such as laddering the funds.

Mr. Holzem presented a CD investment option with a duration of about 2.5 years and a coupon average of around 5.2%. He asked how far out the Board would be interested in going and how much money they would want to invest into that. He noted anything longer than three years with CDs would be callable and nothing would be gained at that point. If the money is needed during the investment period, the CDs can be sold.

Mr. Peugh stated that he would feel comfortable with investing \$4.5 million out of the bridge fund as he does not see anything coming up within the next couple years that would require use of those funds.

Mr. Holzem stated that another option is a structured note in which money is put into a CD and as the money earns interest, that interest is reinvested into options in the stock market resulting in returns that could range from 0% to 135%. The money originally invested is FDIC guaranteed.

Mr. Mossing cautioned that there are limitations on what the District can invest in as a governmental agency. The Board asked him to check with the auditors on whether the structured note would be acceptable.

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On MOTION by Mr. DeMatteis seconded by Mr. Crahan with all in favor the proposal from Raymond James for investing \$4.5 million in a CD ladder was approved.

Mr. Crahan asked what the fee base is for Raymond James.

Mr. Holzem responded the interest rates are net of fees.

Mr. DeMatteis stated that a concern is the customer's opinion of the structured note given that it involves the stock market.

More information on the structured note will be provided at a future meeting for further discussion.

Discussion on Stormwater Utility

Mr. Peugh stated that the process to bill the stormwater utility fees to the Beach Walk community via the property tax bills in conjunction with the county is still moving forward. There being no significant updates, the next item followed.

Discussion on Capacity Fee Issues for Commercial Accounts

Mr. Peugh reported that the Hammock Beach Resort was under their water consumption capacity allowance last month. There were 13 other accounts identified as being over their capacity allowance during the 2022 audit. Two accounts are the county, two have since been resolved, one or two have reported leaks they are working to resolve, and four or five need some additional justification for the overage or they will be billed.

Discussion on Bridge and Intersection

Mr. Peugh informed the Board that the kick-off meeting for the design of the four-way intersection improvements is scheduled for November 6th and the toll system integration study is scheduled for November 7th to see if SunPass is feasible.

Mr. Porter asked when the construction might begin.

Mr. Peugh responded that the current plan is to bid the project late summer so that construction can begin in the fall of next year assuming the bids are acceptable.

Update on the Reclaimed Line Replacement

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Mr. Peugh informed the Board the final plans for the relocation of the permanent reclaimed line replacement have been completed and the current timeline is to advertise a request for proposals early next week and to review the proposals at the January meeting. It's anticipated the project will be completed around July or August, 2024. He also reported the District was reimbursed almost \$216,000 by FEMA and the State of Florida for the temporary reclaimed line project.

B. Consideration of Resolution 2024-01, Amending the Fiscal Year 2023 General Fund Budget

Mr. Peugh informed the Board that expenditures for the general fund budget were over by around \$11,000 due to expenses related to pest control, maintenance of the front and second gates, and an increase in rates for garbage collection.

Mr. Mossing explained that if the total actual expenditures exceed the total budget in the general fund, the budget must be amended per the Statutes.

On MOTION by Mr. Crahan seconded by Mr. Vohs with all in favor Resolution 2024-01 amending the Fiscal Year 2023 General Fund budget.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

There being nothing to report, the next item followed.

C. Engineer - Report

A copy of the engineer's report was included in the agenda package for the Board's review.

Mr. Peugh stated that there have been several complaints from Island Estates residents about the quality of the reclaimed water. The pump stations at the end of the island are not designed to accept backwash from the reclaimed system multiple times per day. Automatic flushing valves were installed on both the potable water and the reclaimed water, however the pump stations on the island cannot take that flow so it can only be ran five minutes per hour. The reclaimed system has been flushed into the sewer system two to three times per week with an employee overseeing and there have been no complaints in the last month or two, so the process seems to be working. SCADA will be installed on the pump stations, which will allow further monitoring and controls

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for automatic flushing activities. The estimated cost for this project is around \$15,000/per station. Once more accurate quotes are obtained, they will be brought to the Board for approval.

Manager

Bridge Report for October

Mr. Peugh reported that vehicle trips were down 2.5%, and revenue was up 27% from October of last year. This is due to the hurricane during the September and October timeframe last year in which the tolls were suspended but the treadle was continuing to count vehicle trips.

Additionally, Mr. Peugh reported the following:

- Number of accounts / web users - 26,382 express card accounts and almost 14,000 web users.
- Credit card transactions in the toll booths totaled approximately \$7,400.
- Approximately 377 new accounts were added this last month.

Miscellaneous Items

Mr. Peugh presented an updated draft flyer created to send to residents to inform them of projects the District has completed or has planned for the future in which he added an explanation of what GIS and dollar amounts for each line item referenced as recommended by the Board. The flyer will be mailed out in December.

Mr. Crahan suggested including a brief explanation of the purpose of the flyer.

Mr. Peugh stated that he is still awaiting health care costs for the new year. The current health insurance provider, Humana, will no longer be serving the commercial market so a new provider will need to be selected at the next meeting. A 10-15% increase was anticipated and has been accounted for in the budget.

Next, Mr. Peugh stated that the European Village has requested to use the bridge for an annual fireworks show. The Board was not in favor of allowing the request.

F. Additional Budget Items Report

There being no additional budget items to report, the next item followed.

At the last meeting, Mr. Porter asked if \$30,000 worth of damage to a reclaimed pump station due to a lightning strike is an insurable expense. Mr. Peugh stated that it is, however, the

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On MOTION by Mr. Vohs seconded by Mr. Crahan with all in favor the check register was approved.


EIGHTH ORDER OF BUSINESS


Next Scheduled Meeting: December 8, 2023 at 9:30 a.m. at the Dunes Administrative Office, 101 Jungle Hut Road, Palm Coast, Florida

NINTH ORDER OF BUSINESS

Adjournment

The meeting was adjourned at approximately 10:56 a.m.

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Secretary/Assistant Secretary

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Chairman/Vice Chairman