

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, June 13, 2025, at 9:30 a.m. at the Dunes Administrative Office, 101 Jungle Hut Road, Palm Coast, Florida.

Present and constituting a quorum were:

Gary Crahan	Chairman
George DeGovanni	Vice Chairman
Rich DeMatteis <i>by Zoom</i>	Treasurer
Bill White <i>by Zoom</i>	Assistant Secretary
Kevin Porter	Assistant Secretary

Also present were:

Greg Peugh	District Manager
Darrin Mossing	District Representative
Michael Chiumento	District Counsel
Dave Ponitz	District Utilities Manager
Daniel Harvey	Assessment Roll Administrator
Krishna Cole <i>by Zoom</i>	CDM Smith
Brian Porter <i>by Zoom</i>	CDM Smith
Jim Overton <i>by Zoom</i>	CDM Smith

The following is a summary of the discussions and actions taken at the June 13, 2025 meeting.

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Approval of Minutes

A. May 9, 2025 Meeting

B. May 27, 2025 Continued Meeting

There being no comments, a motion to approve the minutes followed.

June 13, 2025

Dunes CDD

On MOTION by Mr. DeGiovanni seconded by Mr. Porter with all in favor the May 9, 2025 and May 27, 2025 meeting minutes were approved as presented.

THIRD ORDER OF BUSINESS**Audience Comments**

There being none, the next item followed.

FOURTH ORDER OF BUSINESS**Reports and Discussion Items****CDM Presentation of Rate Tiers**

The first topic covered by Mr. Porter was the rental charge to Palm Coast for use of the District's reclaimed line to convey effluent from Palm Coast treatment plant to the District's reclaimed storage ponds. Currently, the District charges \$40 per year to Palm Coast. In 2026, Palm Coast is planning to increase the wholesale rate it assesses the CDD by \$0.03 per unit. Tying the rental charge to the wholesale rate increase Palm Coast is planning to assess the CDD would result in about \$17,000. If the Board were to decide to retroactively charge Palm Coast for the \$0.22 increase in wholesale unit charges over the last 15 years, it would result in about \$127,000. Every \$0.01 increase per unit would result in \$5,800 additional to be assessed to Palm Coast. Mr. Peugh recommended increasing the per unit rental rate by \$0.22 and thinking about charging depreciation or replacement costs. Mr. DeMatteis suggested splitting the increase over two years. Mr. DeGiovanni recommended discussing and setting up a reserve fund with Palm Coast after the beginning of the year. The Board consensus was to charge \$72,000 for the rental for the FY26 budget and to evaluate increasing the charge to the full amount increased by PC in FY27.

The next topic covered by Mr. Cole was a follow-up to a question brought up at the last meeting on whether master irrigation metered area users were paying equivalent or similar to a residential user. The summary comparison shows they are paying about the same on average. Mr. Peugh stated that further investigation into the master meter users can be done, but not before the budget is adopted in August. The Board asked to focus on the golf course rates for now. Mr. Peugh recommended keeping the tiers where they are for now due to past agreements. Next, Mr. Porter presented options for adjusting the reclaimed consumption tiers for the golf courses. The Board's consensus was to proceed with alternative number two, which is to increase the golf course

June 13, 2025

Dunes CDD

consumption tiers by an equal percentage each year from 2026 to 2028 to realign golf course tier rates to 50% residential tiers by fiscal year 2028.

Next, Mr. Cole stated that the District's capital improvements plan scheduled replacement of the existing RO feed pumps in 2031, however due to pump reliability and availability issues with obtaining replacement pumps, the project will be moved up to improve reliability for meeting future potable water needs. The project is estimated to cost \$2.85 million. Moving the project up would result in \$1.8 million higher capital costs for fiscal years 2025 to 2028. This would require a 15% annual increase in rates for the next three years to keep 60 days' worth of cash on hand each year. If the Board desired to keep the increase at 9.5% for fiscal year 2026, there would need to be a 23% increase in fiscal year 2027, and a 13% increase in fiscal year 2028. To maintain 120 days' worth of cash on hand, the increase for 2027 would go up to 45%. It was noted that even with all the increases discussed, financing may be necessary to fund the capital projects. A loan from the bridge fund was discussed as a measure to quickly address the cash on hand requirements and will be investigated further.

Mr. Peugh stated that he would like to proceed with the design for the RO feed pumps as soon as possible. A proposal from CDM Smith totaling \$250,750 was provided to the Board for their review.

On MOTION by Mr. DeGiovanni seconded by Mr. Porter with all in favor the proposal from CDM Smith for designing the RO membrane feed pumps was approved.

Old Business

The following items are questions or directives that were brought up in previous meetings.

- Mr. DeMatteis asked for a master list of the rates.
 - Mr. Peugh presented the list.
- Mr. DeMatteis recommended seasonally adjusting the revenue and expenses for financial accounting to better reflect how the revenue flows.
 - This has been done.
- Mr. DeMatteis asked about several variances on the current fiscal year.
 - Mr. Peugh explained the reasoning in the previous and current memorandum.
- Mr. DeGiovanni stated that he could not find any information regarding the four-way stop project on the District's website.
 - There is a link to view more news on the website, which contains the information on the project.

June 13, 2025

Dunes CDD

- Provide projections related to increasing the golf course rates.
 - This was done under CDM's presentation.
- Provide an accounting of the outstanding connection fees for HDOA.
 - This information has been requested.

C. Discussion of the Fiscal Year 2026 Budget

Mr. Peugh gave an overview of the general fund budget and proposed increasing the maintenance assessments to \$135 to build a reserve fund.

On MOTION by Mr. DeGiovanni seconded by Mr. Porter with all in favor increasing the non-ad valorem assessment per unit to \$135 for fiscal year 2026 was approved.

Moving on to the water and sewer fund budget, Mr. Peugh noted a 9.5% rate increase for water and sewer rates as well as a 29.9% reclaimed rate increase is included, however that will be updated based on the discussions earlier in the meeting. There were no substantial changes to the bridge fund budget or stormwater budget. The Board's consensus was to increase the rental fee to European Village to \$35,000.

D. Discussion of Fountain Memorandum of Understanding

Mr. Chiumento stated that the MOU is set up so that at the end of the fountain's useful life, the fountain belongs to the owner's association. The CDD will continue to pay the electricity costs. This MOU will be presented to the HOA's in the near future as other items are accomplished.

Discussion of Cash Management

Mr. DeMatteis stated that once the format of the financials is finalized and shows how funds move in and out of the capital reserves, the cash management can be addressed.

Discussion of Bridge / Intersection

Mr. Peugh informed the Board of a quote for fixing the asphalt patch north of the sales center. A reclaimed line broke which eroded some asphalt and left divots. He would like to do some exploratory excavation to ensure there are no voids. The excavation will be done in-house; however, the patch will cost around \$13,000. Additionally, south of the Ocean Hammock

June 13, 2025

Dunes CDD

maintenance facility there is a area of asphalt that keeps eroding. To fix it for a longer term, milling and resurfacing will need to be done. This item could coincide with the milling and resurfacing activity scheduled with the intersection project, which would save mobilization costs. A quote will be brought back to the Board when it is received.

Mr. Crahan asked what the status is on FPL.

Mr. Peugh responded that a meeting was held with FPL last week and they said they would be done in six weeks.

Discussion on Stormwater Utility

Mr. Peugh is working on the tax roll for the stormwater assessments. The Osprey ponds were inspected and there do not appear to be any issues.

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

There being nothing further to report, the next item followed.

E. Engineer - Report

A copy of the engineer's report was included in the agenda package for the Board's review. Mr. Ponitz reported the Hurricane Nicole reclaimed watermain project reconciliation has been agreed to by FEMA/ FDEM and is just awaiting final payment to be issued to the District.

Manager

F. Bridge Report

Mr. Peugh reported the following data:

- Vehicle trips were down 1.5%, and revenue was up 18% from May of 2024.
- There are 29,390 accounts.
- There are 16,830 web users.
- There were \$37,650 in credit card transactions.
- There were 344 new bridge pass accounts added.

Miscellaneous Items

June 13, 2025

Dunes CDD

Mr. Peugh reported that of the 26 residential over capacity water consumption letters that were sent, 23 were rescinded and three have paid. Next, he reported that the Hammock Dunes Club would like to construct another pickleball court, which would require use of a small amount of the District's easement. In the future, the DCDD will need an easement to get into the nearby lake to pull water out of the southern lakes and put it into the reclaimed ponds. A proposal will be requested of CDM-Smith to investigate how much of an easement is needed to accomplish that project. Next, Mr. Peugh provided an update on the sign updates requested by Ocean Hammock. The three parties have all agreed to the project, which is estimated to cost \$9,000. The DCDD's portion would then be \$3,000. Amy Spradling is working with the vendor to get renderings and a final cost. Lastly, Mr. Peugh reported that McKim & Creed is working on a proposal to prepare a capital reserve study.

G. Additional Budget Items Report

Authorized expenditures added to the additional budget items report include the influent pumps, A/C duct work replacement in the wastewater treatment plant office, equalization pumps, VT Scada bug fixes, Hammock Dunes Parkway road failure investigations, credit card processing overruns and a fire panel replacement. Upcoming pending items are Hurricane Milton cleanup and water damage repair from the RO skid pipe break.

Discussion of Management / District Goals

Mr. Peugh stated that he will bring the list of goals to the next meeting for the Board's review.

SIXTH ORDER OF BUSINESS

Supervisors' Requests and Audience Comments

Mr. DeGiovanni asked how much the DCDD is paying for an easement for the two wells. Mr. Peugh responded around \$15,000 per year. Mr. DeGiovanni questioned if Hammock Dunes would be open to turning the well property over to the DCDD if the District were to contribute towards fixing the issues with the Varn Lake bank improvement project. Mr. Peugh will broach the subject with the HDOA.

Follow Up-Items

June 13, 2025

Dunes CDD

1. **Discuss with HDOA the possibility of negotiating the wellfield property for additional soil cost at Varn Lake.**
2. **Install more cold patch in the depression on the roadway south of the OHGC Maintenance Facility. Completed.**
3. **Obtain Quote from Besch & Smith to permanently repair Item 2. Requested Quote, will provide to the Board when obtained.**
4. **Dave Ponitz to discuss with OHPOA (Mark Hayward) on what water conservation measures the Master Metered communities are implementing.**

SEVENTH ORDER OF BUSINESS

Financial Reports

H. Balance Sheet & Income Statement

I. Assessment Receipts Schedule

J. Approval of Check Register

Copies of the financial statements as of April 30, 2025 were included in the agenda package for the Board's review along with a copy of the check register totaling \$600,487.81.

On MOTION by Mr. DeGiovanni seconded by Mr. Porter with all in favor the check register was approved.

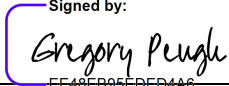
EIGHTH ORDER OF BUSINESS

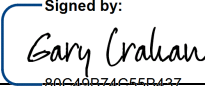
Next Scheduled Meeting: July 11, 2025 at 9:30 a.m. at the Dunes Administrative Office, 101 Jungle Hut Road, Palm Coast, Florida

NINTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. DeGiovanni seconded by Mr. Porter with all in favor the meeting was adjourned.

Signed by:

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 Secretary/Assistant Secretary

Signed by:

80C49B74C55B437...
 Chairman/Vice Chairman