

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, April 10, 2026, 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
Kevin Porter	Assistant Secretary
Bill White	Assistant Secretary
Rich DeMatteis	Treasurer

Also present were:

Greg Peugh	District Manager
Daniel Laughlin	District Representative
Michael Chiumento	District Counsel
Dave Ponitz	District Utilities Manager
Sam Cullum <i>by Zoom</i>	KCA
Fathy Abdalla <i>by Zoom</i>	KCA
Brian Porter <i>by Zoom</i>	CDM Smith
KC Cole <i>by Zoom</i>	CDM Smith
Tom Schevtchuk <i>by Zoom</i>	CDM Smith

The following is a summary of the discussions and actions taken at the April 10, 2026 meeting.

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Minutes

A. Approval of the Minutes of the March 13, 2026 Meeting

Mr. Crahan provided a correction to the minutes.

On MOTION by Mr. DeGovanni seconded by Mr. White with all in favor the March 13, 2026 meeting minutes were approved as revised.

April 10, 2026

Dunes CDD

B. Acceptance of the Minutes of March 13, 2026 Audit Committee Meeting

On MOTION by Mr. DeMatteis seconded by Mr. DeGiovanni with all in favor the March 13, 2026 audit committee meeting minutes were accepted as presented.

THIRD ORDER OF BUSINESS**Audience Comments**

There being none, the next item followed.

FOURTH ORDER OF BUSINESS**Reports and Discussion Items****C. Discussion of Master Metered Communities and Rate Analysis**

Mr. Porter reminded the board that two years ago, CDM Smith provided a rate projection analysis for the next several years with a proposed rate schedule. The board decided to approve rates on an annual basis. Previously, the proposed rates for 2027 were a 9.5% increase for water and wastewater, a 9.5% increase on the base charge for reclaimed, and no increase on the commodity rate for residential and master meter reclaimed. The golf course rates were proposed to increase over a three-year period to bring them back to 50% of the forecasted residential rates. The largest drivers of these rate increases are increased annual utility costs and the forecasted capital projects to the Dunes CDD community water and sewer utilities. For fiscal year 2027, there is \$2.78 million projected to be spent on capital projects. Previously, the Board considered borrowing \$1.8 million from the bridge fund for the project to replace the reverse osmosis feed pumps project with the intent to pay it back over 20 years.

The Board's direction was to proceed with the incremental increase of the golf course commodity and base rates from fiscal years 2026 through 2028 and to evaluate an increase of the Ocean Hammock Golf Course base rate to align with the Hammock Dunes Golf Course base rate over the next 3 years from fiscal years 2027 through 2029. Additionally, the Board directed the evaluation to also consider adjusting the Ocean Hammock Golf Course commodity tier volume limits to align with the Hammock Dunes Golf Course commodity rate over the same period.

Additionally, Mr. Peugh will speak with some local banks as a secondary option should immediate funding be needed.

Mr. Cole, with CDM Smith, as directed by the Board, provided a presentation on a comparison evaluation of typical residential lots and equivalent residential master meter unit

April 10, 2026

Dunes CDD

reclaimed monthly bills. The Board's consensus was to keep the master metered community reclaimed rates as structured and to not attempt to make adjustments to align with residential lot rates as there was no significant discrepancy in costs between master metered communities and single family homes.

The Board directed existing rates for water, wastewater, and reclaimed services to be further evaluated as part of the 2026 Rate Study for proposed increases in fiscal year 2027, based on the planned annual increase from the 2024 Rate Study plus inflation increases applied to the reclaimed commodity rates for residential and master meter accounts. Golf courses rates will be further evaluated as proposed during the 2025 Rate Study plus the Board proposed changes to align Ocean Hammock Golf Course and Hammock Dunes Golf Course reclaimed base and commodity rates.

D. Consideration of SunPass Integration Proposal

Mr. Peugh presented data from the current year and from the previous year regarding traffic delays resulting from the inability of the 4-way stop to pass the volume of traffic. There were two delays in March of 2025 and no delays in March of 2026. The recently completed improvements to the intersection have markedly improved the flow of traffic through the 4-way stop and delayed the signalization project for 10 plus years.

Mr. Peugh reminded the Board that a study was previously done regarding converting the existing toll plaza from a manual tolling operation to All-Electronic Tolling (AET) and conversion to AET was recommended as it would result in lower long-term operating costs. That earlier study stated that it would take three years to see a return on investment. The updated study in the Board Packet increased the return on investment period to four years.

Mr. Cullum and Mr. Abdalla of KCA presented their fee reduced proposal (from approximately \$741,000 to approximately \$689,000) for the design of the AET improvements and answered various questions regarding the mechanics of how the integration into SunPass would be performed as well as how the canopy would be removed.

April 10, 2026

Dunes CDD

On MOTION by Mr. White seconded by Mr. Porter with all in favor the proposal from Kissinger Campo for engineering services related to the design of an All-Electronic Tolling system totaling \$689,189 was approved.

Old Business

- The board asked how the Florida Prime yield rate correlated to the Federal Reserve interest.
 - The Florida Prime yield closely follows the Federal Reserve rate because it must offer a competitive rate to governmental investors.
- It was requested that the CDs maturing in June be discussed as to whether the monies should be reinvested or made available for projects.
 - The Board was provided with a list of the CDs in question. This item will be included on the June agenda for discussion.
- Mr. Crahan requested European Village be contacted to find out when they need to receive the DCDD's licensing fee for budgeting purposes.
 - European Village simply responded asking for the agreement when it is available. Mr. Crahan suggested notifying them in June and reminding them of the requirement to submit proof of insurance.
- The Board requested that Mr. Peugh prepare a rebuttal to the Palm Coast Observer article regarding the gates installed at European Village.
 - This was done.

Discussion of the Golf Tournament at Hammock Beach

Mr. Peugh relayed a request to the Board from the Flagler County Sheriff and emergency responders to shut down Camino Del Mar during the tournament to force vehicles up Jungle Hut to turn. The Sheriff's Office was informed they would need to make a formal request to the board.

Discussion of Stormwater Utility

Mr. Peugh reported that he was working on the assessment roll that will be submitted to the county.

April 10, 2026

Dunes CDD

Mr. White reported that the easement for the county had been obtained and requested Mr. Peugh pursue having the county finish cleaning the Western mosquito ditch adjacent to Ocean Oaks Lane.

Discussion of Bridge Accident Mediation

Mr. Peugh reported that a verbal agreement has been reached for a sum of \$65,000

Discussion of Bridge / Intersection

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

FIFTH ORDER OF BUSINESS

Staff Reports

Attorney

Mr. Chiumento reported that the continuing engineering services contracts have been completed for 11 of the 15 engineering firms that proposed.

E. Engineer’s Report

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

Manager

F. Bridge Report

Mr. Peugh reported the following data:

- Vehicle trips were up about 2%, and revenue was up 0.5% from March of 2025.
- There are 29,622 accounts.
- There are 18,400 web users.
- There were \$37,123 in credit card transactions.
- There were 421 new bridge pass accounts added.
- There were 755 accounts closed in March for a total recovery of \$11,330.29

Miscellaneous Items

Mr. Peugh reported 30 residential water over capacity letters were sent out. Of the 30, 13 have been rescinded due to customers providing documentation of leaks or other conditions for excess use of water.

April 10, 2026

Dunes CDD

G. Additional Budget Items Report

Included on the additional budget items report were Sequencing Batch Reactor controls parts for \$8,989, RO Membrane autopsy for \$6,000, backhoe repairs for \$7,591.76 and phytoplankton analysis for \$3,010. Additionally, a faulty 45-degree bend at 42 Ocean Ridge Boulevard was fixed for a total of \$11,982.39.

Mr. Porter asked about a recent repair near the Hammock Dunes south gate near La Costa.

Mr. Peugh responded that he would add the repair to the report.

Next, Mr. Peugh informed the Board that a replacement for the Utilities Manager position has been found and should be coming on board in June.

Reminder of Upcoming General Election

The qualifying period for the seats up for election in November is June 8th through June 12th.

SIXTH ORDER OF BUSINESS

Supervisors’ Requests and Audience Comments

Mr. Crahan reminded the board members to complete their Form 1 and ethics training which is due July of 2026.

Follow Up-Items

1. **The Board questioned as to whether the grant funds were recorded in the budget under non-operating revenue. The budget notes state that it is a transfer from Surplus funds and not grant (FEMA) related.**
2. **Inquiry was made regarding need for pursuing line of credit for future short term monetary needs. Mr. Mossing contacted various banks and found the fees to obtain and maintain a line of credit significant enough to wait until the line of credit is actually needed to obtain it.**

SEVENTH ORDER OF BUSINESS

Financial Reports

- H. Balance Sheet & Income Statement**
- I. Assessment Receipts Schedule**

April 10, 2026

Dunes CDD

J. Approval of Check Register

Copies of the financial statements as of February 28, 2026 were included in the agenda package for the Board’s review along with a copy of the check register totaling \$763,480.37.

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

EIGHTH ORDER OF BUSINESS

Next Scheduled Meeting: May 8, 2026 at 9:30 a.m. at the Dunes Administrative Office, 101 Jungle Hut Road, Palm Coast, Florida

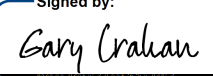
NINTH ORDER OF BUSINESS

Adjournment

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

Signed by:

EE48EB995EDED4A6...
Secretary/Assistant Secretary

Signed by:

80C49B74C55B437...
Chairman/Vice Chairman