

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 12, 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
Richard DeMatteis	Treasurer

Also present were:

Greg Peugh	District Manager
Darrin Mossing	District Representative
Dave Ponitz	District Utilities Manager
James Overton	District Utilities Manager
Corey Brill	Field Supervisor
Krishna Cole	CDM Smith
Brian Porter	CDM Smith

The following is a summary of the discussions and actions taken at the June 12, 2026 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 May 8, 2026 Meeting

Mr. Crahan provided corrections to the minutes, which will be included in the final version.

On MOTION by Mr. Crahan seconded by Mr. Porter with all in favor the May 8, 2026 meeting minutes were approved as revised.
--

B. Acceptance of the Minutes of the May 8, 2026 Audit Committee Meeting

June 12, 2026

Dunes CDD

On MOTION by Mr. White seconded by Mr. DeGiovanni with all in favor the minutes of the May 8, 2026 Audit Committee meeting were accepted.

THIRD ORDER OF BUSINESS**Audience Comments**

Mr. Peugh introduced James Overton as the new utilities manager.

FOURTH ORDER OF BUSINESS**Reports and Discussion Items****C. Rate Presentation by CDM Smith**

Mr. Brian Porter, CDM Smith, went over the presentation regarding the water and sewer rate projections. The current projections are in line with the projections presented in 2024. In a previous meeting, the Board recommended increasing reclaimed rates by the Consumer Price Index adjustment factor at a minimum. The CPI increase for fiscal year 2027 would increase the reclaimed tier one rates by \$0.05, the tier two rates by \$0.08, and the tier three rates by \$0.11 and would result in an additional \$40,725 in revenue. The monthly bill for the average customer would increase by \$1.50. Increasing based on CPI would also increase the golf course rates and would result in an additional \$20,729 in revenue. If the rates for both golf courses were to be aligned, Ocean Hammock's rates would increase to align with Hammock Dunes over a three-year period. Mr. Porter reminded the Board that the projections include \$1.82M being borrowed from the bridge fund for capital projects, with the loan to be repaid over a 20-year period with interest.

The Board members were in agreeance to align the golf course rates, to adjust the rates to factor in CPI, and to borrow from the bridge fund at a interest rate and term consistent with the State Revolving Fund Program.

D. Discussion of the Fiscal Year 2027 Budget

Mr. Peugh stated that the budget assumes a 6% employee salary increase and two new field technicians being brought on. The maintenance assessments will stay flat. The water and sewer rates will increase 9.5%. The capital improvements plan for FY27 estimates \$2.4 million in capital project expenditures. The Board was in agreement with these assumptions.

Mr. DeMatteis questioned why several actual expenditures were lower than the corresponding budgeted amounts. He also noted that the percentage increase in FICA taxes should

June 12, 2026

Dunes CDD

be consistent with the percentage increase in salaries for each fund. Additionally, Mr. DeMatteis questioned why the beginning fund balance did not reconcile with the prior year's ending fund balance for the Water and Sewer Fund. Mr. Peugh stated that he would review the calculations and report back with any necessary corrections or explanations.

Old Business

- The Grau auditing letter of understanding is to include a clause stating that the audit will be submitted by the statutory deadline
 - This was done.
- The next version of the preliminary budget is to include what the various percent increases in salaries equate to.
 - This was done.
- Mr. Crahan asked if two trees south of the Discovery gate need to be examined for health.
 - A report from Old City Trees (included in the agenda packet) confirmed that the trees look reasonable to the arborist.
- Mr. Peugh was to pursue obtaining a backup well site from the county
 - Mr. Peugh is in the process of making this request.

Discussion of Investments

There are a couple of CDs that are due to be reinvested, so Mike Holzem plans to attend the next meeting. The current investments are getting a return of around 4% as the CD's available at this time.

E. Discussion of Bridge / Intersection / Roadways

Mr. Peugh stated that a memorandum of understanding with the Florida Turnpike Expressway is being discussed on June 29th.

Next, it was reported surveying of the roadways is underway for the AET project.

Lastly, Mr. Peugh went over a report on pavement issues. In summary, for a portion of Hammock Dunes Parkway south of Jungle Hut, the base is failing and a deep milling and resurfacing has been recommended. Mr. Porter recommended reapplying for FEMA funds.

June 12, 2026

Dunes CDD

Additionally, there is deteriorated asphalt down the centerline of Hammock Dunes Parkway south of Ocean Hammock maintenance facility that KCA recommends saw-cutting and patching. The Board consensus was to wait to see if the road deteriorates further as well as inquire if the project is available for reopening with FEMA.

F. Discussion of Parkway Trees

This item was covered under Old Business.

G. Ratification of Engagement Letter with Grau & Associates for the Fiscal Year 026 Audit Report

On MOTION by Mr. DeGiovanni seconded by Mr. Porter with all in favor the engagement letter with Grau & Associates for the fiscal year 2026 audit report was ratified.

Discussion of the Golf Tournament at Hammock Beach

Mr. Peugh reported that the county has decided not to close the connector road. The tournament committee asked if signage and temporary message boards could be placed on the Parkway relating to the golf tournament. Mr. Peugh informed the Board the county would need to approve any signage. The tournament committee was asked to provide examples at the next County meeting.

Discussion of Stormwater Utility

Mr. Crahan previously asked that a stress test of the utility system, water, wastewater and reclaim should be considered prior to the golf tournament. No problems were identified.

FIFTH ORDER OF BUSINESS**Staff Reports****Attorney**

Mr. Chiumento informed the Board that Sam Greco would be in town on July 9th if anyone would like to meet him.

June 12, 2026

Dunes CDD

H. Engineer's Report

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

I. Lift Station 11 Rehabilitation Bids

Mr. Ponitz reported that five (5) contractor price proposals were received with Central Florida Lift Stations being the lowest proposer at a cost of \$114,400.

Next, Mr. Ponitz reported the District has received the final payment for Hurricane Nicole from FEMA in the amount of \$87,000.

Manager**J. Bridge Report**

Mr. Peugh reported the following data:

- Vehicle trips were down 1.34%, and revenue was down 1.5% from April of 2025.
- There are 29,888 accounts.
- There are 18,830 web users.
- There were \$40,566 in credit card transactions.
- There were 345 new bridge pass accounts added.

Miscellaneous Items

Mr. Peugh reported that there were 30 residential over capacity letters sent out; 21 were rescinded, two have paid for a total of \$21,000, three have been suspended until more data is provided, and four are outstanding. Mr. Crahan recommended sending certified letters to the outstanding parties.

Next, Mr. Peugh reminded the Board to complete their Form 1 by July 1st.

Lastly, a homeowner's retaining wall at 501 Granada Drive is reported to have been undermined. The homeowner is alleging the District spraying vegetation along the bank of the nearby lake has contributed to the erosion. The consensus from the Board was that the spraying activities did not contribute to the erosion. The Board recommended Mr. Chiumento assist in preparing a letter to the homeowner stating this.

June 12, 2026

Dunes CDD

K. Additional Budget Items Report

Included on the additional budget items report were fertilization of the Oak trees along Hammock Dunes Parkway for \$15,250, moss removal from the Parkway for \$500, storm drain cleaning for \$5,310, and SBR Allen Bradley panel view replacement for \$4,100.

Reminder of Upcoming General Election

Mr. Peugh noted that Mr. Porter and Mr. DeGiovanni have qualified to remain in their seats.

SIXTH ORDER OF BUSINESS**Supervisors' Requests and Audience Comments**

Mr. Crahan requested the European Village license rate be discussed. The consensus amongst the Board was to leave the rate at \$35,000 and send a letter to European Village stating the rent will be \$35,000 for next year.

Follow Up-Items

1. **Mr. Chiumento is to prepare a formal resolution documenting the borrowing from the Bridge Fund for Water & Sewer capital projects. Ongoing.**
2. **Review the Fiscal Year 2027 budget calculations, including actual vs. budgeted expenditures, FICA calculations, and reconciliation of the Water & Sewer Fund beginning and ending balances. Report any corrections or explanations to the Board. Ongoing during budget presentation.**
3. **Evaluate reapplication for FEMA funding related to Hammock Dunes Parkway pavement rehabilitation. Ongoing.**
4. **Review county-requested golf tournament signage once examples are submitted and determine whether Board approval is appropriate. Ongoing.**
5. **Mr. Crahan requested Staff send certified letters to the four remaining over-capacity property owners who have not responded. Completed.**
6. **Mr. Chiumento is to prepare a response letter to the homeowner at 501 Granada Drive regarding the retaining wall erosion claim. Completed.**

SEVENTH ORDER OF BUSINESS**Financial Reports****L. Balance Sheet & Income Statement**

June 12, 2026

Dunes CDD

M. Assessment Receipts Schedule

N. Approval of Check Register

Copies of the financial statements as of April 30, 2026 were included in the agenda package for the Board's review along with a copy of the check register totaling \$412,989.42.

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 10, 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. DeGiovanni seconded by Mr. Porter with all in favor the meeting was adjourned.

Signed by:

Gregory Pugh

EE48EB95EDED4A6...

Secretary/Assistant Secretary

Signed by:

Gary Graham

80C49B74C55B437

Chairman/Vice Chairman