

MINUTES OF MEETING
DUNES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Dunes Community Development District was held Friday, August 14, 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 DeGiovanni	Vice Chairman
Kevin Porter	Assistant Secretary
Bill White	Assistant Secretary

Also present were:

Greg Peugh	District Manager
Darrin Mossing	District Representative
Michael Chiumento	District Counsel
James Overton	District Utilities Manager

The following is a summary of the discussions and actions taken at the August 14, 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 July 10, 2026 Meeting

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

On MOTION by Mr. White seconded by Mr. DeGiovanni with all in favor the July 10, 2026 meeting minutes were approved as revised.

THIRD ORDER OF BUSINESS

Audience Comments

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

The following item was taken out of order from the agenda.

August 14, 2026

Dunes CDD

FIFTH ORDER OF BUSINESS**Public Hearing to Adopt Amended Water,
Wastewater and Reclaim Rates**

On MOTION by Mr. Porter seconded by Mr. White with all in favor the public hearing to adopt the amended water, wastewater and reclaim rates was opened.

Mr. Peugh stated the rates are increasing by 9.5% as discussed in May, and the Ocean Hammock Golf Course base rate is being increased to align the usage rate on the golf courses with the residential rates. The CPI went up by 2.1% on the commodity rates. Mr. White requested a comparison of the current and projected rates between Dunes CDD and City of Palm Coast customers.

I. Resolution 2026-11, Adopting Amended Water, Wastewater, and Reclaim Rates

On MOTION by Mr. DeGiovanni seconded by Mr. Porter with all in favor Resolution 2026-11, adopting amended water, wastewater and reclaim rates as presented was approved.

There being no members of the public present, a motion to close the public hearing followed.

On MOTION by Mr. White seconded by Mr. DeGiovanni with all in favor public hearing to adopt the amended water, wastewater and reclaim rates was closed.

FOURTH ORDER OF BUSINESS**Public Hearing to Adopt the Budgets for
Fiscal Year 2027****B. Fiscal Year 2027 Budget**

On MOTION by Mr. Porter seconded by Mr. White with all in favor the public hearing to adopt the fiscal year 2027 budget was opened.

Mr. Peugh provided an overview of the budget, noting the non-ad valorem maintenance assessment has been kept level at \$135 per property. Since the budget was presented last, 27

August 14, 2026

Dunes CDD

properties were added for the Oasis development and those additional dollars were put into the general fund reserves. It is projected the general fund surplus account will have \$121,000 at the end of the next fiscal year.

C. Consideration of Resolution 2026-05, Adopting the General Fund Budget for FY 2027

On MOTION by Mr. DeGiovanni seconded by Mr. White with all in favor Resolution 2026-05, adopting the general fund budget was approved.

D. Consideration of Resolution 2026-06, Levying Assessments for FY 2027

On MOTION by Mr. DeGiovanni seconded by Mr. Porter with all in favor Resolution 2026-06, levying assessments for fiscal year 2027 was approved.

E. Consideration of Resolution 2026-07, Adopting the Water & Sewer Fund Budget for FY 2027

Mr. Peugh stated that the income for 2026 is not hitting the projections, so it is not expected that the revenue would hit the projections for 2027 as it depends on the amount of rain, so the proposed revenues were reduced to 95% of the actual, which is \$1.4 million. Cuts were made where they could be, and the remaining funds came out of the reserves.

On MOTION by Mr. Porter seconded by Mr. White with all in favor Resolution 2026-07, adopting the water and sewer fund budget was approved.

F. Consideration of Resolution 2026-08, Adopting the Bridge Fund Budget for FY 2027

There were no material changes made to the bridge fund budget since it was last presented.

On MOTION by Mr. Porter seconded by Mr. White with all in favor Resolution 2026-08, adopting the bridge fund budget was approved.

August 14, 2026

Dunes CDD

G. Consideration of Resolution 2026-09, Adopting the Stormwater Enterprise Fund Budget for FY 2027

There were no material changes made to the stormwater enterprise fund budget since it was last presented. There is \$905,000 projected for the end of fiscal year 2026 and \$958,000 projected for the end of fiscal year 2027.

On MOTION by Mr. Porter seconded by Mr. DeGiovanni with all in favor Resolution 2026-09, adopting the stormwater fund budget was approved.

H. Consideration of Resolution 2026-10, Adopting the Section 125 Cafeteria Plan

Mr. Peugh stated that the Section 125 Cafeteria Plan allows for health insurance costs to be taken out pre-tax and placed into a health care fund.

On MOTION by Mr. Porter seconded by Mr. DeGiovanni with all in favor Resolution 2026-10, adopting the Section 125 cafeteria plan was approved.

On MOTION by Mr. DeGiovanni seconded by Mr. Porter with all in favor the public hearing to adopt the fiscal year 2027 budgets was closed.

SIXTH ORDER OF BUSINESS

Reports and Discussion Items

Old Business

- Mr. Peugh was to continue reviewing the budget calculations including FICA, the fund balance reconciliations and any remaining adjustments prior to the budget adoption.
 - This was done. ADP is reconciling the last three years of unpaid 457-B FICA taxes, which they estimate will take 6 to 8 weeks. It is estimated around \$22,000 will be owed.
 - Mr. Crahan inquired if more needs to be done to protect employees in the event of an audit. Mr. Peugh stated that additional assistance can be provided on a case-by-case basis, but proper action has been taken to pay back taxes. Mr. Peugh to inquire with ADP.

August 14, 2026

Dunes CDD

- Mr. Overton to continue documenting all correspondence attempts with FEMA regarding the Hammock Dunes Parkway pavement rehabilitation funding requests.
 - Mr. Overton stated that FDEM responded to email inquiry and that it was highly unlikely that FEMA would re-open the request for assistance.
- Mr. Peugh to inquire about state and federal funding opportunities for the all-electronic tolling project.
 - This is ongoing. Mr. Peugh attended a meet and greet with Representative Fine. Representative Greco's office provided information on the appropriations form and process.
- Mr. Peugh to reach out to Ocean Hammock golf course for maintenance of the county drainage ditch located on the golf course property.
 - Mr. Peugh is scheduling a meeting to discuss the rates and drainage ditch.
- Mr. Peugh was to incorporate Bill White's statement about the letter of support for the county-owned Malacompra drainage ditch.
 - This was done. The letter was sent to the commissioners. There has been no response.
- Mr. Overton to meet with Cory Brill and present the proposed stormwater system inspection and cleaning plan at the next board meeting.
 - This was done. A report was handed out to the board members in which areas were prioritized that have been the most problematic. Staff is looking at developing an RFP for a project to inspect and clean stormwater pipes and structures.

Discussion of Golf Course Tournament at Hammock Beach (October 9-11, 2026)

Mr. Peugh presented renderings of road signage the golf course staff would like to put up for the golf tournament, as well as the proposed locations for the signs.

Mr. Crahan expressed concern that there is no public parking available on the CDD's side of the bridge and questioned how attendees are going to be informed that all parking will be at Daytona State College. Mr. Porter asked about how buses will be dealing with the toll facility. Mr. Peugh stated that a temporary account will be in place for the event. Mr. Crahan noted that the October Board meeting is scheduled the week of the tournament. All parties agreed to move the

August 14, 2026

Dunes CDD

Board meeting to the following Friday, October 16th. GCS to update scheduled meetings for FY 2027.

Discussion of Stormwater Utility

Mr. Peugh reported that fish in the ponds have been dying due to spawning and heat. Mr. Porter inquired about the retaining wall repair at 501 Granada Drive. Mr. Peugh stated that a temporary construction easement is being prepared to include with the license agreement.

Mr. Overton provided an overview of the stormwater asset management plan for cleaning and inspection. Mr. Porter added that keeping organized records is important to pursue future grant funding opportunities.

Discussion of Bridge / SunPass / Roadways

Mr. Peugh reported that the reflective striping being installed on the roadways is still in progress due to rain delays.

Dunes CDD staff will be visiting the Florida Turnpike Enterprise facility on September 24th for the Bridge All-Electronic Tolling (AET) Facility project.

Discussion of Backup Well Site

The County stated that a perpetual easement for the backup well site would be the preferred method of transferring the property to the DCDD. Flagler County Commissioners will need to be briefed on the DCDD's need for this property.

Discussion of Cyber Security

Mr. Peugh reported that several municipalities in different states have had cyber-attacks on their water plants. The District has a cybersecurity plan in place and it gets updated every five years as part of the Emergency Response Plan that is submitted to the Environmental Protection Agency (EPA). McKim & Creed (District Consultant) is looking at if there is anything else that the District needs to do to keep the system secure. MPower (District IT consultant) is assisting by providing system architecture schematics to McKim & Creed.

Discussion of Forcemain Damaged by FDOT

August 14, 2026

Dunes CDD

The total documented cost associated with the incident is approximately \$142,000. Related matters remain under review, and additional information will be provided to the Board as appropriate.

SEVENTH ORDER OF BUSINESS**Staff Reports****Attorney**

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

J. Engineer's Report

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

In addition to the items on the report, it was noted a request for proposals for landscape and irrigation maintenance services was issued and proposals are anticipated to be presented to the Board at the October meeting.

Manager**K. Bridge Report**

Mr. Peugh reported the following data:

- Vehicle trips and revenue were flat from July of 2026.
- There are 30,252 accounts.
- There are 19,350 web users.
- There were \$46,575 in credit card transactions.
- There were 405 new bridge pass accounts added.

Next, Mr. Peugh reported 27 residential over capacity letters were rescinded, two paid and one is still outstanding, so their water will be turned off.

L. Additional Budget Items Report

Added to the additional budget items report was cleaning of the storm drains for a total of \$17,798.35.

August 14, 2026

Dunes CDD

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

There being none, the next item followed.

NINTH ORDER OF BUSINESS**Financial Reports****M. Balance Sheet & Income Statement****N. Assessment Receipts Schedule****O. Approval of Check Register**

Copies of the financial statements as of May 31, 2026 were included in the agenda package for the Board's review along with a copy of the check register totaling \$308,649.13.

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

Mr. Peugh left the meeting at this time, and the Board discussed his performance review.

Follow Up-Items

1. **Mr. Peugh and Mr. Overton to prepare a comparison of the current and projected Dunes CDD utility rates with the City of Palm Coast's rates. Completed.**
2. **Mr. Peugh to follow up with ADP regarding whether any additional measures are recommended to protect or assist employees in the event of an audit related to the unpaid 457(b) FICA taxes. Ongoing.**
3. **Mr. Peugh and Mr. Overton to meet with representatives of the Ocean Hammock Golf Course to discuss the amended utility rates and maintenance of the County drainage ditch located on golf course property. The rates have been sent to both golf courses and a meeting has been requested of the Ocean Hammock staff.**
4. **District staff and District Counsel to finalize the temporary construction easement and license agreement for the retaining wall repair at 501 Granada Drive. Ongoing.**
5. **McKim & Creed to complete its cybersecurity review and identify any additional measures needed to secure the District's water system, with MPower providing the requested system architecture schematics. Ongoing.**

August 14, 2026

Dunes CDD

TENTH ORDER OF BUSINESS

**Next Scheduled Meeting: September 12, 2026
at 9:30 a.m. at the Dunes Administrative
Office, 101 Jungle Hut Road, Palm Coast,
Florida**

ELEVENTH ORDER OF BUSINESS

Adjournment

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

Signed by:

Gregory Pungli

EF48EB95EDED4A6...

Secretary/Assistant Secretary

Signed by:

George DeGiovanni

3A8C9F779A2448C...

Chairman/Vice Chairman