

Hammock Dunes Owners Association (HDOA)

A Very Important Purchase

“Remaining Assets” of Hammock Dunes Developer

**Presentation at the Annual HDOA Meeting
March 25, 2013**

Agenda

- Background
- Purchase Overview
- Why Purchase
- After-Purchase Plans
- Funding Strategy
- Community Vote
- Summary
- Comments and Questions
 - Please Hold Comments/Questions Until End of Presentation
 - Please Submit All Comments/Questions via 3x5 Card

Background

- E2M LLC Acquired Hammock Dunes Property and Declarant Rights from ITT in 1999, under the name of Hammock Dunes Associates
 - In 2005, E2M turned over Club Assets, except Unsold Memberships/Pricing Control, to the Club
 - In 2010, E2M Announced Plans to Liquidate Remaining Assets and Closed the Sales Office
 - In 2011, E2M sold the Club the Remaining Unsold Memberships and Control of Pricing
- HDOA Initiated Negotiations with E2M in November 2011 to Purchase the Remaining “Developer Assets”
 - During this same time period, Grand Haven, Ocean Hammock and Hammock Beach have Enjoyed a Declarant Promoting Community Growth

This Asset Purchase is Necessary to Re-Establish Our Growth Path and Secure, Protect and Reenergize the Hammock Dunes Vision and Future Property Values.

Purchase Overview

- **E2M Will Only Sell the Remaining Assets as a “Package Deal”**
 - **Individual Assets Are Not For Sale**
- “Package Deal” includes the following Remaining Assets:
 1. Declarant Rights - Developer Master Documents and Intellectual Property
 2. Front Gate Sales Center - Building plus Property
 3. A1A South Billboard - Titled Land Parcel that Buffers HD from A1A
 4. DCDD Connection Fee Agreement - 240 New Construction Water/Sewer Hook-Ups
- HDOA - E2M Final Negotiated Purchase Price - \$1.875 Million
 - Initial E2M asking price (for these same assets) was \$3M in November 2011
 - An HDOA Community Vote is Required to Approve this “Asset Purchase”

The Declarant Rights are a Critical Component of This Purchase, However E2M Will Not Sell these “Developer Rights” Exclusive of the other Assets.

Why Purchase

- Declarant Rights
 - Includes By Laws, Master Documents, and Covenants, Conditions and Restrictions (CCRs) plus Logo/Tag Line, Maps and Web Page URL
 - Defines Both the Original Development Vision, But Also Permits the Owner to Change the Future Community Vision
 - Community Standards: Landscape, Architecture, Own vs. Rent vs. Time Share
 - Common Property: Dedicated vs. Conversion to Additional Development
 - WCI Vacant Lots “Condo Concept”: Architecture and # Units
 - Design Standards: Build-Out of the Remaining Vacant Lots
 - Annual Dues and Assessments: Master HDOA and Neighborhoods
 - We Need to Own these Documents So You, as Owners, Should Determine What Hammock Dunes Looks Like in the Future

We Must Protect our “Private Oceanfront Community”
We Do Not Want to Become a Hammock Beach “Tourist Community” !

Why Purchase

- Front Sales Office
 - “Commercial Zoned” 2.46 Acre Parcel with a 6,018 sq. ft. Building
 - In “the Wrong Hands”, a “Non- HD Friendly” Owner could...
 - Alter the Existing Architecture Design
 - Introduce other “Commercial” Business Operations
 - Potentially Devalue Our Entire Community and Individual Properties
 - We Want to Ensure this Property Continues to Provide an “Inviting, Architecturally Compliant Entrance” to Our “Premier Community”
- A1A South Billboard
 - Located Between the Hammock Dunes South Entrance and Island Estates Main Entrance
 - Consists of a .15 Acre Parcel with a Billboard
 - We Want to Add this Parcel to HD Common Property and Expand the Current “Narrow” 7 Foot Landscape Buffer along the HD A1A Southern Boundary

***We Must Secure and Protect Our Front Entrance
and The Southern Boundary Along A1A.***



This is the Very First Impression Visitors Have of Hammock Dunes

We Already Own the Clock Tower and Front Gate House

The Sales Office Complements the Front Entrance Architecture

Ownership of the Sales Office Ensures that We Protect This First Impression



Existing A1A South Billboard



Example Monument Signage to Replace Billboard

***This Billboard Parcel of Land is the Very First Impression Visitors Have
of the Hammock Dunes South Entrance***

***Ownership of this Parcel of Land Provides the Opportunity to Erect Inviting
Directional Signage for Both Hammock Dunes Proper and Island Estates***

Why Purchase

- DCDD Connection Fee Agreement
 - E2M Requires that this Agreement Be Included as Part of Any Negotiated Purchase
 - Existing E2M-DCDD Agreement Includes the Following Key Components
 - Dunes Community Development District (DCDD) collects \$4,500 for a Water/Sewer Connection from each Lot/Unit during Initial Construction
 - DCDD Retains \$1,000 and Disburses Remaining \$3,500 to “Connection Fee Agreement “ Holder
 - Now E2M, but will transfer to HDOA at Purchase Closing
 - There currently are 240 Remaining Vacant Lots that will be charged this Fee at time of Construction
 - Future Value to HDOA is \$840,000 (240 lots x \$3,500 each)

DCDD Connection Fee Agreement Provides Significant Value for Hammock Dunes as We Reenergize Our Hammock Dunes Growth Path.

After-Purchase Plans

- Declarant Rights
 - **Secure, Protect** and **Maintain** HD Standards and **Property Values**
 - Guide Future HD Vision for Benefit of all Property Owners
 - Coordinate with Club in Marketing HD as a Premier Oceanfront Community
 - Enter into Discussions with Developer(s)
 - Accelerate Build-Out of Remaining Lots and Condo Pads
 - Incorporate 7 Acre Parcel (Between Sales Center and #3 Fairway) into HD Community, only under DRC Approved Standards
- Front Sales Office
 - Ensure Property Complies with HD Community Standards
 - Lease to HD “Friendly” Entity (HD Management Company, Realtors, Club)
 - Use Lease Revenue to Pay Down Financed Asset Purchase

We Are and Will Continue to Improve Hammock Dunes for All Owners, including this Year’s Bridge Renovation and other Future Investments.

After-Purchase Plans

- A1A South Billboard
 - Create a 75' Landscape Buffer, Similar to Other Buffers that Border Hammock Dunes
 - Remove Billboard, Landscape Area and Erect an Entrance Monument
- DCDD Connection Fee Agreement
 - Collect \$3,500 for Each of 240 Remaining New Construction Water/Sewer Hook-ups
 - Use Connection Revenue ($\$240 \times \$3,500 = \$840,000$) to Pay Down Financed Asset Purchase

We Are and Will Continue to Improve Hammock Dunes for All Owners, including this Year's Bridge Renovation and other Future Investments.

Funding Strategy

- Purchase Will Not Significantly Impact the HDOA Strong Financial Position
 - Protects Dedicated/Restricted Reserves (Annual Maintenance and Long Term Replacement Costs)
- Down Payment - \$500,000
- Loan - \$1,375,000
 - Negotiating Rate/Terms with Local and National Financial Institutions
 - Requesting a 10 – 25 Year Term
 - No Pre-Payment Conditions
- Loan Re-Payment Source
 - Front Gate Sales Center Lease
 - DCDD Connection Fees
 - Master Dues (targeting \$5 per month increase)
 - As a reference, Monthly Dues in 2006 were \$99 - now only \$110

We Need to Take Advantage Now of the Economic Recovery to Secure the Future of Hammock Dunes for All Owners!

Community Vote

- Hammock Dunes Owner Vote Required to Approve “Asset Purchase”
- Town Hall on 22nd of April
 - Present Final Sales Agreement and Loan Terms and Conditions
- Formally Announce Vote Prior to Vote Due Date
 - Targeting Early May for Counting Votes

Purchase Agreement with E2M Contingent on a Positive Owner Vote and HDOA Securing a Loan from a Financial Institution.

Summary

What do You, as Owners, Want for the Future of Hammock Dunes ?

Future # 1

- An HDOA with Declarant Rights that Include Owner Approval Vote to Guide Hammock Dunes Future Growth Path and Protect Property Values
- An Entrance to Hammock Dunes that is Inviting for Existing Owners and Potential New Owners
- A Secure South Entrance with Inviting Hammock Dunes Directional Signage

Future # 2

- E2M Sells the Asset Package to “Another Developer”, whose Sole Interest is to Maximize Profit rather than Preserve the Hammock Dunes Legacy
- A “Declarant” who Can Change the Declarant Rights without an HDOA or HD Owner Vote and Builds Whatever Maximizes Profit, Regardless of Architecture Standards
- A Potential “Non-Friendly” and “Un-Inviting” Commercial Enterprise at Our Front Entrance

Your Vote is Critical if You, As Owners, Want to Achieve Future #1 !

Comments and Questions

(Please Submit via 3x5 Card)