



*(Resend of April 4, 2013 Email Message with corrected format from IContact Error)*

***Asset Purchase Summary - Monday's 25th March Annual HDOA Meeting***

As promised in our earlier emails, we presented at your 25th March Annual HDOA Meeting the HDOA plans to purchase the "Remaining Assets" of the Hammock Dunes Developer. As previously emphasized, your owner vote is a necessary condition to approve this very important purchase and, within the next week, all owners will receive via USPS mail a formal announcement of a **20th May Member Meeting** where you can either vote in-person or by proxy. We are also scheduling a **22nd April Town Hall Meeting**, where we will provide additional details on this important purchase.

We have posted the 25th March presentation on the HDOA web-site at [www.hammockdunesoa.com](http://www.hammockdunesoa.com), and also plan to post all questions and comments made by owners and our responses (Q&A) during the meeting.

Become an informed voter - please take the time to view this presentation, at the HDOA web-site, so you may understand, first-hand, the value that this important Asset Purchase provides for your Hammock Dunes Community and each individual owner.

The following provides a brief summary of the highlights of the 25th March presentation, but again I urge you to visit your HDOA web-site for the complete details, including the Q&A.

**Background and Overview**

In 1999, E2M LLC acquired Hammock Dunes Property and Declarant Rights from ITT, 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 their remaining Hammock Dunes assets and closed their Front Gate Sales Office. In 2011, E2M sold to the Club the remaining unsold memberships and control of pricing.

Starting in November 2011, your HDOA Board of Administrators initiated negotiations with E2M to purchase the following remaining "Developer 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

It is important to note that E2M would only sell the above four remaining assets as a "Package Deal" - these assets are not for sale as individual components.

The final negotiated HDOA - E2M purchase price is \$1.875 Million. This is a significant decrease in price, compared to E2M's initial asking price (for these same assets) of \$3M in November 2011. As we stated, this purchase is contingent on a positive HDOA Owner Vote to approve this "Asset Purchase".

The Declarant Rights are a critical component of this purchase, However as stated above, E2M would not sell these "Developer Rights" exclusive of the other assets. Your HDOA Board of Administrators firmly believes that this Asset Purchase is necessary to re-establish our Hammock Dunes growth path and secure, protect and re-energize the Hammock Dunes vision and future property values.

#### Why We Should Purchase These Assets

A description of each asset and our rationale for purchasing these remaining developer assets is summarized below:

1. Declarant Rights: Includes By Laws, Master Documents, and Covenants, Conditions and Restrictions (CCRs) plus Logo/Tag Line, Maps and Web Page URL. These documents define the original Hammock Dunes development vision and standards, including landscape, architecture, and own vs. rent vs. time share. Additionally, the owner of these Declarant Rights can modify them without an HDOA or Owner vote if they want to change the current Hammock Dunes vision. As Hammock Dunes owners, you, and you alone, should determine what Hammock Dunes looks like in the future.
2. Front Sales Office: "Commercial Zoned" 2.46 acre parcel with a 6,018 sq. ft. building. In "the wrong hands", a "non- Hammock Dunes friendly" owner could, if he chooses, alter the existing architecture design and introduce other "commercial business operations". Because, this Sales Office sits directly to the right of our front gate entrance, a potential change in architecture or less than pristine care of the exterior and adjoining landscape could potentially devalue our entire community and your individual properties. Your HDOA Board of Administrators wants to ensure this property continues to provide an "Inviting, Architecturally Compliant Entrance" to our "Premier Community". This is the very first impression visitors have of Hammock Dunes. We already own the Clock Tower and Front Gate House, so the Sales Office complements our front entrance architecture. Ownership of the Sales Office ensures that we protect this first impression of our Hammock Dunes.
3. A1A South Billboard: Consists of a .15 acre parcel with a Billboard and

located between the Hammock Dunes South Entrance and Island Estates Main Entrance. Our plan is to add this parcel to Hammock Dunes common property, thus adding an additional buffer to the existing “narrow” 7 foot landscape buffer along this A1A southern boundary. 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.

4. DCDD Connection Fee Agreement: E2M requires that this agreement be included as part of any negotiated purchase. The existing E2M-DCDD agreement includes the following key components: 1) Dunes Community Development District (DCDD) collects \$4,500 for a water/sewer connection from each lot during initial construction, 2) DCDD retains \$1,000 and disburses the remaining \$3,500 to the “Connection Fee Agreement” holder, now E2M but will transfer to HDOA at purchase closing, 3) There currently are 240 remaining vacant lots that will be charged this fee at time of construction. The future value to HDOA is \$840,000 (240 lots x \$3,500 each). This DCDD Connection Fee Agreement provides significant value for Hammock Dunes as we re-energize our Hammock Dunes growth path.

#### After-Purchase Plans

We have specific plans for each asset once we complete the purchase, again with your Hammock Dunes owner vote of approval. Our plans for each asset are summarized below:

1. Declarant Rights: We want to secure, protect and maintain Hammock Dunes standards and property value and, with your support as owners, guide the future Hammock Dunes vision for the benefit of all property owners. Our objectives include coordinating with the Club in marketing Hammock Dunes as a “Premier Oceanfront Community” and entering into discussions with developer(s) to accelerate build-out of the remaining lots and Condo Pads.

2. Front Sales Office: Your HDOA ownership of this Sales Office would ensure the property continues to comply with Hammock Dunes community standards. Our plan includes leasing this property to a Hammock Dunes “friendly entity” rather than a commercial enterprise that does not complement our pristine, inviting main entrance. We intend to use the monthly lease revenue to pay-down the financed asset purchase.

3. A1A South Billboard: Our objective here is to create a secure 75’ landscape buffer, similar to other buffers that boarder Hammock Dunes. Additionally, we would remove this Billboard, landscape the currently barren area and erect a directional entrance monument for both the south entrance to Hammock Dunes proper and Island Estates.

4. DCDD Connection Fee Agreement: We would collect \$3,500 for Each of 240 Remaining New Construction Water/Sewer Hook-ups, and use this connection revenue (\$240 x \$3,500 = \$840,000) to again pay-down the financed asset

purchase.

It is s important to emphasize that the HDOA has a very strong financial balance sheet, and your HDOA is currently and will continue to improve Hammock Dunes for all owners, including this year's main entrance bridge renovation and other future infrastructure improvements.

### **Financing Strategy**

This purchase will not significantly impact the HDOA strong financial position, and does not use any of the HDOA's protected, restricted reserves that are set-aside and dedicated for annual maintenance and long term replacement of the Hammock Dunes infrastructure.

Our financing strategy for this \$1,875,000 purchase includes a \$500,000 down payment and a long term loan for the remaining \$1,375,000. Your HDOA is currently negotiating interest rate and duration terms (10 to 25 year term, no pre-payment penalties) with both local and national financial institutions.

To pay off the loan, we intend to use a combination of monthly revenues generated from 1) the Front Gate Sales Center lease, 2) the DCDD Connection Fees, and 3) a very modest \$5 or less per month increase in your Master Association dues. As a point of reference, in 2006 your Master Association dues were \$99 per month and are now are only \$110 per month; this represents less than a .2% increase in monthly dues over the past eight years. We need to take advantage now of the economic recovery to secure the future of Hammock Dunes for all owners!

### **Community Vote Process**

As previously stated, a Hammock Dunes Owner Vote is required to approve this "Asset Purchase". The 25th March Annual HDOA meeting was the first in a series of HDOA communications to educate Hammock Dunes owners of this important purchase. In addition to frequent emails and posting the presentation and Q&A on the HDOA web-site, we are scheduling a Town Hall Meeting for the 22nd of April where we will present the Final Sales Agreement and Loan Terms and Conditions. Next week, all owners will receive via USPS mail a formal announcement of a 20th May Member Meeting, where owners can either cast their vote in-person or mail-in their proxy ballots. At this Member Meeting, we will officially count the votes and announce the vote results of this very important asset purchase.

### **Summary**

In summary, what do you, as owners, want for the future of Hammock Dunes?

**Future # 1** - Provides the following value for you, Hammock Dues owners:

- An HDOA with Declarant Rights that include owner approval vote to guide the 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** - Has the potential for an entirely different outcome:

- 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.

**Bottom Line** - Your vote is critical if you, as owners, want to achieve Future #1!

Thank you for this opportunity to update you on this critical asset purchase. I look forward to discussing with all Hammock Dunes Owners the value that this very important purchase will provide for the future of Hammock Dunes, and hope to see you at our 22nd of April Town Hall and 20th of May Member Meetings.

Sincerely,

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President, Hammock Dunes Owners Association

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