

Hammock Dunes Owners Association, Inc
Board of Administrators Meeting
April 15, 2013

Call to Order

The meeting was called to order at 10:00 a.m.

Members Present: George DeGovanni, Cosmo DiPerna, Bruce Aiello, Nancy Cerniglia, Bob Bagdon, Marge Rooyakkers, Andy Furia, Dennis Vohs, Phil Henderson

Members Absent: Tom Sharpe, David Jacobs

Others Present: Travis Houk, Southern States Management Group, Inc.
Don Finch, Hammock Dunes Club

A quorum was established. Members' sign-in sheet located in Association Meeting File.

Approval of the Minutes – March 18, 2013 Board of Administrators Meeting
March 25, 2013 Annual Members' Meeting
March 25, 2013 Organizational Meeting

ON MOTION BY Bruce Aiello, seconded by Cosmo DiPerna, with all in favor, the Board approved the minutes of the March 18, 2013 Board of Administrators Meeting, with the following amendments:

- **On page 2, the words “up to” should be added in front of the number “\$11” in point four under in the motion regarding approving the asset purchase agreement with E2M.**
- **On page 2, paragraph 4, in the motion regarding approving the asset purchase agreement with E2M, point number three, after the number “2013” the phrase “and chooses to continue to attempt to close by September 30, 2013” should be added.**

ON MOTION BY Bruce Aiello, seconded by Cosmo Diperna, with all in favor, the Board approved the minutes of the March 25, 2013 Annual Members' Meeting as written.

ON MOTION BY Bruce Aiello, seconded by Marge Rooyakkers, with all in favor, the Board approved the minutes of the March 25, 2013 Organizational Meeting as written.

Island Estates Board:

In response to a request from the Island Estates Neighborhood Association to address the HDOA Board regarding the Declarant asset purchase, Mr. DeGovanni added this item to the meeting agenda and noted the Island Estates Board would like their concerns addressed before writing a letter to their owners urging support of the sale. Island Estates Neighborhood Association President, Ray Metz reviewed a list of questions from his Board. Mr. Metz advised there is concern regarding the HDOA Board making unilateral changes in neighborhood property boundaries and the land use designation for the sales center. Mr. DeGovanni and Mr. Aiello advised the HDOA Board would make no unilateral decisions on property boundaries without input from the neighborhoods and owners. The Board advised no changes will be made to the current use of the sales center building during the loan term as the building and income from the lease are a part of the collateral required by the bank to repay the loan. Mr. Metz said his Board feels the HDOA should retire the two positions on the Board of Directors allocated to the Developer after the sale. Mr. DeGovanni advised the Board does not want to commit to that request at this point. The two positions would provide a counter to WCI in the event WCI elects to once again appoint members to the HDOA Board. The positions will most likely remain vacant. Island Estates Board Member Mike Goodman stated because 200 owners, or 1/6th of HDOA owners live in the Island Estates Neighborhood, consideration should be given to assigning at least one of the Declarant Board positions to an Island Estates representative after the sale. Mr. Aiello

noted, Granada Estates also has a large percentage of owners and consideration might be given to assigning one of the seats to that neighborhood. Mr. DeGiovanni advised the HDOA Board will consider the request but cannot make a commit to that course of action at present because HDOA is not yet the Declarant and a legal opinion will be required on the matter. The Board agreed the Island Estates Neighborhood can continue to use its own Design Review Manual and could establish its own DRC, but decisions would still be subject to the HDOA DRC, which currently has an Island Estates representative. In response to Mr. Metz recommendation that the HDOA expand insurance coverage to protect the DRC and other Declarant responsibilities, Mr. DeGiovanni advised, the HDOA Board had already planned to do so. In response to Mr. Metz request for assurance that the financial obligation for the asset purchase will not be passed along to the neighborhood, Mr. DeGiovanni advised the financial responsibility lies with the HDOA.

Asset Purchase:

Asset Purchase Sales Agreement

Mr. DeGiovanni advised the sales agreement drafted by the law firm of Taylor and Carls and the Limited Proxy required for owners to designate an owner or Board Member to cast their vote regarding the asset purchase, has been reviewed by the Board. Revisions are needed for both documents. The financial institutions in loan negotiations have been advised the Association would like to target the Friday prior to June 15, 2013 as the closing date to allow time to resolve any delays prior to the June 30, 2013 closing deadline.

Loan Status Update

Mr. Aiello advised the HDOA is in negotiations for the loan with three lenders, two national, one local. Representatives of the HDOA will meet with the financial institutions this week and the Finance Committee and one owner who was formerly on the Club Finance Committee will review the proposals and make a recommendation to the Board.

Town Hall Meeting

Mr. DeGiovanni advised the town hall meeting will be similar to the Annual Meeting discussion.

Special Members Meeting & Voting Procedure

The announcement of the April 22, 2013 Town Meeting has been mailed. A second mailing regarding the asset purchase will be sent to owners including the Limited Proxy, a fact sheet and a cover letter the asset purchase at the May 20, 2013 Board of Administrators Meeting, a fact sheet, and cover letter this week. Mr. DeGiovanni and Mr. DiPerna have discussed scheduling a meeting with WCI to encourage them to cast their votes in favor of the Asset Purchase. Mr. Furia has received several letters from owners regarding plans for the billboard outlined at the Annual Members' Meeting and cautioning that if the billboard is removed, the designation of A1A as a Scenic Highway may preclude ever re-erecting the billboard. The HDOA plans on letting the lease continue for a year and plans to eventually replace the billboard with monument signs for Hammock Dunes and Island Estates. The Board discussed delinquent owner votes.

ON MOTION BY Bruce Aiello, seconded by Marge Rooyakers, with all in favor, the Board voted on whether to not allow delinquent owners more than 90 days to vote in the upcoming election. Motion carries.

Front Sales Office Lease

Mr. DeGiovanni reported the Board has been in negotiations with Southern States Management Group for a five-year lease of the front sales office at a cost for rent of \$6,000 per month or \$72,000 per year and requiring the management company to pay for all taxes, upkeep and repair of the building, with the only restriction being if SSMG sub leases the a portion of the building the tenant must be "Hammock Dunes friendly". Mr. Aiello advised property taxes will have to be paid on the facility unless the HDOA can convince Flagler County to make the parcel a part of HDOA common property

and eliminate or reduce the taxes and prevent the county from changing the zoning to commercial at some time in the future.

ON MOTION BY George DeGovanni, seconded by Cosmo DiPerna, with Mr. DeGovanni, Mr. DiPerna, Ms. Rooyakkers, Ms. Cerniglia, Mr. Aiello, Mr. Henderson, Mr. Furia and Mr. Vohs in favor, and Mr. Bagdon opposed, the Board voted on whether to authorize the Financial Committee to negotiate the terms and conditions of a lease for the Front Sales Office with Southern States Management Group incorporating the comments discussed at this Board of Administrators Meeting and submitting the final lease for approval by the Board at the May 20, 2013 Board of Administrators. The motion carries.

Hammock Dunes Club Administrator Report:

Mr. Don Finch advised the Club has a Town Hall Meeting scheduled this afternoon to discuss the grandfathered clause waiver, a presentation by the new Marketing Vice president on the marketing strategy for the coming year and on a proposed, new national club membership structure to attract affluent individuals to join the club and potentially purchase in the community.

Committee Reports:

Maintenance Committee Updates

Mr. Bagdon reported on the following:

Bridge Report

The date for commencement of work on the bridge was changed to accommodate the contractor. A blast e-mail has been sent to owners advising that the work will commence on Monday, April 22, 2013. FDOT advised traffic must be routed one way. Mr. DeGovanni asked that he and Mr. DiPerna review paint colors and stamp patterns. Mr. DiPerna has deferred review of paint colors and stamp patterns to Mr. Dickinson due to his historical knowledge of bridge construction. Mr. Bagdon reviewed the process for the bridge repairs and the safety of debris removal from under the bridge. The contractor has liability to protect golfers traveling under the bridge.

Bridge Sidewalk

Mr. Bagdon reported Rory Burke attended the last DCDD meeting to discuss adding sidewalks to both sides of the bridge. Because the bank drops quickly on the north side of the bridge, it is not practical to install a bike path or walkway on that side and would be very expensive. Once HDOA procures the property, DCDD will be granted an easement away from the curbing behind the existing landscaping so it meanders around and comes back out at the intersection. The DCDD has agreed to put the project on hold until after the June 30 2013 date for the asset purchase.

Communications and Community Relations

Ms. Cerniglia advised the Committee is working on a procedure for approval of community e-mails with Mr. DeGovanni as the first line of contact. Mr. Houk has asked when e-mail blasts get to his level, that the management company be given 48-hours to prepare the IContact list and document format which will be re-submitted to the Board for approval prior to broadcast. With Mr. DeGovanni's approval Ms. Cerniglia will have access to the IContact system in the event of emergencies.

Social Committee

Mr. Furia reported on the e-mail schedule for notifying owners regarding the first community beach party, scheduled for 6:00 p.m., May 22, 2013. Mr. Furia will work with Mr. Houk to develop a plan for owner communication in the event of inclement weather.

Community Planning

Mr. Vohs reported the Committee is still gathering information on buyers in the Florida and southeast corridor. E-mails have been sent to prospective buyers trying to determine where they are from. The plan is to e-mail information from the general survey to 152 local realtors provided by the club several times and to follow up with a series of e-mails about additional information of interest on the community every few weeks.

Security & Emergency Response Committee

Mr. Aiello reported the Committee has followed up on individuals who arrived at the club without being properly authorized. The Rover will be dispatched to stop bicycle riders who are seen entering the community without authorization. Mr. Aiello asked that an alphabetized list of visitors for the ladies golf event be provided to the gate staff 48 hours before the event to allow gate staff to print gate passes for the visitors. Mr. Aiello agreed to put the 48-hour advance notice of guest names to the gate staff in writing as a requirement for all owners having parties or community gatherings and posting the information on the website.

Design Review Committee

Mr. Di Perna advised the DRC has given conceptual approval for Allan Messer to build a new home in the Villas at 1 Monterrey Drive.

Finance Committee

Mr. Aiello reported the Master Associations financials show performance is \$38,000 favorable to budget year to date, and \$3,000 for the month, due in part to pre-paid assessments. The DRC budget is performing positively. Draft financials for Granada Estates show the budget is also favorable year to date. Draft financials for Ocean Estates show the \$159,000 loan Ocean Estates is repaying to the HDOA continues to be paid down and the funds can be used for repayment for the asset purchase loan. Carino la Mer, Grand Mer and Playa del Sur are all favorable to budget for the month and year.

Association Updates/Discussion: ITT Parcel Behind La Grande

Mr. Houk reported the Association has been negotiating with attorneys from ITT to have land behind La Grande Provence transferred by quit claim deed from ITT to HDOA. A survey of the parcel, at the cost of \$555, is required to facilitate the legal transaction required for the transfer.

ON MOTION BY George DeGovanni, seconded by Dennis Vohs, with all in favor, the Board voted on whether to spend \$555 to have a survey of the property in order to meet legal requirements for the transfer. The motion passed.

New Business:

Mr. Furia said he would like information on presentations added to the agenda in a timely manner. Mr. DeGovanni advised he did not receive the e-mail from the Island Estates Neighborhood Association regarding their presentation today until 8:48 a.m. this morning.

Audience Comments:

The Board addressed member comments and concerns throughout the meeting. In response to an owner's question the Board advised the bridge will be banded by concrete that will conform to the contours of the bridge.

An owner remarked two months of traffic rerouting is not a long time for the end result of having a new bridge. She noted if the Board wants affluent investors, they most likely would not be attracted to a billboard. There was discussion regarding issues related to in maintaining abandoned properties. Mr. Aiello advised HDOA is currently in litigation with Bank of America for failure to comply with community standards at the 13 San Marco Court residence. The Association cannot install an irrigation system at the property because the DCDD has a policy that it will not turn the water on until

past due bills are paid. The Association is having the yard mowed and debris blown from the walks. The Association has asked the county to declare the residence uninhabitable, but the county is not interested in getting involved at this time. Legal counsel has been asked to try to schedule a trial.

Adjournment

ON MOTION BY Bruce Aiello, seconded by Andy Furia, with all in favor, the meeting was adjourned at 12:19 p.m.