

**Hammock Dunes Owners Association, Inc
Board of Administrators Meeting
May 20, 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 Rooyackers, 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 – April 15, 2013 Board of Administrators Meeting

ON MOTION BY Bruce Aiello, seconded by Bob Bagdon, with all in favor, the Board approved the minutes of the April 15, 2013 Board of Administrators Meeting, with the following amendments:

- **On page 2, paragraph 1, sentence 3, a period should be added after the word “Manual” the words “and could establish its own DRC,” should be deleted. In sentence 4, the word “but” should be deleted and the word “decisions” should be capitalized.**
- **On page 2, paragraph 4, in the motion regarding voting not to allow delinquent owners to vote in the upcoming election, the words “on whether” should be deleted.**

Asset Purchase:

Owner Vote Confirmation – Acknowledgement of Certified Vote

Mr. DeGovanni reported the total cost of the asset purchase sale is \$1.875 million. Closing costs estimating \$19,902.65 are in addition to the sales price and will be shared between HDOA and E2M. The buyer and seller split closing fees associated with closing, recording, and title fees. The buyer pays loan closing fees. Attorney's fees of approximately \$20,000 to \$30,000 will be split between the buyer and seller and are not included in the closing document. Mr. Aiello advised he believes the 240 DCDD connection fees listed in the purchase agreement should be changed to 243 to avoid any issues with the DCDD in the future, and would like discussion regarding the matter noted in the meeting minutes. Mr. DeGovanni said the sales agreement references “approximately 240 connections”. There is some debate regarding the exact number of connections because there are some double lots in the Island Estates Neighborhood. Legally the HDOA may charge a connection fee for each lot if at some time in the future an owner applies for an additional connection for a double lot. Mr. DeGovanni said the HDOA briefed the DCDD on the matter. The DCDD advised they track only what connections that have been paid not the number of potential connection fees, and will not officially concur or object to the number referenced in the sales agreement. If the 7 acres owned by the Orr, LLC located between the Hammock Dunes Sales Center and the third fairway is annexed into the HDOA at some time in the future, there is potential for 30 or 40 additional connection fees.

ON MOTION BY Georg DeGovanni, seconded by Bruce Aiello, with all in favor, the Board acknowledged that the vote on the Asset Purchase has been certified and has been approved by the Hammock Dunes Owners at the Special Member's Meeting pursuant to the numbers provided by Taylor and Carls, the Association's legal counsel.

Sales Agreement – Approval

ON MOTION BY George DeGovanni, seconded by Dennis Vohs, with all in favor, the HDOA Board voted on whether to authorize the HDOA President and Secretary to sign the sales agreement, and having the Secretary attest to the President’s signature, all Supplements and Resolutions under the following provisions listed in Section 6d, page 6 and also authorizes the HDOA President, Secretary, and Treasurer to complete and sign any and all other documents necessary to consummate the Asset Purchase Sales Agreement, Loan, and Sales Center and Billboard Lease Transfers. Motion carries

Loan Approval

Mr. Aiello advised the amount due to E2M at closing is \$419,902.65. Of the \$500,000 negotiated as the down payment, the \$100,000 down payment is in an escrow account with Taylor and Carls. Of the remaining cost due at closing, \$142,229.48 will be taken from Capital Contributions, \$180,689.91 will be taken from deferred maintenance, and \$96,883.26 will be taken from the Bank of India HDOA Operating account funds.

ON MOTION BY George DeGovanni, seconded by Bob Bagnall, with all in favor, the Board voted on whether to have the HDOA President sign and the Secretary to attest the HDOA-Intracoastal Bank Loan Agreement, including having the President and Treasurer disburse all closing funds, to include the down payment and other closing costs, and to have the President, Secretary, and Treasurer complete and sign any and all documents necessary to consummate the loan. Motion carries.

Lease, Front Gate Sales Center – Approval

Mr. DeGovanni advised the term “Hammock Dunes friendly” has been removed, and the lease is still being reviewed by the attorney. General terms of the lease include a base rent, in addition to payment of all general property maintenance costs, all taxes and insurance. HDOA has an umbrella policy for all of its assets and will meet with the insurance agent to get details on adding a supplement to the policy covering wind, flood, hail, hazard and other coverage necessary for on the sales center. The cost of the supplemental policy will be paid by SSMG. After the sale, the HDOA plans to bring the billboard and sales center property in as part of the HDOA common area, after which the HDOA would petition Flagler County to remove the taxes on the property. If the taxes are removed, Southern States Management Group will agree to pay additional rent amounting to ½ of the taxes in the year the taxes are removed. If a major developer wants to advertise and sell property within Hammock Dunes, the lease requires SSMG to make space available in the sales center, but the developer must pay all costs associated with renovation, expansion and reconfiguration of their portion of the sales center and any area required for a presentation area. The lease is for a 5-year period. Either party can terminate the lease if the lease terms are not met by either party. At end of 5 years, SSMG has the option to renew the lease with the same terms for another 5 years. Mr. DiPerna recommended advising the current realtor occupying the space that they need to vacate the building in six month to two years. Mr. Bagdon advised several members of the Board would prefer to make the space available to a developer instead of a realtor, and should consider in the future helping to make the facility a neutral area. Mr. Bagdon also noted there is still interest in opening offices in the sales center for HD Club. Limits on the current sub-lease can be discussed with Mr. Annon prior to finalizing the lease. Board Members who inquired as to whether the proposed lease price is adequate were advised the deal is a “triple net”. No real estate comparison is available for the building, but the chief loan officer of Intracoastal Bank said, based on his experience renting space in the county, the proposed rent is very favorable.

ON MOTION BY George DeGovanni, seconded by Cosmo DiPerna, with all in favor, the Board voted on whether to approve having the President sign as Landlord and Southern States

Management Group sign as Tenant on the lease for the Front Gate Sales Center. Motion carries.

Lease, A1A South Gate Billboard – Approval

HD Associates is signing a document with Clear Channel, current leasor of the A1A South Gate Billboard property, transferring the lease to HDOA upon sale of the asset in June. The lease renews in July of 2013 which necessitates having the HDOA sign a new one-year lease for the property.

ON MOTION BY Bruce Aiello, seconded by Marge Rooyakkers, with all in favor, the Board voted on whether to approve having the HDOA President and the Secretary sign the document transferring the lease with Clear Channel for the A1A South Gate Billboard property from HD Associates to the HDOA for one year. Motion carries.

HDOA/Club/WCI/Letter – Approval

Mr. DeGiovanni advised WCI has sent a letter asking if the developer voted in favor of the purchase of the declarant's property and rights, would the HDOA Board and the Hammock Dunes Club agree to support WCI communities non-monetarily and would HDOA be a "friendly declarant" if WCI decides to continue the build-out of their Hammock Dunes Lots 2 and 3. Mr. DiPerna pointed out the HDOA did not need WCI's votes to obtain the votes necessary to purchase the declarant's rights and property, and there is no loss to agreeing to WCI's request. Mr. Henderson said he does not feel the HDOA should make any commitment to WCI that it would not make to any other developer. Mr. DiPerna noted WCI advised they are very interested in building the 128 units. In order to obtain financing for the project, WCI would have to get a commitment for sale of at least half of the units. The fact that WCI is expressing interest in building, likely means they are not planning to sell the property, which they took off the market two years ago. WCI would have to work out issues with the roadway, prior to building and the letter specifies criteria that would have to be approved by the DRC. Mr. DeGiovanni said there is no guarantee with any developer and not supporting WCI could deter other developers. WCI has continued to pay monthly assessments on the 128 units they own. Mr. Furia asked whether there could be consideration to including in the letter that WCI agree to make good on unfulfilled promises and unpaid settlements due to existing condominiums associations. Mr. Furia and Ms. Rooyakkers asked for assurances that whatever is offered to WCI is no different that what would be offered to any other developer. Mr. DiPerna advised WCI wants to fill their seat on the HDOA Board, and would like to be kept up-to-date on activities in the community. Having their representative on the Board would provide an opportunity to present concerns of Board Members directly to WCI.

ON MOTION BY George DeGiovanni, seconded by Cosmo DiPerna with Mr. DeGiovanni, Mr. DiPerna, Mr. Aiello, Ms. Rooyakkers, Ms. Cerniglia, Mr. Vohs, and Mr. Bagdon in favor, Mr. Furia opposed and Mr. Henderson abstaining the Board voted on whether to approve having the HDOA sign a joint HDOA/Hammock Dunes Club letter agreeing to provide non-monetary support to WCI and with HDOA agreeing to be a friendly declarant if WCI decides to continue the build-out of their Hammock Dunes Lots 2 and 3. The motion carried with seven in favor, one opposed, and one abstention.

Hammock Dunes Club Administrator Report:

Mr. Finch reported at the Hammock Beach Club Board Meeting tomorrow the Board will vote, based on a survey of the membership, regarding co-signing the letter to WCI.

Committee Reports:

Maintenance

Prioritized Items per the Monthly Report

Mr. Bagdon, Mr. Eckert and Mr. Burke have been visiting the bridge construction site daily and feel a very good job is being done. Driving on the half of the bridge that has been repaired could resume by late May, weather permitting. Mr. DeGiovanni commended Mr. Bagdon, Mr. Eckert and Mr. Burke and

the Maintenance Committee for the work they have done on the bridge and said he feels everyone will be pleased with the results. The Committee was unsuccessful in trying to convince Flagler County not to postpone road paving work on A1A while the bridge work is going on. It will be necessary to budget an additional expense for a gate officer for the south gate on Saturdays and Sundays and from 3:00 p.m. to midnight on weekdays, when the South Gate becomes the only entrance to the community during future phases of bridge construction. The Committee is evaluating the community roadways and soliciting input from residents and the Board as to which areas need resurfacing. Mr. Aiello advised phase II of roadway repaving in the Island Estates community has begun. The cost for Mariner's drive paving is HDOA's responsibility and Mr. Burke has been asked to get a separate quote for the work on Mariner's Drive, to permit work on the two paving projects to be done at the same time. For 2 years the HDOA has been negotiating with the county on specific plans for the A1A islands, including the agreement that HDOA would do the landscaping on the two islands. The FDOT contractor installed sod on the entire area. The HDOA is awaiting a bid for the remaining landscape work from Corey Enterprises. Mr. Bagdon recommended seeking payment from the DCDD if the work costs more than the amount approved by the county. The county has not provided a firm budget for the project, merely an estimated budget of \$100,000 to \$120,000. Mr. DeGiovanni recommended giving the county the entire bill. Mr. Houk noted the HDOA assured Bob Dickinson his portion of the bill would be paid by the HDOA so he would not have to wait for the county. Mr. Aiello recommended billing the county now for the payment HDOA has already made to Mr. Dickinson, and billing the county the same day for work done by Corey in the future. Mr. Houk will ask Corey Enterprises to fast track the proposal for the landscaping.

Communications & Community Relations

Ms. Cerniglia met with the Hammock Dunes Club Board to discuss enhancing opportunities for the HDOA website and social media. The Club has a junior and golf and tennis event scheduled that is open to the community as well as Hammock Dunes Club residents. Ms. Cerniglia advised her goal is to promote more of a sense of community to bring residents together.

Social

Mr. Furia reported the first Summer Beach Party is scheduled for next Wednesday on the crossover at the Club. Mr. Furia commended Ms. Cerniglia for sending e-mails regarding the events. A community e-mail will also be sent if inclement weather is imminent. Additional plates need to be purchased, but many supplies needed for the party are left over from last year which will reduce expenses. The Volunteer Recognition Dinner will be scheduled for October 16, 2013. In the next *Sandscripts* newsletter a request will be made for the names of potential honorees. Names of two candidates have already been submitted.

Community Planning

Mr. Vohs reported an e-mail was sent to realtors & brokers in the area with information regarding the community and demographics of the many of buyers that come from Florida. A draft of a second email is included in the agenda package and will be sent too. WCI would like to be added to the realtor/broker list to receive community updates.

Security & Emergency Response

Mr. Aiello reported the committee was asked to prepare information regarding the new policy requiring owners to provide a list of guests to the gate house 24 hours prior to an event to facilitate guest access. The policy will be distributed via an e-mail to owners and in the upcoming edition of the *Sandscripts* newsletter.

Design Review Committee

Mr. DiPerna reported the committee preliminarily approved construction of a 3,500 square foot home on the Intracoastal Waterway at 88 Island Estates Parkway.

Financial

Mr. Aiello reported there is a Finance Committee Meeting this Friday to review the budget and discuss notification to owners regarding an increase in member assessments to fund the declarant asset purchase. The plan is to slowly rebuild reserves over a 10-year period. Year to date all committee budgets are functioning well. The Final Summary Judgment hearing for 1 Via Roma is scheduled on June 27, 2013. The HDOA will now refer other accounts to the attorney for commencement of collection action. DCDD fees are paid quarterly and the declarant has received its last check. The next check will be paid directly to HDOA who will apply the payment directly to the asset purchase loan balance. Mr. DiPerna noted everyone on the Board worked on the Asset purchase, but Mr. DeGovanni particularly spent a great deal of time and did an excellent job of communicating with the residents. Mr. DeGovanni commended Mr. Bagnall and Mr. Eckert for their hard work as well. Mr. Eckert drafted many of the documents related to the sale and Mr. Eckert will head the team to review and catalog all of the historical documents being turned over by the declarant. Relevant historical information should be shared with the Club for use in a display for its twenty-five year celebration.

New Business:

Contractor Access & Condominium Hours

Some of the neighborhoods and condominiums have different hours specified times construction personnel may access and work in the community. Mr. Aiello advised HDOA has established 7am – 7pm Monday-Friday, 8am – 5pm Saturday, & no work on Sunday as the hours construction personnel are permitted in the community, except in certain emergency situations. If condominium or neighborhood construction hours are more restrictive, Mr. Aiello asked Board Members to send an e-mail to him or Mr. Houk in order to provide the information to the gate staff.

An open house sponsored by agents of Coldwell Banker is scheduled at Cambria and Portofino from 2:00 p.m. to 4:00 p.m. on Wednesday, May 22, 2013. Board Members expressed concern that visitors were given one-day codes to access two condominiums and that the event sets a bad precedent. Mr. Bagdon recommended sending a letter from the Board to the realtor advising open houses are against Association rules. Mr. DeGovanni indicated the condominium association should be involved as well.

Audience Comments:

The Board addressed member comments and concerns throughout the meeting. Mr. Eckert recommended issuing a press release after purchase of the declarant's assets. He also requested any pertinent governing documents be given to him for use in clarifying the roles of the HDOA and the HDOA as developer. Mr. Eckert recommended getting legal advice regarding whether it is advisable to establish the declarant rights as a separate entity from the HDOA.

Adjournment

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