

Hammock Dunes Owners Association, Inc
Board of Administrators Meeting
June 17, 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, Andy Furia, Phil Henderson

Members Absent: Marge Rooyackers, Dennis Vohs, Tom Sharpe, David Jacobs

Others Present: Fred Annon, Jr., 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 – May 20, 2013 Special Members' Meeting & Board of Administrators Meeting

ON MOTION BY Bruce Aiello, seconded by Bob Bagdon, with all in favor, the Board approved the minutes of the May 20, 2013 Special Members' Meeting.

ON MOTION BY Bruce Aiello, seconded by Phil Henderson, with all in favor, the Board approved the minutes of the May 20, 2013 Board of Administrators Meeting, with the following amendments:

- **On page 2, paragraph, sentence 3, the number "\$142,229.48" should be amended to \$142,329.48.**
- **On page 2, in the motion in paragraph 3, the name "Bagnall" should be amended to Bagdon.**
- **On page 4, paragraph 2, sentence 2, the word "and" after the word "junior" should be deleted.**
- **On page 4, paragraph 3, sentence 1, the word "fist" should be amended to "first".**

Island Estates Paving

Mariner's Drive Paving Approval

Mr. Aiello reviewed the portion of the bid to repave portions of Mariners Drive and the bridge in the Island Estates Neighborhood that are on HDOA property. The paving cost per square foot is the same as the price quoted for the rest of the project. The Island Estates Board of Directors has asked that the HDOA to reconsider a previous denial of paving the area from the A1A right of way at the main Island Estates gate back to where their property line stops and HDOA's property line begins. The area is not being repaved at this time. The Board took no action on the previous denial to not pave.

ON MOTION BY Bruce Aiello, seconded by Cosmo DiPerna, with all in favor, the Board voted on whether to approve the cost of paving the portion of Mariners Drive and the Island Estates bridge paving that is located on HDOA property in the amount of \$13,851.76 quoted in the bid by P&S Paving. Motion carries.

Asset Purchase:

Certificate of Corporate Resolution

Board Certification Motion/Vote

Mr. DeGovanni noted a quorum of the Board is present. The motions that will be voted on today were required by the bank for closing. At the last minute the bank added additional requirements. The first motion requires a unanimous approval by Board Members present. Mr. DeGovanni distributed copies of the motions to the Board. The bank added the requirement for additional collateral, other than the original collateral of the building and the Declarant rights, only in the case of default on the loan because the appraisal came in at less than 80% of loan to value. If the bank forecloses, they require a

pledge of the Association's non-restricted reserves. Mr. Aiello reported a third appraisal came in slightly lower than the 80% to loan value. The HDOA's non-restricted reserves total approximately \$263,000 which is enough to cover the shortfall in the appraisal value and meet the bank's requirements. Mr. DeGovanni advised last year the appraiser valued the property at \$875,000 as is, and at \$975,000 to rebuild. In an appraisal conducted this year, the property was valued at \$900,000 as is. The DCDD connection fees were appraised at \$580,000 which brought the total value of the assets to \$1.48 million. The bank requires \$1.72 million appraised value. HDOA has added a clause to the loan stipulating that within 90 days of the sale, the bank will require a new appraisal and if the new appraisal comes in at 80% loan to value, the clause in the loan requiring use of the non-restrictive reserves will be removed. HDOA can also get a new appraisal at any time and if the assets are valued at 80% loan to value, the bank must also remove the requirement for use of the non-restrictive reserves as collateral. Mr. DeGovanni added Mr. Aiello's name

ON MOTION BY George DeGovanni, seconded by Bruce Aiello, with all in favor, the Board approved the following resolution with the addition of Treasurer, Bruce Aiello as an authorized signer:

Certificate of Corporate Resolution

RESOLVED, that the President, GEORGE DEGOVANNI, and Treasurer, BRUCE AIELLO of the Corporation are hereby authorized and empowered, on behalf of the Corporation to execute and deliver all documents necessary or desirable to effectuate the closing of that certain Mortgage Loan in the amount of \$1,375,000.00 from Intracoastal Bank (the "Lender") in accordance with the terms of that certain Commitment Letter dated April 29, 2013 Lender to HAMMOCK DUNES OWNERS' ASSOCIATION, Inc., and any other modifications or amendments thereto, with the additional collateral of the right to collect regular assessments, not designated for reserves.

BE IT FURTHER RESOLVED, that this Resolution shall continue in force, and the signature of the designated persons of said corporation shall be conclusive evidence of their authority to act on behalf of and in the name of said Corporation, as provided herein, or any similar subsequent Certificate, until notice to the contrary is duly served upon the Lender. The motion carried unanimously.

Assumption of Connector Road Tri-Party Agreement

Mr. DeGovanni noted during the construction of the Connector Road, HD Associates at one time had property in the area and granted an easement for the DCDD and Lowe, the group that took over the Ginn properties, for road construction and maintenance. The entire road, Hammock Dunes Parkway, now belongs to the Ocean Hammock Owners' Association. The Assumption Agreement will provide for HDOA cooperation with the other two parties, but stipulates the HDOA will inherit no liabilities HD Associates had in the historic agreement and no ownership of the road. Mr. DeGovanni amended the written motion to include approval for Treasurer, Bruce Aiello to sign the agreement.

ON MOTION BY George DeGovanni, seconded by Bruce Aiello, with all in favor, the Board approved the following with the addition of Treasurer, Bruce Aiello as an authorized signer:

Assumption of Connector Road Tri-Party Agreement

HDOA Board approve the President, GEORGE DEGOVANNI, and Treasurer, BRUCE AIELLO to sign the assumption of the Connector Road Tri-Party Agreement from HD Associates, LP. Note: This agreement, provides for the HDOA to assume (from HD Associates, LP.) assignment of the Connector Road Agreement between Lowe Corporation (now Ocean Hammock Owners Association), Dunes Community Development District (DCDD) and HD

Associates, LP. This agreement provides that HD Associates, LP. will cooperate with DCDD on granting access to the Connector Road, (now called Hammock Dunes Parkway), for maintenance and repair of the Connector Road. Note that the Connector Road borders, but is not part of any Hammock Dunes Total Property, and starts at the intersection of Hammock Dunes Parkway and Camino del Mar and extends to 16th Road, which is the entrance to Hammock Beach Resorts. The value of assuming this agreement is that it provides legitimacy to the HDOA to engage with DCDD on the merits or lack thereof of DCDD assuming maintenance responsibility of the “Connector Road”. The motion passed unanimously.

Approval of HDOA-DCDD Easement Agreements

Mr. DeGovanni explained DCDD wants to build a sidewalk from the bridge to the intersection. The HDOA has been in negotiations to grant the DCDD an easement after the asset purchase to permit the sidewalk to go in front of the Sales Center parking lot, curve back around and re-intersect the intersection in a landscape-compatible fashion. Ms. Rooyakkers and Mr. Dickinson have reviewed the plans for the sidewalk. The Association decided not to grant DCDD a perpetual easement for the sidewalk. There is wording in the agreement that if DCDD takes away its easement on the road, HDOA will revoke its easement for the sidewalk. Mr. Aiello asked that responsibility for liability, repair and maintenance of the sidewalk be included in the easement agreement with the DCDD. Mr. DeGovanni added Treasurer, Bruce Aiello, as a signer to the written motion on the Assumption of the Connector Tri-Party Agreement.

ON MOTION BY George DeGovanni, seconded by Bruce Aiello, with all in favor the Board adopted the following with the addition of Treasurer, Bruce Aiello, as an authorized signer:

Approval of HDOA-DCDD Easement Agreements

HDOA Board approve the President, GEORGE DEGOVANNI, and Treasurer, BRUCE AIELLO, to sign the “Sidewalk” Easement and “Sign and Landscape” Easement Agreements with the Dunes Community Development District (DCDD). Note: These agreements grant DCDD an easement to construct a sidewalk that extends from the east side of the DCDD Toll Bridge to the intersection of Hammock Dunes Parkway and Camino del Mar, which will be located between the Front Gate Sales Center parking lot and the Bridge Roadway. In return, DCDD grants the HDOA an easement along the landscaped area that borders the roadway to the same intersection. The motion passed unanimously.

Resolution of the Board of Administrators

Mr. DeGovanni advised Mr. Furia the interest rate on the loan is 4.5% fixed for 10 years, amortized over 15 years to keep the loan fees down. With the DCDD connection fees, the Association believes the loan can be repaid in 10 years. In 2004, HD Associates sold the 7 acre parcel between the Sales Center and the number three fairway to Oare Associates, LLC., with stipulations such as an undefined perpetual easement through the Sales Center and restrictions regarding landscape and land use requirements. Landscape restrictions include a 45-foot vegetation buffer between the property and the golf course and a buffer between the property and the Sales Center. Mr. DeGovanni reviewed other use restrictions on the property. The HDOA will assume the Covenants and Restrictions for the property which will enable the Association to enforce the documents governing the property. Mr. Aiello said the agreement essentially required the property to comply with the same rules required of all Hammock Dunes Neighborhoods. DCDD connection fees will be collected on the Oare property if it is annexed into the HDOA. The Association learned there are 35 to 37 more DCDD connection fees than the number originally calculated. The fees will be paid to the HDOA by DCDD when the connections are activated.

ON MOTION BY George DeGovanni, seconded by Bruce Aiello, with all in favor, the Board approved the following:

Resolution of the Board of Administrators

NOW THEREFORE, the Board of Administrators of the Hammock Dunes Owners' Association, Inc. hereby adopts the following Resolutions:

1. **Resolved**, that the purchase of the Assets by the Association from Developer pursuant to the terms and conditions provided for in the Agreement is hereby approved.
2. **Resolved**, that the purchase of the Assets by the Association from Developer pursuant to the terms and conditions provided for in the Agreement is hereby approved.
3. **Resolved**, that all conditions required to be performed and all actions required to be taken by the Association pursuant to the terms of the Agreement in order to close on the purchase of the Assets from Developer are hereby approved.
4. **Resolved**, that the assignment and assumption by the Association of the existing leases of the Real Property being purchased from the Developer pursuant to the Agreement is hereby approved.
5. **Resolved**, that the Lease Agreement between the Association and Southern States Management Group, Inc., with an effective date of July 1, 2013, for the lease of the Sales Center Parcel is hereby approved.
6. **Resolved**, that the joinder and consent of the Association to the Twenty-Eighth Supplemental Declaration (HD Associates, LP as Declarant adds the Sales Center and Billboard parcels to Hammock Dunes Total Property) being executed and recorded by Developer pursuant to the terms of the Agreement is hereby approved.
7. **Resolved**, that the **President and Treasurer of the Association**, are authorized to take such further actions as are deemed necessary or appropriate by them to carry out the terms of the foregoing resolutions, including, but not limited to, (a) the execution of such instruments and documents as they deem to be necessary or appropriate to complete the closing on the purchase of the Assets and assignment of the Declaration of Easement and Declaration of Restictions (transfers to HDOA from HD Associates, LP. the authority to enforce all Oare Property "No-Build and Use" restrictions as specified in the HD Associates, LP. sale of the 7 acre parcel to Oare Associates, LLC) and (b) disbursing such funds as are necessary to complete the closing of the purchase of the Assets in accordance with the terms of the Agreement. **The motion passed unanimously.**

\$4.00 Monthly Assessment Increase

Preliminary Discussion – 2013 Amended Operating Budget

Mr. Aiello reported owners have received the first notice of the Board's intent to increase the monthly member dues by \$4.00 per month per unit and amend the 2013 Operating budget. The preliminary budget must be mailed to owners 14 days prior to the Budget Adoption Meeting. The highlighted items on the copy of the budget distributed to the Board, except for items 1 & 2, are items that were changed in the preliminary amended budget. Rent from the Sales Center, the Ocean Estates Sea Wall loan and the billboards have been classified as income. The loan repayment amount is \$10,565 per month. Funds in the Incremental Operating Expense will be used to repair the Sales Center building to correct issues noted in the inspection, such as electrical connection and drain pipe repairs, replacing loose roof tiles and building painting. A Building Reserve has been added in the amount of \$15,000 a year for fifty years. Mr. DeGovanni noted the Board promised the community the increase

in monthly dues for repayment of the Asset Purchase loan would not exceed \$5.00 and the proposed increase in the 2013 budget is \$4.00.

ON MOTION BY Bruce Aiello, seconded by Cosmo DiPerna, with all in favor, the Board voted on whether to approve mailing the Preliminary Amended 2013 Operating Budget to owners for adoption at the next Board of Directors Meeting. Motion carries.

Hammock Dunes Club Administrator Report:

Mr. Finch reported the Club's Marketing Director has developed a plan which includes advertising the community. Results of the annual audit were very positive and the Club's finances are rated higher than most Florida Clubs and in the top 5% of clubs in the country. Two barbecue grills will be added at the turn stand for preparation of hot dogs and hamburgers. The Club is seeking items for an historical display to be used for the Club's 25th Anniversary in 2014. The Ladies Golf Association has requested scheduling an additional invitational tournament. The 19th Hole and dining room are scheduled for refurbishing in August 2013 when the Club is closed. Distinguished Clubs of America will be visiting the property and the Club anticipates receiving an award from the group. A summer junior clinic and a golf social event will be held for social members and non-members. The results of the vote on the grandfather clause, seeking to reduce the cost of equity membership, failed and no further action will be taken by the Board on the matter. WCI has taken two pads they own off the market and indicated they plan to build on the plots. A block of memberships will be reserved for purchasers. Mr. Aiello reported when members give up their membership and move out of the community, there is a policy that they can only be a Club guest a limited number of times. Some former owners are exceeding the guest use limit. Mr. Finch advised one former owner and the owner who accessed the guest were sent a letter asking them to cease and desist. Members are being advised if they violate the guest use limit, they will be in violation of Club rules and subject to having their membership revoked.

Committee Reports:

Maintenance

Prioritized Items per the Monthly Report

Mr. Bagdon reported the transition of vehicle traffic due to bridge construction went smoothly. June 23, 2013 is the estimated date for opening both sides of the bridge to traffic, with July 4, 2013 as the fall back date. The existing surface on inbound lanes of the bridge was removed in three days. The engineer inspected the bridge on Thursday and reported the base is in very good shape. There are 3 major dips on the inbound lanes that need to be repaired. Concrete is being pored today, the borders will be finished tomorrow, and concrete stamping should be completed by Monday or Tuesday. Mr. DeGiovanni commended Mr. Bagdon, Mr. Burke and Mr. Eckert and the Maintenance Committee for their work on the bridge repair.

The committee is conducting a study on the condition of the community roadways. The A1A islands landscape and irrigation estimate came in at \$42,758. The county has budgeted \$75,000 to complete any remaining work on the islands. The funds will pay for the landscaping. Landscaping will be delayed until A1A road work is completed. Corey Enterprises will be asked to mow and weed the sod on the islands until it is removed. The county requires two estimates for the landscaping project and the Association is seeking a second bid.

The South exit gate operating mechanism needs to be replaced. The bid for the work was \$6,339.75

ON MOTION BY Bob Bagdon, seconded by Bruce Aiello, with all in favor, the Board approved accepting the bid of \$6,339.75 from Kevin Lique for replacement of the South gate exit operating mechanism.

The Association needs to address a sign system and traffic routing program that will minimize use of the main gate exit lanes by large trucks. The Maintenance Committee will work on a plan. Mr. Aiello noted there is no way to enforce prohibiting trucks from exiting the through main gate and time on the effort would be wasted.

Communications & Community Relations

Ms. Cerniglia reported the Association is purchasing the "hammockdunes.com" URL to be used for an enhanced website with information on the community and the Club.

Social

Mr. Furia reported the Summer Beach Party is scheduled for this Wednesday. Forty people attended the May Beach Party. The committee is doing away with music for the events.

Community Planning

Mr. DeGiovanni reported the Community Planning Committee will be sending information to lot owners to try to determine their future plans for their lots, and to request their permission for DRC-approved builders to contact them. Mr. Furia suggested the Board consider amending the governing documents and adding a time limit for construction for next generation buyers. Mr. DeGiovanni advised Toll Brothers is building houses on A1A. Two members of the community advised they are friends with Toll Brothers and would like to introduce Toll Brothers to the HDOA to see if there is interest in building in the community. Mr. Bagdon reported the owners of the Ginn property have announced that they plan to build a 240 unit condo on A1A near 16th Street on the Intracoastal Waterway and a second condo across the street from the DCDD building on Jungle Hut Road. He recommended having a conversation with the builder soon to see if there is interest in building on the WCI properties within the HDOA. The DCDD disapproved connections for the planned condominium across from their property. Palm Coast will be the water utility provider for the condominium.

Security & Emergency Response

Mr. Aiello reported the South gate is being manned from 4:00 p.m. to Midnight Monday through Friday while the bridge construction is underway and from 7:00 a.m. to Midnight on weekends. The Main gate staff is issuing temporary passes for commercial vehicles which can be used at the South gate to minimize traffic jams at the gate. On a temporary basis, the gate staff is issuing a one-week pass for owners' guests. Mr. DeGiovanni advised several realtor websites are advertising weekly vacation rentals in Hammock Dunes, which is against Association rules. Mr. DeGiovanni asked Southern States Management Group to send a letter to the Boards of Directors of the condominium and neighborhood association's asking them to enforce restrictive covenants regarding lease terms contained in their respective governing documents.

Design Review Committee

Mr. DiPerna reported DRC is in the approval process for three new homes. The committee has given final approval for construction at 4 Granada Estates. Approvals for new residences at 4 Via Bellano, and on Rue Grande Mer are also underway.

Financial

Mr. Aiello reported the Asset Purchase sale is scheduled for tomorrow and the lease agreement for the Sales Center has been signed. July 8, 2013 is the scheduled date to go to court to force the lender to bring the property at 13 San Marco Court up to community standards. The lender has paid no assessments since they foreclosed on the property. Mr. Aiello asked whether the Association ever received funds due for 182 Island Estates Parkway, which is now listed for a short sale. The DRC is over budget, due to fees paid to Bob Dickinson for A1A landscape plans, which should be reimbursed by the County.

Association Updates/Discussion

There were no additional Association updates.

New Business:

Habitat for Humanity Sponsors

In the past the Club has sponsored building Habitat for Humanity homes for a couple of their employees. Jack Lekke has asked to address the HDOA Board about being a sponsor for a Habitat home being built for one of the Island Estates gate staff. Mr. DeGovanni will contact Mr. Metz, President of the Island Estates Neighborhood Board of Directors to discuss the matter.

Declarant Positions

Mr. Aiello asked Board Members to be thinking about the division between the HDOA Board and the Declarant. Presently, the Board administers the declarant's covenants and restrictions. WCI has expressed interest in filling its seat on the Board, but may or may not do so. After the Asset Purchase, there are two declarant Board seats that are vacant. He proposed establishing a Declarant Committee comprised of the HDOA Secretary, Treasurer and President as well as two appointed seats from the current two declarant's HDOA seats. The two Declarant committee appointments would be moved to the Declarant Committee. They would be voting members on the Declarant Committee and non-voting members on the HDOA Board. Mr. DiPerna noted there is a need for a separate Declarant Committee or Sub-Committee, but they would not be able to make decisions without approval by the HDOA Board. Three members of the Declarant Committee would be voting members on the HDOA Board. Mr. DeGovanni recommended having the two declarant positions remain a part of the HDOA Board because the Board is still the Declarant. The two Declarant Committee appointees would not have a vote on the HDOA Board, but could attend meetings.

Audience Comments:

The Board addressed member comments and concerns. An owner expressed his thanks for the Board's work on the Asset Purchase.

Adjournment

ON MOTION BY Andy Furia, seconded by Bruce Aiello, with all in favor, the meeting was adjourned at 12:05 p.m.