



PALMETTO DUNES™
PROPERTY OWNERS ASSOCIATION

RESIDENTIAL RESORT COMMUNITY

Beachfront Clubhouse





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Your Beachfront Clubhouse

Two years of thoughtful and deliberate work by the Board and management staff now allows us to present a very attractive and financially viable beachfront clubhouse and parking amenity to the owners.

Building a Stronger Sense of Community

This booklet details the reimagining of the Dunes House to create an enhanced dining experience on the ground floor, a clubhouse on the second floor that extends to a rooftop terrace on the third floor, along with improved parking. A review of the concept renderings reveals an exciting enhancement that will be enjoyed for years to come. Owners will be able to gather for camaraderie, celebrations and relaxation in well-appointed space overlooking the beach. Clubs, long-established and to-be-formed, will have a space to come together. Our sense of community, which is hard to build without such a space, will become stronger, more supportive and simply more fun.

Property owners have been talking to me about the need for a clubhouse for many years. Moreover, the preferred location has been, and is, to be on the beach. Such comments were backed up by the results of a comprehensive survey conducted in 2018 that placed a 'beachfront clubhouse' at the very top of amenities most desired by owners. The net/net from that survey prompted the formation of the Beachfront Amenity Ad Hoc Committee, which had representatives from the Board, owners and staff. Their task of turning such an ambitious desire into bricks and mortar was most challenging as the land options are virtually nonexistent. While several options were considered over the past couple of years, only the Dunes House location had – and has – any chance of becoming a reality. I want to take this opportunity to formally thank the members of the Beachfront Amenity Ad Hoc Committee for rolling up their sleeves and delivering.

Paying for It

You're probably asking, "Well, this sounds pretty good, but isn't it going to cost the owners a lot of money? Will my annual assessment be going up?" In short, your annual assessment will not be going up. Today, you get no clubhouse for your annual assessment. Tomorrow, with the reimagined Dunes House clubhouse, you will get 330+ days of a clubhouse and rooftop terrace for the same annual assessment. The financials are well-crafted and very fiscally responsible – and make excellent use of the POA's Community Enhancement Fund (CEF). In my view, it's a very good deal. Also, it's another example of the thoughtful and conservative fiscal stewardship that is a defining feature of your POA.

A New Chapter

The reimagining of the Dunes House is a collaborative effort between the POA and Greenwood. Both organizations have been working diligently in a good-faith manner to arrive at an arrangement that will be a 'win-win.' While the relationship over the past several years has been 'OK,' this opens a new chapter between the POA and Greenwood that has yielded, and will continue to yield, a positive working relationship that will offer benefits all around, well beyond just the Dunes House.

As always, please do not hesitate to reach out with any questions or comments.

Best regards,

Wilbur Strickland
Board Chair, Palmetto Dunes POA



How did we get here?



Palmetto Dunes is an oceanfront residential resort community, and access to the beach is often cited as the initial attraction to Palmetto Dunes – and what keeps owners here. Reflecting this sentiment, a 2018 survey revealed that 56% of all owners ranked a "beachfront club" as their most desired amenity.

In response, an ad hoc committee was formed in 2019 to explore the viability of establishing a beachfront club for Palmetto Dunes owners. After evaluating all possible alternatives, assessing the strengths and challenges of each, and visiting neighboring community beach clubs, the committee recommended the redevelopment of the existing Dunes House to create a two-story building with a rooftop deck. The first floor would be a commercial dining facility operated by Greenwood Communities and Resorts, and the second floor and rooftop deck would be an owner's only beachfront club operated by the Palmetto Dunes Property Owners Association.

Since that initial recommendation, there have been numerous meetings between Greenwood and the POA, with the results of those discussions outlining the potential arrangement for your review and consideration.





*All renderings are conceptual.

How can we use our Beachfront Clubhouse?

Our beachfront clubhouse is composed of the second floor and rooftop deck of the new Dunes House. The second floor contains 2,500 square feet of conditioned space which is perfect for club meetings, social gatherings, dining and drinks year-round. The rooftop offers 2,100 square feet of uninterrupted, pristine Atlantic Ocean views ideal for enjoying sunrises and sunsets, sunny days and star-filled evenings, and the company of neighbors, accompanying friends and family over snacks, meals and drinks.

Importantly, our beachfront clubhouse enables owners to gather, socialize, and spend time with one another to cultivate a sense of community not previously available. Gatherings can be scheduled by any of the current clubs – such as the Woman’s Club, the Mahjong Club, or others that historically met in the other locations. Even more exciting is the opportunity for our facility to serve as the launching pad for new clubs, with examples including:

- Cards, Bridge or Poker Club
- Monday Night Football Club
- Wine Tasting Club
- Rooftop Cigar Club

And let’s not forget the opportunity for theme nights such as:

- Jazz Night
- Lowcountry Boil Night
- Halloween Night

The sky is truly the limit to the clubs and events we create. To support these activities, the second floor can be partitioned allowing a portion to be

reserved while enabling the balance to be used by other owners for socializing, impromptu gatherings, dining, or drinks.

Our clubhouse is unique among all other community-owned facilities on the island given we have an active food and beverage provider on-site. When the first floor of the Dunes House is open, you can order your favorite snack, meal or drink from the new menu and it will be delivered to your table.

Before 5pm daily, you can bring and enjoy your own food and drink. All carry-in food and beverage must be discreetly packaged, cannot be carried through the first floor, and brown-bags and coolers are discouraged. Carry-in beverages are limited to soda, wine, beer and tumblers of pre-mixed drinks. Deliveries from restaurants, sandwich shops, pizzerias and the like are not permitted unless the Dunes House is closed or otherwise unavailable to provide food and beverage service. Owners must clean up after themselves, and food and beverages cannot be stored on the premises. The catering kitchen is only available for organized clubs and catered events to warm food, not to cook.

After 5pm, owners must purchase food and beverage from the Dunes House, with the exception of “Owner’s Night” which will be one designated evening per week and on days when the Dunes House is not in operation.

We expect the beachfront clubhouse will become the social hub for the community as well as a place to enjoy a meal and drink with accompanying friends and family.

Can we rent the Clubhouse?

By reservation, owners can rent the entire facility for private functions. The frequency of rental by owner and the total number of rentals will be managed to maximize the availability of our clubhouse for the majority of owners. Those renting the facility may obtain catering

from the Dunes House or two soon-to-be-identified providers. The rental fee is based upon comparative oceanfront venues on Hilton Head Island and varies by season and day of week. These fees help reduce the overall expense of the clubhouse to the community.

Month of the Year	Daily Rental Rate
April, May, June, September and October	\$3,000 for Saturday, and \$2,250 for all other days
March, July, August and November	\$2,400 for Saturday, and \$1,600 for all other days
December, January and February	\$750 for Saturday, and \$500 for all other days



How do we pay for our Beachfront Clubhouse?

Creating an oceanfront venue on Hilton Head Island can be expensive. However, partnering with the Dunes House provides the most affordable way to provide the amenity most desired by owners. Rather than the POA paying for the building construction as originally considered, we will rent the second floor and rooftop from Greenwood who owns the land and will pay for the construction of the building. Following this approach, we can deliver an owner's-only beachfront clubhouse without any assessment increase.

Just like with your own finances, the costs of the facility are best placed into two categories: lease/initial improvements and operating expenses.

Lease and Initial Improvements

We will pay \$170,000 per year to access a 4,600 square foot oceanfront facility, plus the one-time fees to upfit the facility (audio/visual technology, furniture, etc.). Included with the annual lease are 42 dedicated, owner-only parking spaces adjacent to the North Gate. To create this parking, we will pay \$260,000 to convert these two tennis courts to barcode-controlled owner-only parking. These fees will be paid from the Community Enhancement Fund which collects ½ of 1% of the purchase sale price from the buyer when a Palmetto Dunes property is purchased.

Operating Expenses

In addition to the annual lease payment, we must also pay to operate our facility, including separately metered utilities, regular second floor and rooftop cleaning, insurance, our share of property taxes and building maintenance as well as a POA staff member to manage our clubhouse. These expenses are expected to be \$120,000 per year, and they should be offset by the rental of our facility to owners and Greenwood – resulting in no increased annual assessment.

Partnering with Greenwood's Dunes House allows us to offer a beachfront amenity at a much lower cost than if we attempted this on our own.

Terms of Conceptual Agreement with Greenwood

Item	Conceptual Agreement
4,600 square foot oceanfront facility (Indoor second floor of 2,500 SF plus Rooftop Deck of 2,100 SF)	\$170,000/year paid by the POA with CEF Funds (includes access to ongoing parking)
Convert two tennis courts to dedicated owner-only parking providing 42 spaces with bar-code, gate-controlled access.	One-time cost estimated up to \$260,000 paid by the POA with CEF Funds
Redevelop/repave Dune House Lane to facilitate traffic flow, fire and EMS access, and deliveries	Per the transition agreement with Greenwood, the POA maintains Dune House Lane allowing owners to use it
Annual building expenses (our portion of the property tax, insurance, maintenance, etc.)	Estimated at \$70,000/year paid by the POA
Number of days the facility can be rented by Greenwood – offsetting operational expenses.	Up to 40 days/year including 30 Saturdays
Zoning Amendment for a larger facility	The POA will support a covenant amendment allowing a larger facility and work with the Town to obtain a Zoning Amendment
POA provides design assistance, with a particular focus upon the second floor and rooftop	Construction to commence September, 2022 at the latest with an early Summer 2023 opening
Initial term	20 Years
Subsequent term lease renewal	Renewal in 5 year increments at fair market rate
POA exit opportunity	Sublet or termination option at year 10 paying one year's rent

Community Comparison

Beach Front Amenity Attribute	Port Royal	Palmetto Dunes	Leamington	Shipyard	Sea Pines (Tower Beach)
Unobstructed Ocean Views	Yes	Yes	Yes	Yes	Yes
Dedicated Parking Spaces	51	42*	15	0	86
Conditioned Space	Yes	Yes	No	Yes	No
Banquet/Table Occupancy Capacity: Indoor/Outdoor	310/ 100	120/ 90	0/ 200	110/ 60	0/ 150
Daily Access to the Owners Facility (when not rented)	No	Yes	Yes	No	Yes
On-Site Food & Beverage Service	No	Yes	No	No	No
Rooftop Deck	No	Yes	No	No	No
Available for Rent to Owners for Private Functions	Yes	Yes	Yes	Yes	Yes

*There are also 60+ public spaces available for owners.





*All renderings are conceptual.

Floorplans

First Floor/Dunes House (Accessible to all owners, rental guests, golfers, etc.)



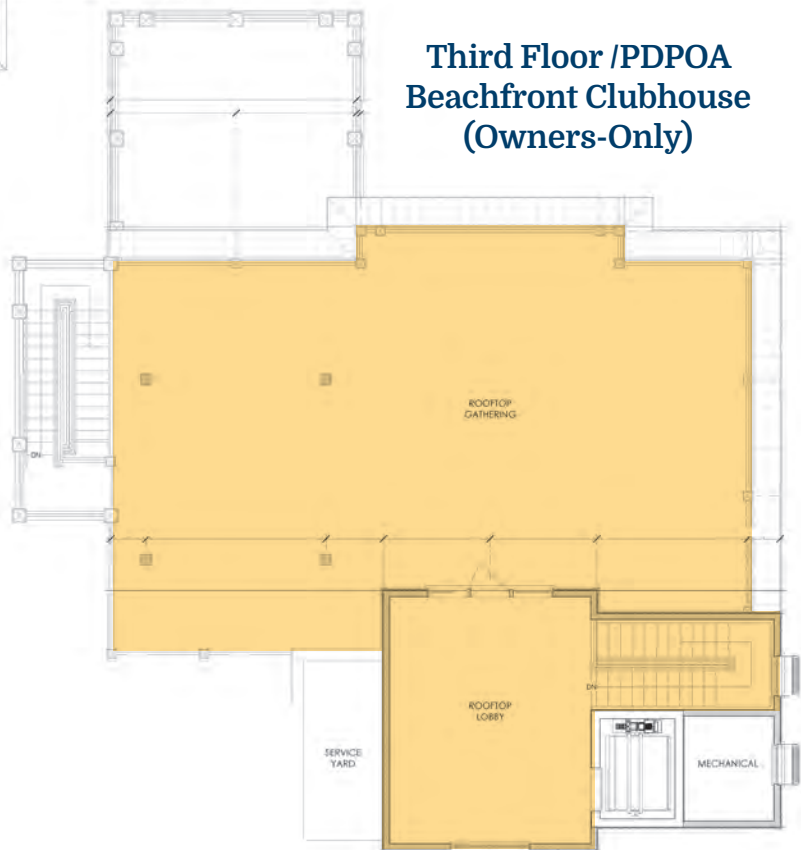
The first floor of the Dunes House (which includes an outdoor deck and indoor, air-conditioned space) will be an updated version of today's commercial Dunes House – with the same casual, bathing suit and flipflop feel. The first floor will be accessible to all (rental guests, owners, golfers, etc.) and will offer indoor and outdoor seating, a bar, and a commercial kitchen with an expanded menu.

*All floorplans are conceptual.

**Second Floor/PDPOA Beachfront Clubhouse
(Owners-Only)**



**Third Floor /PDPOA
Beachfront Clubhouse
(Owners-Only)**



The owners-only Beachfront Clubhouse will be composed of the second floor 2,500 SF indoor, air-conditioned space, and a 2,100 SF rooftop deck. These two floors will be accessible by stairs and an elevator with our own men’s and women’s bathrooms.

Both the second floor and the rooftop deck will be controlled access to allow only owners and their accompanied guests.

*All floorplans are conceptual.

FAQs

What will the new Dunes House and Beachfront Clubhouse include?

The first floor of the Dunes House (which includes an outdoor deck and indoor, air-conditioned space) will be an updated version of today's commercial Dunes House – with the same casual, bathing suit and flipflop feel. The first floor will be accessible to all (rental guests, owners, golfers, etc.) and will offer indoor and outdoor seating, a bar, and a commercial kitchen with an expanded menu.

The owners-only Beachfront Clubhouse will be composed of the second floor 2,500 SF indoor, air-conditioned space, and a 2,100 SF rooftop deck. These two floors will be accessible by stairs and an elevator with our own men's and women's bathrooms.

Why do we need a Beachfront Clubhouse?

In the fall of 2018, owners shared their thoughts and desires for amenities that might enhance the livability, attractiveness and property values within Palmetto Dunes. The most requested amenity, by far, was a beachfront clubhouse. Given most owners purchase in Palmetto Dunes to access or enjoy the beach, we wanted to further develop the option of a beachfront amenity for the owners and obtain owner feedback.

Who owns the Dunes House and Beachfront Clubhouse?

Greenwood owns the building. We (the POA) will pay \$170,000 per year to lease a 4,600 square foot oceanfront facility, plus the one-time fees to upfit the facility (audio/visual technology, furniture, etc.). In addition to the annual lease payment, we must also pay to operate our facility.

What impact does the creation of a Beachfront Clubhouse have on my assessment?

None. The annual lease will be paid using the ½ of 1% fee that is paid by owners when purchasing property (called the Community Enhancement Fee) within Palmetto Dunes.

Who will have access to the Beachfront Clubhouse?

The Beachfront Clubhouse is for Palmetto Dunes property owners (excluding Leamington and Shelter Cove), their accompanied guests, and officially-recognized Palmetto Dunes social groups. Renters and vacationers will have access to the commercial operations of the Dunes House on the first floor, but not the second floor or rooftop deck. The second floor will be staffed by a POA concierge to control access.

What hours would the Beachfront Clubhouse be available?

While all details haven't been worked out, we envision having the facility available for owners from 7am-10pm, 7 days a week (excluding days when rented for private events).

Who will make and enforce the rules of the Beachfront Clubhouse?

The Palmetto Dunes POA will set and enforce all rules of the second floor and rooftop spaces.

Can we bring in our own food and drink?

Before 5pm owners, as well as any officially recognized Palmetto Dunes social groups, can bring in their own food and beverage or use the Dunes House food and beverage service. After 5pm all food and beverage must be purchased from the Dunes House. Food and beverage will be delivered by the Dunes House waitstaff to the second floor and rooftop deck. However, there will be one evening per week when owners can bring in their own food and beverage. In the event that the Dunes House is closed or unavailable to provide food and beverage services, owners will be allowed to bring their own.

Frequently Asked Questions

Will the Beachfront Clubhouse ever be closed to owners?

Yes. During the year, there will be availability for owners, as well as Greenwood, to rent the second or third floor for private events. Greenwood will be able to rent the second floor and rooftop deck for 30 Saturdays and 10 other days per year – enabling us to keep assessments down. All rentals will be posted to an online calendar with at least 3 months advance notice. When the facility is rented, owners will not be able to access the Clubhouse.

Will I have to pay a fee to use the Beachfront Clubhouse?

No. The facility is an owner's amenity that can be visited by any property owner within Palmetto Dunes and their accompanied guests.

Where can we park?

Parking has always been a challenge at the Dunes House and a key consideration for any beach club. With the redevelopment of the Dunes House, Dune House Lane will also be redesigned and repaved to improve traffic flow. As part of the 20-year lease, the two tennis courts closest to the North Gate will be converted for bar-coded controlled, dedicated owner-only parking consisting of 42 spaces. For location of parking lot see map located at pdpoa.org/beachfront.

When would construction begin?

If the Board votes to move forward on the Beachfront Clubhouse, we anticipate construction of the project to begin in September 2022 with the project to be completed no later than June 1, 2023.

Why would I want a Beachfront Clubhouse if I don't believe I would use it?

Given Palmetto Dunes is an oceanfront residential resort community, the opportunity to meet, gather and enjoy the beach from the comfort of an owners-only climate-controlled facility is consistent with the reason most owners purchase here. Beyond the social aspects, a differentiated Beachfront Clubhouse (we'll be the only owner's club on Hilton Head Island with a second story view, rooftop deck and ongoing food and beverage service) will increase the desirability of Palmetto Dunes, enhancing property values for every owner.

What impact does this project have on 7 Lee Shore?

This project does not impact 7 Lee Shore. At this time, the Board has not made a decision on the 7 Lee Shore property. They will be revisiting options for the property in Fall 2021.

What provisions are in place to make sure the property will be properly maintained by Greenwood?

Our lease requires that the maintenance of the building will be to the same standards as that of other Palmetto Dunes POA properties. The interiors of the second and third floors and the decks on both floors will be under the scope of our responsibilities.

What's next?

The Board will not be making any decisions until hearing feedback from owners. We encourage you to read through these materials, reach out to Board members with questions, and share your feedback with the Board on our website at pdpoa.org/beachfront or at comments@pdpoa.org. Feedback from owners is critical in this decision-making process. The member comment period will remain open until June 21.



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