

Palmetto Dunes



Amenity Planning for Now & the Future

For more than 50 years, Palmetto Dunes has been known to be an exceptional residential resort community. Some of the primary goals identified in our 2017 strategic plan were to acquire property, develop a better sense of community, and find a balance between full-time residents, part-time residents, and investment property owners.

In last year's amenity survey, owners shared their desire for facilities that reflect their shifting lifestyles, needs and preferences. In response, we have developed two different opportunities that address a wide spectrum of owner wants, along with increasing the amenities available in Palmetto Dunes and enhancing property values.

Community Enhancement

We are taking a long-term view of Palmetto Dunes and want to continue to raise property values while adding to the enjoyment of current and future residents. We are asking that each owner review these two distinct yet complementary opportunities and indicate the amenity that you would like to see developed first within Palmetto Dunes—if any. As the construction funding will be provided by the Community Enhancement Fee, your choice will not impact your annual assessment for the construction of either project.

Your input will help us determine where to place our initial amenity focus. Once the first amenity is complete, we will reach out to the community again to determine the desirability of the other/remaining potential amenity. It's important to note, that in order to complete either project, there are certain challenges (town permitting, for example) to overcome that are not completely within PDPOA's control. Our approach will be to ensure we have sufficiently resolved these challenges before committing our financial resources. Please visit pdpoa.org/amenity to let us know your thoughts on these potential projects.



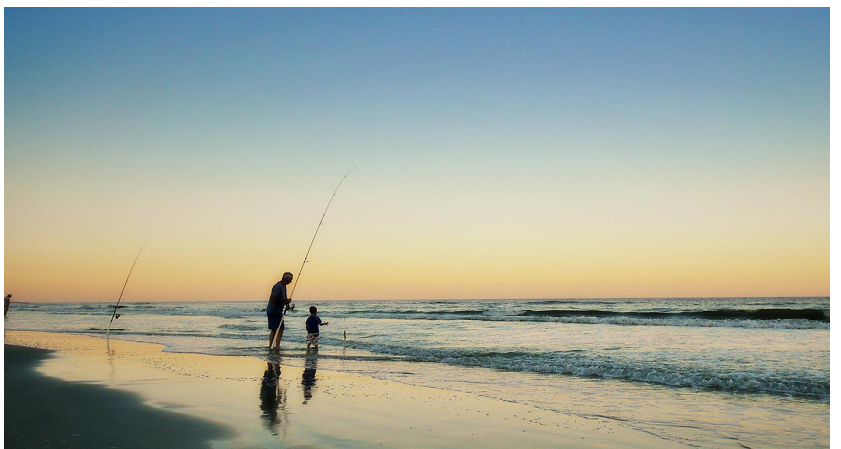


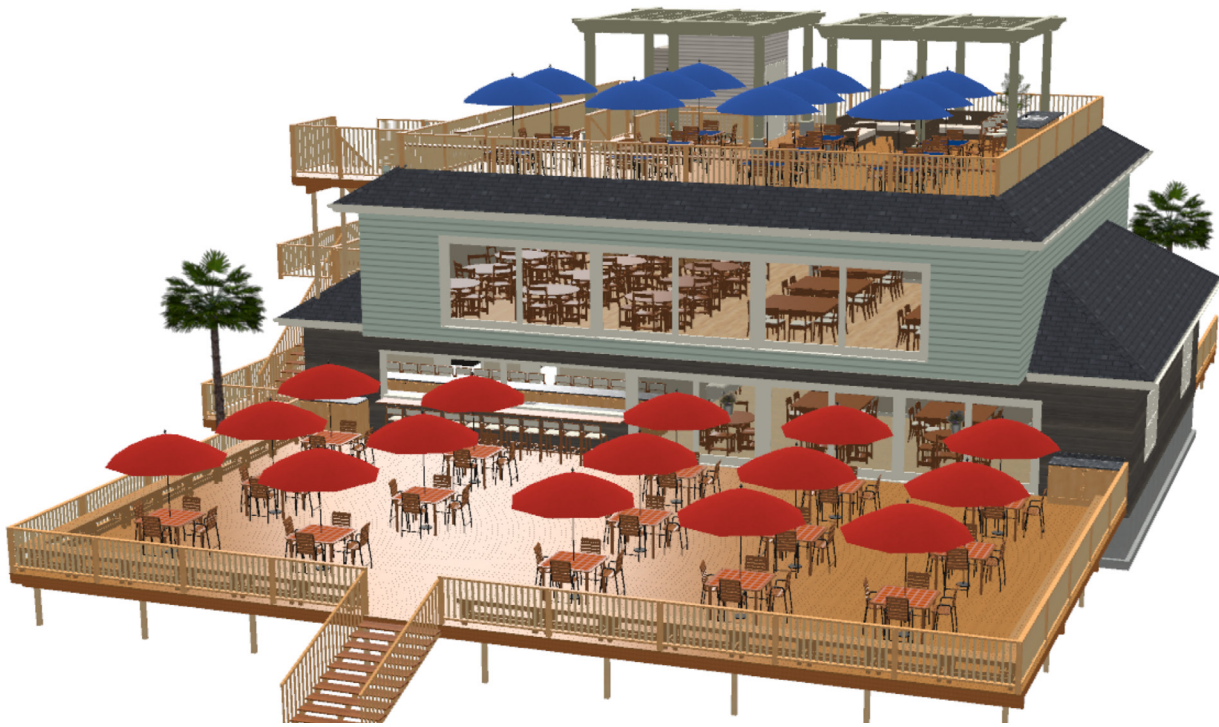
Funding Source

Like many plantations on Hilton Head Island, Palmetto Dunes has a one-half of one percent (0.5%) transfer fee—the Community Enhancement Fee—designed to enhance the community with certain restrictions.

Funds generated from the Community Enhancement Fee can be used for assets that are for the good of Palmetto Dunes. As written in the covenants, an example of the use of the fees is for construction, renovations and projects for the enhancement, beautification and preservation of Palmetto Dunes.

This Community Enhancement Fee, paid by buyers upon purchasing property within Palmetto Dunes, generates approximately \$500,000 per year—but the amount will vary with the strength of property sales. Using these funds, Palmetto Dunes can conservatively support up to \$4,000,000 in capital investments over a 10-year period without increasing your annual assessment.





Beach Front Amenity

In last year's amenity survey, owners shared their desire for a beach front facility. In response, we created a Beach Front Amenity Ad Hoc Committee to explore our options.

Committee

The purpose of the Beach Front Amenity Ad Hoc Committee was to determine the high-level viability of several beach front locations as a potential beach amenity for Palmetto Dunes owners. The committee evaluated more than a half-dozen potential locations, assessing the attributes, strengths, and challenges of each. They also visited neighboring community beach front clubs, met with the Town of Hilton Head Island, and held initial discussions with several potential commercial partners. Without spending monies or making commitments, the committee explored all options to identify potential locations for a community oceanfront amenity.

Recommendations

The committee presented their recommendation that the location of the current Dunes House would be the most viable place for a beach front amenity. The committee proposed tearing down the current Dunes House and rebuilding it as a two-story building, with a rooftop lounge. The first floor would be a commercial dining facility operated by the Resort, and the second floor and rooftop lounge would only be available for use by Palmetto Dunes property owners.

This opportunity will increase value, create a strong sense of community, and add to and enhance an existing amenity for future buyers.



The purpose was not to design the beach front amenity, but to determine if the location can be used to meet the community's beach front amenity needs. However, the creation of design concepts was helpful to communicate benefits to potential partners.



Q&A

Who owns what?

Greenwood continues to own the land, and the POA will own the new building. 99-year renewable leases will grant the POA use of the land, and will grant the Dunes House use of the first floor.

Why would we partner with the Dunes House?

First, the Dunes House resides in a commercial zone on scarce oceanfront property. Secondly, the Dunes House could benefit from a substantial renovation. Given changing building and flood codes, it's possible to build a new structure that includes the Dunes House and oceanfront deck on the first floor, with a POA clubhouse on the second floor accompanied with a POA rooftop deck.

How will the beach club be used?

The second floor will act as a community center with a large, dividable meeting room (approximately 1,650 square feet of air conditioned/heated space). The facility will be used by PDPOA clubs (Women's Club, mahjong, etc.) that currently gather at the firehouse, homes or other locations—and other clubs that have yet to be formed. The second floor and rooftop deck can be used for social gatherings. Importantly, optional food and beverage service will be available, and the facility can also be rented for special events.

How much will the beach club cost?

Based upon the construction costs of neighboring beach clubs, we believe the total cost of the project to be approximately \$3,372,000.

Who will have access to the beach club?

The beach club is for Palmetto Dunes property owners (excluding Leamington and Shelter Cove) and their accompanied guests. Access will be restricted via electronic pass cards or FOBs.

What impact does the creation of a beach club have upon my assessment?

None. The project 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.

Will there be any assessment impact associated with the operation of the beach club once it's built?

Just like your home, the POA will have to pay taxes, insurance, utilities, maintenance and other operating costs. It is expected that many of these expenses will be offset by rental income—resulting in a nominal impact.

Why would I want a beach club 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 beach club (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.

BEACH FRONT AMENITY PLAN OVERVIEW

Oceanfront multi-purpose beach clubhouse and rooftop deck with food and beverage service by the Dunes House on the first floor.

- Second floor beach clubhouse
2,500 SF + 2,100 SF roof
top deck
Food and beverage service
Meeting rooms
Small catering prep kitchen
Restrooms
- Third floor/rooftop deck
- Outdoor lounge and fireplace
- Complete redesign of Dune House Lane
- Shared parking for 67 vehicles
- Additional parking at the tennis courts
- Dunes Buggy shuttle between Centre Court
- Bicycle parking
- Direct beach access

Total development cost: \$3,372,000



7 Lee Shore Redevelopment

The acquisition of 7 Lee Shore is aligned with the long-term strategic plan to acquire property to repurpose for the membership, build a sense of community, and increase access to the lagoon. This was a once-in-a-generation opportunity to acquire four contiguous lots with 675 linear feet on the lagoon.

Having this outdoor amenity will give the community a much-needed meeting place, along with access to the lagoon system for all residents and owners. It adds an activity and play space for children and families. Developing 7 Lee Shore as an outdoor park reduces the density in the community vs. 4 developed residential lots with large homes and pools.

Committee

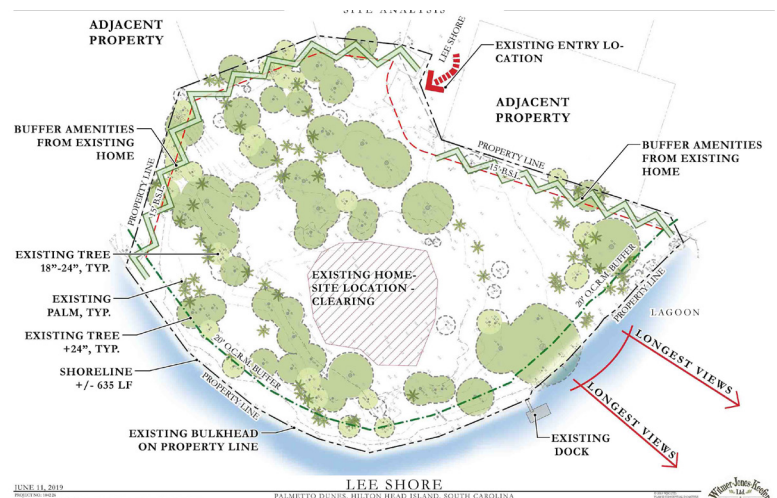
The 7 Lee Shore Redevelopment Committee surveyed residents in the community to gather owner input on

existing amenities and what enhancements should be made for the future and hosted engagement sessions to garner feedback from various stakeholders. The committee used this survey data and feedback from the engagement sessions as key indicators of community needs and wants.

Many of the committee members visited other communities in the lowcountry to explore amenity ideas and options to be considered for this property. A land planning firm was engaged to develop one conceptual plan that meets most of the criteria and guiding principles.

Recommendations

The recommendation from the 7 Lee Shore Redevelopment committee is to develop a lagoon front multi-purpose clubhouse, dock/kayak launch and outdoor park-like facility set in a natural environment.





Q&A

Who will have access to 7 Lee Shore?

Access to the 7 Lee Shore property will be open to everyone in Palmetto Dunes from 7am-9pm. However, only owners will have access to parking, the community building, and kayak storage.

How will the property be accessed?

Palmetto Dunes property owners will be able to park in the owners-only parking lot, consisting of 49 spaces, that is controlled by a barcode/arm. Others can access the park by walking or biking.

How much did it cost, and how will we pay for it?

The cost of the property was \$2,050,000. \$1,050,000 came from the Community Enhancement Fund (CEF) and \$1,000,000 came from the General Fund, which the CEF will reimburse over the next 3 years. Any funding for approved redevelopment plans will come as a recommendation from the Finance Committee to the Board of Directors.

What happens if the property is not developed?

7 Lee Shore can be retained as green space or sold—either as a single lot or subdivided into four lots.

What impact does the redevelopment of 7 Lee Shore have upon my assessment?

None. Pending a finance committee recommendation, the project 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.

Will there be any assessment impact associated with the ongoing maintenance of 7 Lee Shore once it's built?

Just like your home, the POA will have to pay taxes, insurance, utilities, maintenance and other operating costs. It is expected that many of these expenses could be offset by rental income and/or the reduction in other PDPOA operating costs—resulting in a nominal impact.

How does this benefit the community?

Having this outdoor amenity will give the community a much-needed meeting place, along with access to the lagoon system for all residents and owners. It adds an activity and play space for children and families. Developing 7 Lee Shore as an outdoor park reduces the density in the community vs. 4 developed residential lots with large homes and pools.

What other features were considered?

The committee looked at the feasibility of including a pool, full-service food and beverage, as well as a fitness center and determined they would not work with 7 Lee Shore.

Swimming Pool. A swimming pool would only serve a small portion of the population and introduce noise, cost and management issues.

Full-service food and beverage. There are already multiple existing restaurants in Palmetto Dunes, and a community-operated facility and staffing is not financially feasible.

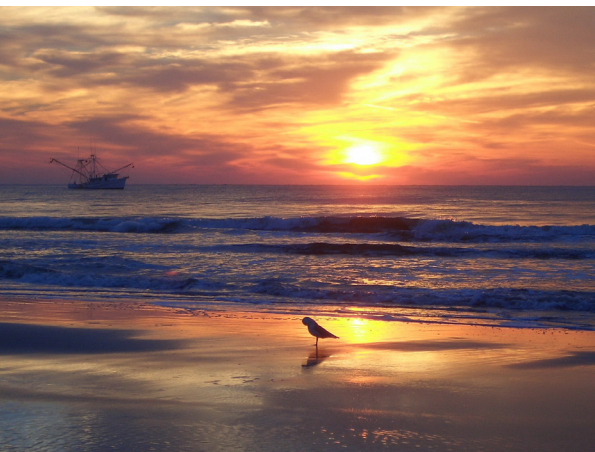
Fitness Center. Lava Fitness recently opened in Palmetto Dunes, so a second fitness center would not be warranted.

7 LEE SHORE REDEVELOPMENT PLAN OVERVIEW

Lagoon front multi-purpose clubhouse, dock/kayak launch and outdoor facility set in a natural environment.

- Enclosed community building
4,000 SF
Meeting rooms
Screened porch and separate deck
Small catering prep kitchen
Restrooms
- Open air pavilion
- Trellis swings, picnic area and fire pits
- Kayak and boat docks, kayak storage
- Owners-only parking for 49 vehicles
- Barcode/arm controlled parking access
- Bicycle parking
- Open spaces and walking trails
- Children's tree house play area

Total development cost: \$4,725,000



We Want to Hear From You!

We believe both of these opportunities have the potential to meet many of the needs identified by owners in our amenity survey and to ensure that Palmetto Dunes remains a highly desirable community today and into the future. Before making a decision on which project we should focus on first, we want to know what you, the property owner, think about each amenity. The board will take into consideration all comments prior to making a decision.

Please visit pdpoa.org/amenity to read more in-depth project details, committee meeting minutes, and leave us your feedback. The member comment period is open until November 1, 2019. If you have any further questions, please reach out to the PDPOA at 843-785-1109.