Amenities Center Proposal
for The Dunes of Naples
“A Premier Coastal Community”

April 5, 2017
Guiding Principles and Leadership Team

Mission Statement:
The Dunes is a dynamic and welcoming community with an exceptional resort lifestyle providing premier amenities, services and programs

Vision Statement:
The Dunes is a premier coastal community

Core Values:
1. **Good Neighbors**—We’re a proud, welcoming and respectful resort style community
2. **Hospitality**—We’re passionate about exceptional services and amenities
3. **Governance**—We foster cooperative and responsive leadership with involved owners
4. **Engaged Workforce**—We value, respect and nurture our professional staff
5. **Communication**—We’re open and transparent with all decisions and actions
6. **Environmental Responsibility**—We’re good stewards in nurturing and protecting our very special coastal preserve environment

This proposal is presented by four teams of volunteer owners:

**Long Range Planning Committee (LRPC)**
- Jack Phillips, Chair, Sea Grove
- Philip Roby, Co-Chair, Grande Excelsior
- Kevin Dwyer, Antigua
- Tom Sullivan, Barbados
- Patricia Commers, Cayman
- Bernard Hirl, Grande Dominica
- Carl Kramer, Grande Phoenician
- York Harris, Grande Geneva

*Many thanks, also, to Wayne Starr (Barbados), Barry Karson (Grande Phoenician), and John Dowd (Grande Geneva) for their substantial contributions on the LRPC over the past year.*

**Facilities Master Planning Group (FMPG)**
- Michael Weiland, Chair, Antigua
- Dante Cirilli, Co-Chair, Sea Grove
- Robert Cowhey, Barbados
- Vincent Citarella, Cayman
- John Harris, Grande Dominica
- Rich Calzaretta, Grande Excelsior
- Tom Kurgan, Grande Phoenician
- Samm McMahon, Grande Geneva

**Programs and Services Committee**
- Sandra Anderson, Chair
- Samm McMahon

**Property Owners’ Association, Board of Directors**
- Michael DiPierro, President, Grande Dominica
- Dante Cirilli, Sea Grove
- Andrew MacLeod, Antigua
- John Fluharty, Barbados
- Bill Schaefer, Cayman
- Thomas Stewart, Grande Excelsior
- Geoffrey Pickard, Grande Phoenician
- Arthur DeLaurier, Grande Geneva
From the Board of the Dunes Property Owners’ Association

Dear Fellow Dunes Owners:

Thank you to the many who have attended the association and town hall meetings for this 2nd round of project analysis and review. Your patience to stay engaged during the process and express your enthusiasm for the proposal is reinforcing to all involved in the project. We have attempted to answer all of your questions and appreciate the numerous suggestions—many likely to be incorporated into the final design.

The modified design presented to the owners by the Facilities Master Planning Group (FMPG) is a more modest plan, downsized and less costly than the one we considered last year, while maintaining many of our owners’ expressed desires. This current iteration, still in concept form, represents an amalgam of amenities and needs to serve an ever-increasing use today and for 15-20 years beyond. Specifically, these include—

- Additional dining options both indoors and outdoors
- Expanded wellness center and fitness areas critical to more of us as we gracefully age
- Enlarged Tiki Bar and pool deck seating as well as an updated pool
- Ample space to accommodate the meetings, events, small groups and social activities gaining popularity on site, and preparation for the increasing utilization of facilities as more of our owners become fulltime and full seasonal residents.
- Consolidation of our staff into one administrative area to make interaction with the owners simpler and more convenient.

Most folks have welcomed the downsizing from the 2016 proposal, while some continue to question the overall need. Getting comfortable with this plan will be your choice, as always. There have been ample opportunities to voice your opinions in two general town hall meetings and local meetings for each association, some hosting two such events. Improving the project communication has been an overriding goal of the committees, and we believe this has been accomplished. A POA meeting dedicated to discussions of our Troon partnership has resulted in a valuable sharing of information and awareness. This should help in firming your decision, whichever way you decide to vote.

Fortunately, the cost of the project has decreased by shrinking the size and incorporating some preliminary value engineering; unfortunately, materials and labor costs continue to rise, albeit at a slow but steady rate, offsetting some of the project savings. These are realities of building construction in Naples, a high-growth area.

The Finance Committee has worked with lenders to offer a variety of payment options which are enumerated in the pages which follow. There will be finance plans amenable to most all, from one single payment to a smooth ten-year option and one in between.

It is now time for you to weigh these new perspectives and arrive at a decision: YES or NO. However you chose to vote, we ask that you make that consideration with as much information as you can gather. Ask questions, review plans, speak to your neighbors. This is particularly important now to all owners who have been unable to attend these various meetings and whose vote is critically important. We have tried to steer this project along the most sensitive path keeping all eyes open to new concepts with a focus to being fiscally responsible.

Please remember that casting your vote is a privilege, and a responsibility of ownership in the Dunes community, so whether you decide in favor of the proposal or not, please be sure to vote.

Sincerely,

POA Board
How Does the 2017 Dunes Amenities Center Proposal Differ from the 2016 Proposal?

- The total size of the proposed building has been reduced.  
  - Square footage under air is 5,153 less  
  - No ice cream parlor or commercial-sized spa  
  - The “not-to-exceed” cost is reduced  
- The kitchen has been right-sized based on Troon's evaluation of our needs, including proper prep space, storage, and equipment.  
- Our Programs and Services Committee provided input based on a full year of experience with special events and activities.  
  - Since fall 2016, these events have had over 1,400 attendees  
  - Many events have been sold out and had waiting lists  
- In the two years since the previous proposal was developed, material and labor costs have risen.  
  - Turner Construction Index pegs 2015-2016 inflation rate at 4.7%  
  - Estimates for 2017 are higher

2017 Elevation, approximately 25,857 sq. ft. under air

2016 Elevation, approximately 31,010 sq. ft. under air
The New Lagoon Pool Area Features More Seating, Conversation Areas Around Fire Tables, and a Splash Pad.

The number of seats at the lagoon pool increases from approximately 100 to approximately 175, easing crowding in season.

The jacuzzi has an updated coastal design.
An Expanded Tiki Bar Enhances Social Activities

- The new Tiki Bar triples the current under-cover seating.
- A short-order kitchen speeds up service and extends dining hours when the main kitchen is closed.
- New restrooms are located near the Tiki Bar.
The Amenities Center will fully meet standards of the Americans with Disabilities Act, but features like ramps are not yet shown on this plan.
The Right Side Features Restaurant, Bar, and Event Space

- Indoor/outdoor bar
- Dedicated dining room
- Club room with food service, suitable for fashion shows, bridge, Mah-Jongg, trivia night, talent show, holiday events, etc.
- Private dining room for special occasions
- Kitchen, almost three times the size of the current space: Prep area, food storage, chef’s office, etc.
- Break room and restrooms for all employees
The New Dining Areas Add Right-sized Space With Coastal Design

The dedicated dining room, which is smaller than the existing Cove Room, remains set up for dining.

In addition, a private dining room is available for birthday parties and other special occasions.

The club room is flexible indoor-outdoor space. Furniture can be rearranged for special events, such as the fashion show, comedy night, bingo, etc. The club room can also be used for dining when demand is high, e.g., Thanksgiving, Easter, New Year’s Eve.

The new bar includes inside and outside seating. People seated inside have a direct view of the beautiful pool area.
The Left Side Features Wellness/Fitness, Tennis, and Activity Space

- Wellness/Fitness center, substantially larger than current one
- Two group exercise or yoga rooms
- Two small rooms for massage or physical therapy (PT)
- Flex rooms for small-group activities and events
- Tennis office and pro shop
The Upper Level Features Space for Activities, Community Meetings, and Offices

- A large community room has stadium seating and state-of-the-art audio-visual equipment, suitable for POA or building board meetings, health fair, speaker series, art shows, etc.

- An activity room that overlooks the lagoon pool accommodates classes such as painting on canvas and other individual and group arts and crafts.

- A conference room can be used for meetings held by staff, committees, or individual owners.

- A business center has computer and copy equipment.

- Administrative space brings staff together and increases convenience for owners. It saves an estimated $400,000 of outside rent, with a 15-year payback.
What Happens Next?

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<th>DATES</th>
<th>ITEM</th>
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<tbody>
<tr>
<td>February 15, 2017 – April 4, 2017</td>
<td>Community discussion and town hall meetings</td>
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<tr>
<td>April 15, 2017 – May 15, 2017</td>
<td>Vote of the community</td>
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<tr>
<td>May 17, 2017</td>
<td>The POA board meets, reviews voting results, and notifies community</td>
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If the vote meets the established criteria (67% or more of owners vote, 60% or more of those who vote say “yes”), then the following will occur:

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<tr>
<td>May 17, 2017 – June 15, 2017</td>
<td>Building association boards vote</td>
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<tr>
<td>June 21, 2017</td>
<td>POA board meets to finalize action steps</td>
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<tr>
<td>June – October 2017</td>
<td>Architect prepares project construction plans</td>
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<tr>
<td>April 2, 2018</td>
<td>Beginning of construction project (day after Easter)</td>
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<tr>
<td>November 21, 2018 – January 1, 2019</td>
<td>Completion of project and opening of New Dunes Amenities Center</td>
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All dates are our goals and estimates at this time

What Happens to Amenities During Construction?

• Troon will explore ways to provide temporary, limited food service.
• Owners may use the dining and golf facilities of 40+ clubs on the Dunes Reciprocals List, May-Oct 2018. (Current list is posted on Dunes website)
• Negotiations are under way to extend privileges for dining, fitness and pools during the entire construction period.
  • In negotiation: Kalea Bay, Pelican Isle Yacht Club, LaPlaya Beach Club, The Club at Pelican Bay, and others
• Tennis courts may remain open through some of the construction period.
Costs of the Dunes Amenities Center

Initial Costs
Cost of construction: Not to exceed $9,200,000
Each association will be assessed no more than $14,511 per door
- Number of doors will be assessed on a base of 634.
- Grand Preserve units will be assessed based on square-foot calculation per their Association By-Laws.

Project Costs
Working with our architectural and construction professionals, we have obtained an estimate of the costs needed to deliver the new Dunes Amenities Center. Upon approval of this project by the owners, the POA Board would then seek bids for the construction and all elements needed to finalize turnkey facilities. Our current projected costs are as follows:

- Architect, engineers, permits $495,000
- Main Building (including site demolition) 5,656,000
- Tiki Bar, pool deck, landscaping, retaining wall 1,540,000
- Furniture, fixtures and equipment 1,150,000
- Contingency 359,000
- **Projected Total Cost** $9,200,000

Impact on Annual POA Dues Going Forward
When the new amenities center is completed, the estimated annual increase per condominium unit will be approximately $600-$800. The dues are assessed per the owner’s association’s rules. For this amenity the POA dues include the following:

- Vanderbilt Hospitality Services (VHS), employees, insurance, operating and administrative costs
- Pro fees, facilities repair, & maintenance
- Contingency and reserves
Financing the Dunes Amenities Center

Project Financing

Several banks expressed a willingness to provide construction loans that cover our costs from the beginning until the end of construction, then convert to a 10-year fixed interest rate term loan repayable in equal quarterly installments. Estimated quarterly payments under Option 3 below were calculated based on indicative bank term quotes and the interest rates available on March 31, 2017. Once the project is approved, we will obtain updated competitive bank quotes. Market conditions may increase or decrease the interest rates.

Should the not-to-exceed final construction bids come in at $9,200,000, the average assessment per unit will be $14,511. This is the amount that will be assessed for owners in Sea Grove, Dunes of Naples I, Dunes of Naples II and Dunes of Naples III as all assessments in those associations are allocated by the number of units in each association. However, for Grande Dominica, Grande Excelsior, Grande Phoenician and Grande Geneva, all assessments are allocated based on the square footage of the units in each association. Schedule A, which shows the specific allocation by unit number in each of these associations, is included in the FAQ document.

Payment Options

Owners will have three options for paying their portion of their per-unit costs:

**Option 1:** Pay 100% of the assessment upfront. This amount is currently estimated to be $14,511 on average per unit. This amount will be assessed and due on April 1, 2018.

**Option 2:** Pay 50% of the expected assessment on October 1, 2017, and the remainder on April 1, 2018.

**Option 3:** Owners not electing option 1 or 2 will be included in the 10-year repayment plan. Under this plan, owners will be assessed quarterly for their share of the debt service cost (principal plus interest). This amount is currently estimated to be $463 per quarter or $1,852 per year at 5% interest rate. We expect the quarterly assessments to begin on April 1, 2018. These estimated quarterly payments were calculated based on indicative bank term quotes and the interest rates available on March 31, 2017. Once the project is approved, we will obtain updated competitive bank quotes. Market conditions may increase or decrease the interest rates available on these borrowings.

Each option has an advantage. With Options 1 and 2, owners avoid paying interest. With Option 3, owners will only be obligated for assessments made in the quarters when they own their unit. If the unit is sold, the new owners will be obligated to pay the remaining assessments.
Consider These Key Points When Voting

1. **CURRENT FACILITIES DO NOT MEET TODAY’S NEEDS, LET ALONE HAVE THE SPACE AND FLEXIBILITY FOR FUTURE NEEDS.** Our amenities are 17 years old. The Plantation Club looks dated and struggles to meet owners’ demands for food service, fitness facilities, meeting space, and places for favorite activities. Now, meetings and programs must be held in the dining room due to lack of other suitable space. Multiple events cannot be held at the same time. The management team and staff are spread across the Dunes, and some are in rented off-site offices. The new Amenities Center addresses these shortcomings.

2. **FLEXIBILITY WAS A KEY DESIGN STRATEGY.** The proposed Dunes Amenities Center provides flexible spaces designed for today’s—and tomorrow’s—activities. As a cost-effective strategy, many of the rooms are interlinked, or can be partitioned or expanded to provide suitable space. For instance, the Club Room opens to covered outdoor dining, the Community Room can be split in half for smaller meetings, and the group exercise rooms can be combined to make one larger room. The new Dunes Amenities Center is large enough and flexible enough to be adapted to activities and needs that will be important to owners in the future.

3. **NOW IS A GOOD TIME.** Owners will enjoy all of the new and updated amenities sooner rather than later. Delaying the project will result in higher construction costs and higher interest rates.

4. **THE SOUTHWEST FLORIDA REAL ESTATE MARKET IS COMPETITIVE.** On average, 44 Dunes owners sell their condominiums each year and want the best value for them. The new Amenities Center will maintain and improve the competitiveness of The Dunes against other private communities. The reverse could be true if we do not take action now, because other communities are investing in their amenities centers. Nearby examples include Audubon, Stonebridge, Colliers Reserve, Pelican Bay, Quail Creek, Mediterra, Kalea Bay, and Aqua.

**YOUR VOTE IS IMPORTANT**
Thanks for your attention to and participation in this important project for our community. You may vote online or by U.S. mail. Ballots and voting instructions will be sent to you by Survey and Ballot Systems, an independent balloting company. [www.surveyandballotsystems.com](http://www.surveyandballotsystems.com). Votes must be received by **5:00 p.m. Eastern Standard Time, Monday, May 15.**

**QUESTIONS?**
If you have questions, contact your Long-Range Planning Committee representative or email sitemanagement@dunesofnaples.com.