

BEL MARE CONDOMINIUM ASSOCIATION, INC.

SPECIAL MEMBERSHIP MEETING NOTICE

To All Members:

The SPECIAL MEMBERSHIP MEETING of the BEL MARE CONDOMINIUM ASSOCIATION, INC. will be held at the following DATE, TIME and LOCATION:

- **DATE / TIME:** October 19, 2016 at 5:00 PM
- **LOCATION:** Bel Mare Social Room, Building 1, 130 Riviera Dunes Way, Palmetto, FL 34221

The purpose of the Special Membership Meeting is to vote on reserves and to conduct business as permitted by Florida Statutes and the governing documents of the Association. An identification of agenda items is as follows:

1. Call to order by the president
2. Proof of notice of the meeting
3. Call for proxies
4. Determination of a quorum
5. Open the meeting
6. Disposal of unapproved past membership meeting minutes
7. President's or Treasurer's Report
8. Unfinished business
9. New business
 - Vote to waive fully funded reserves
 - Vote to approve 2017 Budget
 - Vote to carry over excess revenue for tax purposes
 - Vote to give Board authority to use reserve funds for emergencies and insurance
 - Vote to sell 2.69 +acres parcel of open space
 - Vote to give Board authority to use reserve funds for another purpose
10. Adjournment

A quorum of Association Members must be present, in person or by proxy, at the meeting in order for the business of the Association to be conducted. It is therefore **VERY IMPORTANT** that you either attend the meeting or provide a limited proxy in order for the Association to conduct business.

Mailed: October 5, 2016

BY ORDER OF THE BOARD OF DIRECTORS

BEL MARE CONDOMINIUM ASSOCIATION, INC.

PROXY

The undersigned owner(s) or designated voter of Address _____
in BEL MARE CONDOMINIUM ASSOCIATION, INC. hereby appoints the Secretary of the Association or _____
as my proxy-holder to **ATTEND** the Special Membership Meeting of BEL MARE CONDOMINIUM ASSOCIATION, INC. to be held at 5:00 PM on October 19, 2016 at the BEL MARE SOCIAL ROOM, BUILDING 1, 130 RIVIERA DUNES WAY, PALMETTO, FL 34221. The proxy-holder named above has the authority to vote and act for me to the same extent that I would if personally present, with power of substitution, except that my proxy-holder's authority is limited as indicated below.

PROXY WILL ALSO BE USED TO ESTABLISH A QUORUM

LIMITED POWERS: For your vote to be counted on the following issues, you must indicate your preference in the blank(s) provided below. I specifically authorize and instruct my proxy-holder to cast my vote in reference to the following matters as indicated below (see attached Notes of Explanation on Proxy Items):

1. YES NO Should the Florida Statute requirement for fully funded reserve budget for next fiscal year be waived in favor of a less than fully funded reserve budget?
2. YES NO Should the proposed 2017 Budget be approved?
3. YES NO Should any excess membership income (excess of Association revenue over Association expenses) from this year be carried over to next year for Revenue Rule 70-604 purposes?
4. YES NO Should the Board of Directors have the authority to transfer any or all available reserve funds into the operating account of the Association for the purpose of: (a) payment of the cost of a casualty or other incident during the fiscal year which results in damage to Association property (Any insurance claim proceeds paid for repairs shall be used to reimburse the reserve funds), (b) payment of insurance premium, (i) due to unbudgeted insurance premium increases during the fiscal year, (ii) to prevent insurance cancellation or (iii) to avoid loan costs or other finance charges?
5. YES NO Are you in favor of the Association selling the 2.69± acre parcel of open space located at 222 Haben Blvd (North Property) and certain building rights acquired through the purchase of 136 Riviera Dunes Way (East Property)?
6. Are you in favor of giving the Board of Directors the authority to transfer reserves from one category to another reserve category (but not to an operating account), as funds are needed for capital expenditures and deferred maintenance?
 YES – in favor of using reserves for another purpose, if deemed necessary by the Board.
 NO – Against using reserves for another purpose.

WAIVING OF RESERVES, IN WHOLE OR IN PART, OR ALLOWING ALTERNATIVE USES OF EXISTING RESERVES MAY RESULT IN UNIT OWNER LIABILITY FOR PAYMENT OF UNANTICIPATED SPECIAL ASSESSMENTS REGARDING THOSE ITEMS.

Signature of Owner or Designated Voter: _____

Signature of Co-Owner: _____

Date: _____

Print Name: _____

Print Name: _____

Date: _____

SUBSTITUTION OF PROXY-HOLDER

The undersigned, appointed as proxy-holder above, designates _____
to substitute for me in voting the proxy set forth above. (Print name)
Dated: _____ (Signature of Proxy-holder)

This proxy is revocable by the unit owner and is valid only for the meeting for which it is given and any lawful adjournment. In no event is the proxy valid for more than ninety (90) days from the date of the original meeting for which it was given:

BEL MARE CONDOMINIUM ASSOCIATION, INC.

VOTING BY PROXY

If you are unable to attend the Special Membership Meeting and wish to vote on all issues by proxy, please note the following information about proxies:

1. A proxy is for the purpose of establishing a quorum and for appointing another person to vote for you as you specifically direct (except for non-substantive items) in the event that you might not be able to attend the meeting. It must be signed by all owners or voting representative of the unit. **You must vote for the Limited Proxy questions in order for your vote to be counted and your proxy-holder must be present.**
2. The proxy should be submitted to the Association prior to the scheduled time of the meeting. It can be hand-delivered, either by you or your proxy, or faxed to 727.573.8549, or scanned and emailed to info@condominiumassociates.com, or mailed to the Association c/o Condominium Associates, 3001 Executive Drive, Suite 260, Clearwater, FL 33762. You are encouraged to submit your proxy in advance of the meeting in order to avoid delay in registration.
3. If you appoint a proxy and later decide you will be able to attend the meeting in person, you may withdraw your proxy when you register at the meeting.
4. A proxy may be revoked in writing or superseded by a later proxy to another person. It may be assigned (substituted) by the person designated on the proxy to a third person if the person you designate as proxy decides that he or she will be unable to attend the meeting.

NOTES OF EXPLANATION ON PROXY ITEMS

1. **Should the Florida Statute requirement for fully funded reserve budget for next fiscal year be waived in favor of a less than fully funded reserve budget?** A "YES" vote allows the Board of Directors to implement a reserve budget for the next fiscal year that is partially funded or the funding is waived completely.
2. **Should the proposed 2017 Budget be approved?** A "YES" vote approves the 2017 proposed budget. (See enclosed proposed budget).
3. **Should any excess membership income (excess of Association revenue over Association expenses) from this year be carried over to next year for Revenue Rule 70-604 purposes?** A "YES" vote allows excess membership income for the current fiscal year to be carried over into the next fiscal year without being considered as taxable income to the Association.
4. **Should the Board of Directors have the authority to transfer any or all available reserve funds into the operating account of the Association for the purpose of:** (a) payment of the cost of a casualty or other incident during the fiscal year which results in damage to Association property (Any insurance claim proceeds paid for repairs shall be used to reimburse the reserve funds), (b) payment of insurance premium, (i) due to unbudgeted insurance premium increases during the fiscal year, (ii) to prevent insurance cancellation or (iii) to avoid loan costs or other finance charges? A "YES" vote gives the Board of Directors the authority to transfer any or all available reserve funds into the operating account of the Association for the purpose of: (a) payment of the cost of a casualty or other incident during the fiscal year which results in damage to Association property (any insurance claim proceeds paid for repairs shall be used to reimburse the reserve funds), (b) payment of insurance premium if operating funds are not available.
5. **Are you in favor of the Association selling the 2.69± acre parcel of open space located at 222 Haben Blvd (North Property) and certain building rights acquired through the purchase of 136 Riviera Dunes Way (East Property)?** A "YES" vote gives the Board of Directors the authority to sell the 2.69+ acre parcel of open space at 222 Haben Blvd. The proceeds would be used to 1) Payback the Line of Credit and Down Payment & Closing Costs; 2) Landscape Parcel A including, landscaping, irrigation, drainage, fencing, establishing a secure dog walk area and additional security measures for the walkway between Building 2 garage and the fitness center and 3) contribute to the Association's reserve funds. A sales contract would be negotiated either directly with purchaser or through a Real Estate Agent, having price and terms consistent with the value identified in the Martin Appraisal dated 7/13/2016, as well as other professional appraisals that may be performed on the property. The cost of re-zoning the property is to be borne by the purchaser with non-financial support from the Association. The final price and terms are to be approved by the Board of Directors.
Chapter 718 of Florida Statutes, requires that 100% of the Association's members approve the disposition of a portion of the Common Element.

The Board of Directors recommends a "YES" vote and provides the attached Board Recommendation.

The Association will incur additional administrative costs if the meeting is rescheduled due to the failure to achieve a quorum. Therefore, please be sure to mail in your proxy, even if you plan to attend the meeting. Thank You.

6. **Are you in favor of giving the Board of Directors the authority to transfer reserves from one category to another reserve category (but not to an operating account), as funds are needed for capital expenditures and deferred maintenance? A "YES" vote gives the Board of Directors the authority to transfer reserves from one category to another reserve category, if funds are needed for capital expenditures and deferred maintenance.**

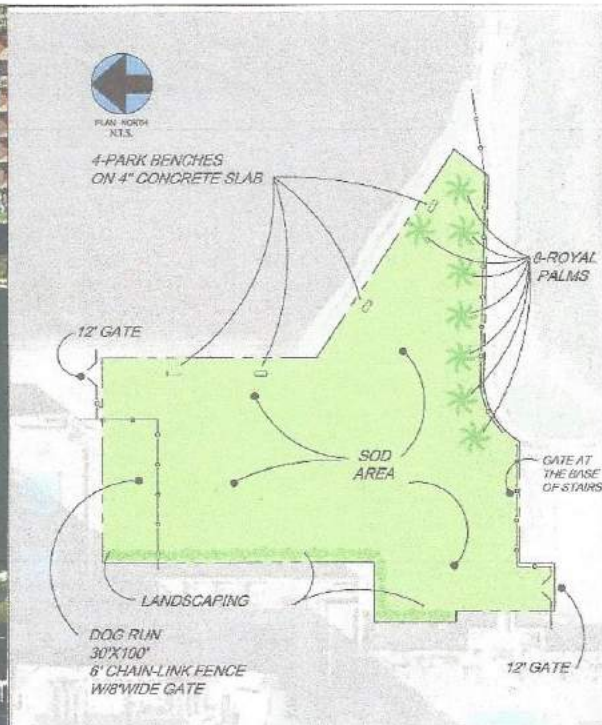
The Association will incur additional administrative costs if the meeting is rescheduled due to the failure to achieve a quorum. Therefore, please be sure to mail in your proxy, even if you plan to attend the meeting. Thank You.

Board of Directors Recommendation

The Bel Mare Board of Directors recommends approval to sell the 2.69± acre "open" portion of 222 Haben Blvd (Parcel B in aerial map) and certain building rights acquired with Parcel A. The initiative requires approval of 100% of Bel Mare Owners. Now that the Association has acquired the East Property (Parcel A) the Parcel B land is excess Common Elements, and its value would best be used to pay back the Line of Credit & Association funds used to purchase Parcel A, landscape Parcel A and make up for Reserve Funds we have not been able to contribute during our Construction Defects Correction & Recovery period.



Aerial view of Bel Mare



Conceptual Landscaping Improvements

Background

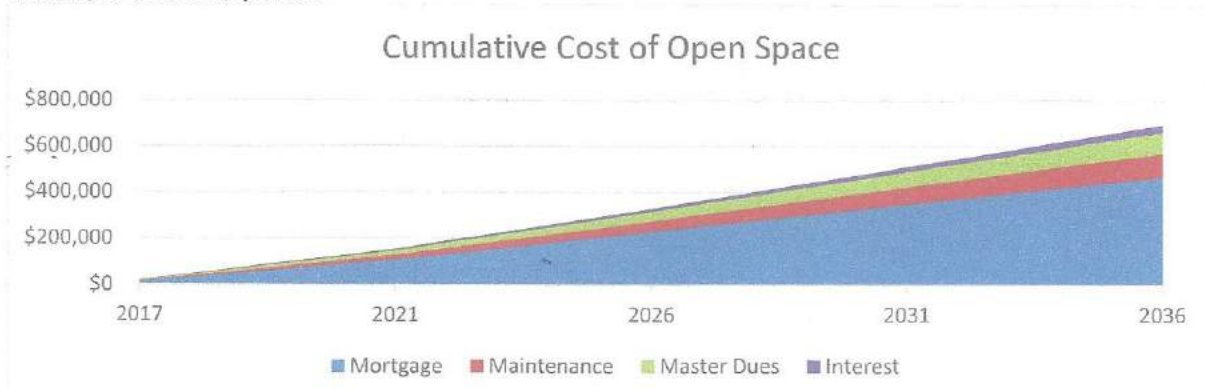
As early as December 2009, the Association pursued an initiative to acquire the East Property (Parcel A) in order to prevent townhomes from blocking the views of the Marina and Manatee River from our Amenities Decks and East Facing Balconies. An August 2012 Special Membership Meeting failed, by one vote, to get 100% of our Owners to vote "yes" and in October 2012 the legal owner of Parcel A defaulted on their loan and the ownership of Parcel A was transferred to Biel REO LLC.

In February 2013, Owners approved the outright purchase of Parcel A from Biel REO LLC. After a protracted negotiation, in October 2015 the Association closed on the parcel and subsequently approved incorporating it as a Common Element of Bel Mare. The purchase price for the 1.31-acre parcel was \$362,500. The transaction was funded by a \$300,000 Line of Credit that will convert to a 20-year loan in October 2017, and \$90,953 from Operating Cash for the down payment & closing costs. The purchase of Parcel A also included certain building rights.

Current Situation

Parcel B currently represents an unattached excess Common Element of Bel Mare with no foreseeable use. It currently is zoned as greenspace and has no building rights; however, the City of Palmetto has previously agreed to switching the zoning with Parcel A. Real Estate professionals consistently believe that the value of such an asset is not represented in the value of individual Units and a strong financial position is much more important in establishing the desirability of individual Units. Additionally, with regard to the question of selling the 2.69± Open Space parcel or waiting until an initiative could be agreed upon to dispose of the entire North Property, our appraiser, Ed Martin MBA, MNAA, advises "In response to your question regarding the impact of a larger parcel on the price. Generally, as the size of a parcel increases the cost per unit (is) decreased." And after a review and site visit, Coldwell Banker Commercial NRT representatives advised "We recommend that Bel Mare sell the 2.69-acre parcel on a stand-alone basis."

The 20 year costs of the excess Common Element including Mortgage, Maintenance, Master Association Dues on the parcel and lost interest on the CD used for down payment exceeds \$700,000. That is an average of \$280/Unit annually or \$70/Unit/quarter.



Due to the impact of the Construction Defects Loan on Bel Mare’s assessments over the last 5 years, the Board has trimmed budgets and deferred some expenses. Additionally, Owners have approved reduced contributions to calculated reserve requirements. This has resulted in approximately \$320,000 cumulative underfunding of Reserve Funds since 2012.

Year	2012	2013	2014	2015	2016
Reserve Contributions	70%	70%	85%	85%	52%

The recently established February 2nd, 2018, Court Date for our Defects Recovery Claim continues to complicate Bel Mare’s financial situation for 2017 & 2018.

Opportunity

The Board recently completed an Appraisal of Parcel B that used the recent sales of Parcel A and 120 Riviera Dunes Way (South Property), as well as a similar parcel in Parrish as comparables and included the building rights that Bel Mare acquired with Parcel A. Of course, an Appraisal does not guarantee a selling price, but the Board believes that after Selling Costs the proceeds would be sufficient to 1) Pay back the Line of Credit and Down Payment & Closing Costs; 2) Landscape Parcel A including, landscaping, irrigation, drainage, fencing, establishing a secure dog walk area and additional security measures for the walkway between Building 2 garage and the fitness center and 3) contribute to the Association’s reserve Funds.

1. Line of Credit Balance = \$300,000 and Down Payment & Closing Costs = \$90,953. Total \$390,953.

2. Currently the Association only has funds to mow Parcel A. Above is a 2009 conceptual plan for landscaping the Parcel to improve its appearance and function that includes:
 - a. Providing a secure dog walk area
 - b. Providing a "park like" setting
 - c. Additional security measures for the walkway from Building 2 garage to Fitness Center



Conceptual view of landscaped East Property

3. After paying for 1 & 2 above the Board expects to have \$100,000 – 200,000 to contribute to Reserves to make up for the last 5 years' shortfalls, thereby reducing the need for future assessments.

Recommendation

The Board recommends that every Owner vote **"yes"** to the Proxy Question regarding approval for the sale of 2.69+ acre Parcel B and certain building rights that Bel Mare acquired with the purchase of Parcel A. **The result will be a stronger financial position for the Association which makes Bel Mare Units much more attractive to potential buyers and an improved appearance and security of the East Property for all Residents.**