



Amelia Island Company (the "Company" or the "Debtor") and will include any successor to the Company doing business within Amelia Island Plantation. AIPCA membership is mandatory for all property owners including commercial owners; it requires payments of assessments as determined, under the Covenants, by AIPCA; and it binds all members to AIPCA under the Rules and Regulations of AIPCA.

AIPCA understands that decisions made in the captioned Chapter 11 proceeding involve monetary issues among the Debtor and Creditors, but also believes that the investments, values, goals, and quality of life of its 2,175 property owner members at Amelia Island Plantation, as discussed below, are relevant to and should be considered as part of the totality of circumstances involved in making decisions in the captioned Chapter 11 proceeding. AIPCA respectfully requests that the Court take notice of the foregoing and the following, both now and throughout this proceeding.

**A. Description of Amelia Island Plantation Community Association (AIPCA) and Its Business**

**Overview**

1. AIPCA was incorporated on May 15, 1972 and has been continuously in existence since then. The purpose of AIPCA is

"...to own, operate, maintain, supervise, and administer certain Common Properties and Restricted Common Properties for the use and benefit of, and to provide common services to, the owners of real property located within Amelia Island Plantation, on Amelia Island in Nassau County, Florida, as provided for in the "Declaration of Covenants and Restrictions for Amelia Island Plantation, Nassau County, Florida, and Provisions for the Amelia Island Plantation Community Association, Inc." (the Covenants").

Among AIPCA's goals is the two-fold goal to vigorously defend the maintenance of residential and commercial property values, and to protect and enhance the quality of life of all AIPCA members. This includes continuation of a wide range of recreational and social activities available to the broadest range of residents, provided variously by AIPCA, the Amelia Island Club, Inc. (the "Club" or the "Ocean Club"), and the Company through its Resort, as well as strict adherence to the principles of environmental preservation and harmony with nature upon which it was founded and which have provided a unique character to the community since its inception.

2. Amelia Island Plantation is a 1,350 acre community. The Plantation, as previously described, consists of a Company owned Resort with a hotel, conference center, shops, golf and tennis facilities, a golf and social Club owned by the Company individually owned residential and commercial facilities and common properties owned by AIPCA.

Every owner of real property located within Amelia Island Plantation as described in the Covenants is defined as a member of AIPCA, and all such property owners are required by the of Covenants to accept such membership in AIPCA. There are approximately 1,770 current members of AIPCA, who collectively own the following property (some members own multiple properties):

1,186 Condominium and villa owners

814 Single family home owners

130 Partial equity owners in a mixed care senior living community (Osprey Village)

165 Un-built residential lots owners

1 The Debtor (who owns the Resort and Club)

4 Commercial property owners (primarily independent shops and restaurants)

2 Utility company property owners

1 Non-profit organization property owner (the Chapel)

1 Governmental organization property owner (Nassau County)

1 AIPCA (itself a property owner)

The combined value of these properties, based on Nassau Real Property Tax Records, is in excess of \$1.5 Billion. An estimated 77% of the individual residential owners are also members of the Club. From the perspective of the Club, 94% of its members own property within Amelia Island Plantation and are therefore members of AIPCA

3. AIPCA owns over 109 acres of land containing common properties and amenities including four buildings, four parks, nearly 20 miles of roads and trails, six lagoons and related drainage infrastructure, approximately three miles of beachfront and barrier sand dunes on the Atlantic Ocean, and miscellaneous other parcels. AIPCA operates a 30-member Security force serving the entire community (including the Resort and Club) and subcontracts for a variety of other services including landscaping, maintenance, finance and collections, storm clean-up and the like. To keep costs low, much of its social, communications, environmental, planning and community affairs work is accomplished by volunteers. AIPCA is funded by annual assessments from its members and has an annual budget of approximately \$3 million of which the Debtor currently contributes approximately 26% of the total. AIPCA also

maintains a Contribution-To-Reserve Fund for emergencies of nearly \$1 million and has a \$1.5 million line of credit.

### **Common Properties**

4. Properties 100% owned and operated by AIPCA as an organization include the following:

#### **Buildings**

5. Walker's Landing – an approximately 6 acre property on a west-facing promontory that overlooks an expanse of salt marsh and the Amelia River inter-coastal waterway. The site includes a 5,489 sq. ft., high-ceiling building that can seat 250 people. The building also contains a catering kitchen, fireplace, large screened in porch and a wide wrap-around deck and is used frequently for weddings and other special events. This common property also includes a nature trail, boat launching ramp, dock, kayak storage facility, public restrooms, and other features. Walker's Landing is for the use of AIPCA members and their guests (thereby including Resort guests).

6. Property Owners Clubhouse (POC) – an approximately 1 acre property located next to the main golf facility with uninterrupted views of golf course and salt marsh. The Clubhouse is a 4,234 sq. ft. building portion used as a gathering place for casual luncheon dining, special catered meals, bridge and game clubs, and meetings of special interest groups. This restricted common property is for the use of AIPCA members and their personal guests.

7. One major Security headquarters building of 1,182 sq. ft. at the entry to the resort, plus adjoining manned Security gates and one stand-alone automated kiosk.

8. A Security building of 422 sq. ft. at the entry to Long Point, plus adjoining manned and automated Security gates.

### Parks

9. Drummond Point Park – an approximately 6 acre park property at the western end of a significant peninsula, jutting into salt marsh. Drummond Park includes an extensive playground area and basketball court, a small pond, several nature trails and wildlife observatory platforms, as well as an extensive boardwalks and deck area extending into the marsh. This common property may be used by AIPCA members and their guests.

10. Aury Island – an approximately 1 acre property located next to the main entry containing walking trails, a fishing dock, a pirate playground for children, and striking low voltage lighting at night. This common property may be used by AIPCA members and their guests.

11. Sunken Forest – an approximately 1 acre property located next to the Resort's Beach Club and swimming complex. The Sunken Forest includes an undisturbed mature canopy forest, as well as extensive boardwalk, stairs, and an observation platform overlooking the oceanfront dunes and ecosystem of Amelia Island. This common property may be used by AIPCA members and their guests.

12. Willow Conservancy – an approximately 2 acre property containing a live oak canopy forest, with a nature trail, environmental signposts, and other features. This common property may be used by AIPCA members and their guests.

### Other Common Properties

13. Roads and trails – approximately 20 miles of roads and 9 miles of bike and nature trails, comprising all of the roads and public access trails within Amelia Island Plantation. In conjunction with these roads, AIPCA owns and maintains two major bridge structures enabling residents and resort guests to safely cross over Highway A1A.

14. Lagoons and drainage canals – AIPCA owns and maintains six lagoons and various drainage canals within Amelia Island Plantation, including the storm water management system and storm sewer system.

15. Beach front and barrier sand dunes – AIPCA owns and maintains approximately three miles of Atlantic Ocean beach front and barrier sand dunes. While much of the sand beach area is public domain under Florida law, the barrier dunes are fully within AIPCA boundaries. The Association maintains these dunes including several wooden dune walkover structures, a program of sea oats replantation, and the protection of nesting areas of sea turtles and other wildlife. Under the Covenants, access to the dunes and beaches through AIPCA property is free of charge.

16. Other common properties – AIPCA owns and maintains approximately ten acres of green belt areas between residential properties, four Security unmanned entrance areas in addition to the Main Entrance and the Long Point entrance, a Memorial Garden, and various other smaller parcels.

### Common Services

## Security

17. In addition to owning and being the steward of Common Properties, AIPCA provides various common services for the general good of all property owners within Amelia Island Plantation. One of the largest services is the Security Department which is 100% owned and managed by AIPCA and provides public safety services throughout Amelia Island Plantation including the Resort, Club, shops, Chapel, all common properties, and all residential areas. The Security Department is staffed by approximately 30 employees, owns 5 patrol vehicles, and oversees public safety related to some 5,000 vehicles entering weekly through 5 manned gate entry stations for public access, and 4 unmanned gate entry stations for resident-only access. This is in addition to the high volume of traffic in publicly accessible entries to commercial property areas. In addition, Security assists in ~200 medical emergency calls per year involving the Nassau County Fire & Rescue Services, and ~100 calls per year involving the Nassau County Sheriff's office. Security also performs a wide variety of door checks for resident and business properties, maintains a computerized tracking system for all contractor, guest, and homeowner vehicles, and assists residents with routine items such as recovery from falls and select services for non-residents.

## Landscaping & Maintenance

18. AIPCA provides landscaping services for all common areas within Amelia Island Plantation (including its own properties and highway roundabouts); manages a systematic program of repair, milling, and resurfacing for all roads and trails; performs storm debris clean-up and removal as needed; maintains all street and trail signposts; and manages such unexpected events as water main breaks, power outages, and

hurricane cleanup. Most of these services are subcontracted to a staff of community association managers and/or third party vendors.

### Environmental

19. In keeping with the environmental legacy of Amelia Island Plantation, AIPCA works closely with the Resort and Club to maintain favorable environmental practices in such areas as land use, irrigation, recycling, and preservation. From time to time, resident volunteers assist with replanting of sea oats and similar activities. AIPCA also was instrumental in instituting a residential recycling program, now paid for by property owners.

19. From its inception, Amelia Island Plantation property owners have shared in a special development process blending residential and resort uses and amenities with the unique maritime, sea island, and salt marsh ecosystems of Amelia Island. This process started in the early 1970's when the Sea Pines Company of Hilton Head, South Carolina, under the direction of the renowned Charles Fraser, purchased the south end of Amelia Island. The Master Planning process focused on designing all structures "in harmony with nature." To support implementation of the master plan, development standards were incorporated into the Covenants, which in turn were recorded in county land records and bind all owners to its enforcement by AIPCA. The Amelia Island Plantation Architectural Review Board (ARB) is composed of representatives from the Amelia Island Company (the debtor), AIPCA, and a non-resident with expertise in architecture. ARB reviews and rules on all new construction, renovations, and site improvements for homes, condominiums, and commercial facilities within Amelia Island Plantation, including all activities that effect the natural environment such as tree

removal, major re-landscaping, addition of decorative ponds, fountains, patios, terraces, decks, etc. AIPCA enforces ARB decisions and standards, including taking actions to maintain properties should they fall into disrepair. As part of its responsibilities, AIPCA requires payment of impact fees and road bonds, reviews ARB Building Permits and conducts color inspections.

#### Social Networking, Planning, and Communications

20. AIPCA provides a springboard for informal non-Club activities available to all property owners. Most of these events are initiated independently by AIPCA members and are hosted at the Property Owners Clubhouse. AIPCA provides free wireless service at the POC, a library and twice monthly Prime Rib Dinners and Trivia Contests.

21. AIPCA procedures and traditions incorporate a planning methodology centered on an annual four-hour planning workshop attended by a representative cross-section of AIPCA, Club, Company and Resort and community interests. Priorities set at this meeting guide the AIPCA Board in organizing its strategic activities and follow-up operational actions throughout the next year. For the last two years, the highest priority item has been proactive contingency planning, i.e., generating and evaluating a variety of scenarios related to the Company's financial challenges. AIPCA contingency planning has been focused on legal, operational, and financial threats and opportunities, and has been a well regarded and stabilizing factor for Plantation residents.

22. AIPCA maintains a comprehensive and informative website ([www.aipca.net](http://www.aipca.net)) for its membership. It publishes 4-5 email blasts monthly (as needed) on items pertaining to its business and items of concern to residents (e.g. security,

recycling, water main break repairs, and bankruptcy issues). It also publishes a newsletter (*Canopy*) with more general information, as well as an Owner's Guide which is especially relevant for newcomers. During 2009, the Board held numerous and well attended "Coffees with the Board" to address issues of concern with residents in smaller, more informal settings.

23. It should be noted that AIPCA work is augmented by approximately 100 property owners who volunteer their time and talents through a variety of groups and committees. This effort significantly reduces AIPCA operating costs and capitalizes on the professional skills and experience of many residents.

#### Community Affairs

24. AIPCA works actively to be a good citizen outside the boundaries of Amelia Island Plantation. It maintains active working relationships with the Nassau County Board of Commissioners, the City of Fernandina Beach City Council, the Northeast Florida Regional Planning Commission, and ad hoc groups such as Amelia Island Trails, the local planning group for public bicycle trails along the east coast of the United States.

25. In particular, AIPCA is a member of the South Amelia Island Shore Stabilization Association (SAISSA), a separate non-profit organization responsible for management of beach re-nourishment on the south end of Amelia Island. SAISSA directs a Nassau County Municipal Services Benefit Unit (MSBU), the funding tool for this activity. AIPCA selects the majority of the board of directors of SAISSA.

26. AIPCA members, through their payment of taxes on real estate valued in excess of \$1.5 billion, provide substantial support for the budgets of Nassau County, its

schools and other agencies. AIPCA believes that the value of such taxes paid to Nassau County and its agencies far exceeds the costs of service delivery to Amelia Island Plantation. In addition, the purchasing activities of AIPCA members in the greater retail life of Amelia Island and Nassau County, including but not limited to shops and restaurants provides significant sales tax revenue as well as jobs and livelihoods for local merchants. Finally, a great number of AIPCA members are involved in educational, cultural, artistic, religious, philanthropic, and social service activities in the broader community as volunteers, patrons, and donors.

#### Governance & Allied Community Relationships

27. Within Amelia Island Plantation, all property is governed by the Covenants administered by AIPCA. AIPCA also administers a set of Rules & Regulations for the entire Amelia Island Plantation community. When appropriate, AIPCA mediates in disputes among members, including legal action when necessary.

28. In addition, many residential areas are also governed by subdivision covenants established by 33 neighborhood condominium or homeowner associations. AIPCA works closely with those groups to promote common community values and goals and a Common Vision for the entire community.

29. AIPCA is governed by an 11 person Board of Directors (the "Board"). Two Directors are appointed by the Company (the Debtor) and 9 are elected by residential property owners.

30. The AIPCA Board works closely with other established and like-minded groups throughout the Community. In particular, it proactively communicates on a regular basis with the independent Board of the Club and remains committed to the

principle that Club social and recreational amenities available to the broadest possible population of residents are a vital part of preserving both property values and the quality of life at Amelia Island Plantation.

#### Financial Information

31. The annual budget supporting AIPCA's services on behalf of property owners is in excess of \$3 million per year. AIPCA is required to establish an annual budget each year, and then to establish the assessment amount necessary to support that budget. Commercial members of AIPCA pay assessments based on square footage of commercial buildings and gross retail sales from the prior year; homeowner members of AIPCA pay assessments at a fixed amount that is set each year by the Board of Directors. The formulas for and ratio between total commercial and homeowner assessments are fixed by the Covenants.

#### Regulations Pertaining to Land Use

32. All property owners purchase their properties in reliance on numerous state and local regulations that restrict land use and housing density with Amelia Island Plantation. In addition to the Nassau County Comprehensive Plan, zoning ordinances, and other provisions applying to all property, the Amelia Island Plantation falls under three Developments of Regional Impact (DRIs) and several Planned Use Developments (PUDs). Amelia Island Plantation land use plans show substantial green space in the form of both AIPCA common properties and the various recreation facilities (e.g., golf courses, swimming pools, tennis courts, etc.) owned and operated by the Amelia Island Company (the Debtor). AIPCA Bylaws and the Covenants allow these recreation facilities (currently owned and operated by the Amelia Island Company) to be

transferred to AIPCA ownership and reclassified as AIPCA common property if that is necessary to preserve their use for recreational purposes within the overall community. In addition, the Covenants provides for an Architectural Review Board (ARB) that governs structures, landscaping, signs and other details (discussed above).

#### **B. Legal Expenses Incurred by the Estate**

Since AIPCA represents interests related to financial investment and quality of life for all property owners within Amelia Island Plantation, and since over 90% of individuals who might be represented by the "official members/depositors committee" proposed under the Motion now being considered, are property owners within Amelia Island Plantation, AIPCA recommends that the Court not take any action, the effect of which would be to authorize additional or duplicative legal expenses for the payment of an "official members/depositors committee," which payments would be paid from and diminish funds otherwise available as part of the bankrupt's estate in this proceeding.

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I hereby certify that I have furnished a true copy of the foregoing by electronic notification or by U.S. mail, this 23<sup>rd</sup> day of February, 2010 to Amelia Island Company, P. O. Box 3000, Amelia Island, FL 32035, Debtor, Richard Thames, Attorney For Debtor; Paul M. Rosenblatt, Attorney for Official Creditors' Committee; Kimberly Held Israel, Local Attorney for Official Creditors' Committee; Office of U.S. Trustee; John Francis Gough, Attorney for Movant; and all CM/ECF participants.

/s/ Lance Paul Cohen