The Legal Action - An Explanation

Bill Blackwell

The current controversy involves a group that does not agree with the “Use Agreement” between the HOA and MPI (pool, tennis courts,“Club”). The residents pay MPI some $450,000 each year for a so-called “amenities” package which includes access to the pool and tennis courts. The golf course is not a part of the amenities package, and Magnolia Point members pay the same green fees as the outsiders who have free entry and play for the same price as Magnolia Point residents, making the golf course a public course. The “amenities” are also open to non-residents who contribute nothing to the $450k annual subsidy paid by residents.

A group opposing the annual subsidy filed suit seeking the termination of the “Use Agreement” because it was created in 2015 when the Board of Directors was under the control of the Developer, Dream Finders; the resident-members had no say in executing the agreement. In fact, the residents have never had a voice in approving this agreement and Ch. 720 of the Florida Statutes and the recorded declarations of Magnolia Point Community require a 75% vote of approval of the residents as to any agreement that imposes a financial burden on the residents.

The opposition is composed of a small core of local resident-golfers who accept the golf course (a substandard one compared to about six others in the area) because it is simply local. This core of supporters of the Use Agreement actively supports candidates for the board who are loyal to the “Club” as if $450k is simply the essential cost of maintaining property values.

A majority of the approximately 1,000 resident memberships (1 per residential unit) do not regularly play golf here. In fact, some members choose to play at other area courses for a few dollars more in green fees because these courses are much better maintained year round (Fleming Island, Eagle Harbor, Eagle Landing, St. Johns, and South Hampton) and they offer better food service as well as better playing conditions.

This whole bundle of issues can be most simply stated as follows: Should the residents be charged with paying $450k annually for a sub-standard golf course and the so called “amenities” package? Those who favor the “Club” argue that our property values will suffer without the “Club” amenities. Other area golf courses have shut down their golf facilities with minimal initial dips in property values. These dips quickly turned around with notable increases in property values, e.g. The Ravines and Orange Park G&CC.

The present Board of Directors sees their responsibility to maintain the status quo and continue funding “Club” in spite of the fact that only a small core of the 1,000 resident units actively use the golf facility and the so-called amenities package. This $450k annual subsidy could more properly go to the required funding of the Reserves account which will become more acutely necessary with our aging infrastructure: drainage, roadway, lighting and maintenance needs.

It is time the Board becomes aware of its fiduciary obligations to the residents–there is no fiduciary obligation to support the needs and desires of a vendor (the “Club”) etc; and when did a pool that closes in cool months and a couple of tennis courts constitute a value of $450k? We need to elect board members who will recognize their fiduciary obligations are to the members who are entitled to the faithful allegiance of the directors.

There is scheduled a Mediation conference in late February–a statutory pre-suit requirement of the legal action. If there is no settlement of the controversy in mediation, the legal action will go to court for resolution. The plaintiffs contend that the Use Agreement is void because it was hatched into life by the Developer, Dream Finders, when they controlled the HOA, without approval of the membership who pays the bills.

Bill Blackwell, Magnolia Point Resident, is a retired Florida Circuit Court Judge