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FLORIDA NON-PROFIT CORPORATION

Palladio Terrace Condominium Association, Inc.

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ARTICLES OF INCORPORATION
OF
PALLADIO TERRACE CONDOMINIUM ASSOCIATION, INC.

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CLERK OF STATE
TALLAHASSEE, FLORIDA

The undersigned incorporator, for the purpose of forming a corporation not for profit pursuant to the laws of the State of Florida, hereby adopts the following Articles of Incorporation:

ARTICLE I.
NAME OF CORPORATION; PRINCIPAL OFFICE

The name of this corporation shall be PALLADIO TERRACE CONDOMINIUM ASSOCIATION, INC. (the "**Association**"). The principal office and mailing address of the Association shall be c/o Merco Group of the Palm Beaches, Inc., 5101 Collins Avenue, Management Office, Miami Beach, FL 33140.

ARTICLE II.
PURPOSE

The purpose of the Association shall be the operation and management of the affairs and property of the condominium known as Palladio Terrace, a Condominium (the "**Condominium**"), to be located in Palm Beach County, Florida, and to perform all acts provided in the Declaration of Condominium of Palladio Terrace, a Condominium, to be recorded in the Public Records of Palm Beach County, Florida (the "**Declaration**") and the Condominium Act (unless the context clearly indicates otherwise, all initially capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such term in the Declaration).

ARTICLE III.
POWERS

The Association shall have all of the statutory powers of a corporation not for profit and all of the powers and duties set forth in the Condominium Act, the Declaration, these Articles and the Bylaws. The Association may enter into lease agreements and may acquire and enter into agreements acquiring leaseholds, memberships and other possessory or use interests, whether or not contiguous to the lands of the Condominium, intended to provide for the enjoyment, recreation or other use or benefit of the members; including, but not limited to, the leasing of recreation areas and facilities. The Association may contract for the management and maintenance of the Condominium Property and authorize a management agent to assist the Association in carrying out its powers and duties by performing such functions as the submission of proposals, collection of Assessments, preparation of records, enforcement of rules and maintenance, repair and replacement of the Common Elements with such funds as shall be made available by the Association for such purposes. The Association may contract for and acquire one or more Units within the Condominium it operates, for such purposes that are not in conflict with the Declaration, these Articles of Incorporation or

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the Bylaws, including for the purposes of providing a Unit(s) for the manager(s) of the Condominium which the Association operates, which shall include the power to assume or grant a mortgage encumbering the Unit(s) acquired by the Association. The Association may obtain loans for purposes of meeting the financial needs of running the Condominium it operates, and as security therefor, pledge the income from Assessments collected from Owners. The Association and its officers shall, however, retain at all times the powers and duties granted by the Condominium Act, including, but not limited to, the making of Assessments, promulgation of rules and execution of contracts on behalf of the Association.

ARTICLE IV. **MEMBERS**

All persons owning a vested present interest in the fee title to any of the Units of the Condominium as evidenced by a duly recorded proper instrument in the Public Records of Palm Beach County, Florida, shall be members of the Association. Membership shall terminate automatically and immediately as a member's vested interest in the fee title in a Unit terminates, except that upon termination of the entire Condominium, the membership shall consist of those who were members at the time of such termination. In the event a Unit is owned by a legal entity other than a natural person, the officer, director, or other official so designated by such legal entity shall exercise such Owner's membership rights.

After the Association approves, or is notified, of a conveyance of a Unit as provided in the Declaration, the change of membership in the Association shall be evidenced in the Association records upon delivery to the secretary of the Association of a certified copy of a deed or other instrument of conveyance.

ARTICLE V. **VOTING RIGHTS**

Each Unit shall be entitled to one vote at Association meetings. In the event of a joint ownership of a Unit, the vote to which that Unit is entitled shall be apportioned among the Owners as their interests may appear, or may be exercised by one of such joint Owners by the remainder of the joint Owners filing a voting certificate with the secretary of the Association.

ARTICLE VI. **INCOME DISTRIBUTION**

No part of the income of the Association shall be distributed to its members, except as compensation for services rendered.

ARTICLE VII. **EXISTENCE**

The Association shall exist perpetually unless dissolved according to law.

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ARTICLE VIII.
REGISTERED OFFICE AND REGISTERED AGENT

The initial registered office of the Association shall be c/o Gunster, Yoakley & Stewart, P.A., 777 S. Flagler Drive, Suite 500 East Tower, West Palm Beach, FL 33401. The initial registered agent of the Association shall be Cynthia C. Spall, Esq.

ARTICLE IX.
NUMBER OF DIRECTORS; ELECTION OF DIRECTORS

The business of the Association shall be conducted by a Board of Directors which shall consist of either three (3) persons or five (5) persons. Initially, the Board shall consist of three (3) persons. The Board of Directors shall be elected as provided in the Bylaws.

ARTICLE X.
FIRST BOARD OF DIRECTORS

The names and post office addresses of the members of the first Board of Directors, all of whom shall hold office until their successors are duly elected and qualified, are as follows:

<u>Name</u>	<u>Address</u>
Homero Meruelo	5101 Collins Avenue Management Office Miami Beach, FL 33140
Belinda Meruelo	5101 Collins Avenue Management Office Miami Beach, FL 33140
Homero Meruelo, Jr.	5101 Collins Avenue Management Office Miami Beach, FL 33140

ARTICLE XI.
INDEMNIFICATION OF OFFICERS AND DIRECTORS

A. Indemnity. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director, employee, officer or agent of the Association, against expenses (including attorneys' fees and appellate attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceedings, unless (i) a court of competent

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jurisdiction determines, after all available appeals have been exhausted or not pursued by the proposed indemnitee, that he did not act in good faith, nor in a manner he reasonably believed to be in or not opposed to the best interest of the Association, and, with respect to any criminal action or proceeding, that he had reasonable cause to believe his conduct was unlawful, and (ii) such court further specifically determines that indemnification should be denied. The termination of any action, suit or proceedings by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

B. Expenses. To the extent that a director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in ARTICLE XI.A above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees and appellate attorneys' fees) actually and reasonably incurred by him in connection therewith.

C. Advances. Expenses incurred in defending a civil or criminal action, suit or proceeding shall be paid by the Association in advance of the final disposition of such action, suit or proceedings upon receipt of an undertaking by or on behalf of the affected director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this ARTICLE XI.

D. Miscellaneous. The indemnification provided by this ARTICLE XI shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs and personal representatives of such person.

E. Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving, at the request of the Association, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Article.

F. Amendment. Anything to the contrary herein notwithstanding, the provisions of this ARTICLE XI may not be amended without the prior written consent of all persons whose interest would be adversely affected by such amendment.

ARTICLE XII.
RIGHTS OF DEVELOPER

Notwithstanding anything contained in these Articles of Incorporation, the Bylaws or the Declaration, Merco Group of the Palm Beaches, Inc., a Florida corporation, which is the Developer of the Condominium, shall have full right and authority to manage the affairs of, and the exclusive right to elect the directors of, the Association (who need not be Owners) until the following shall occur (or earlier than the following, if so elected in writing by the Developer):

A. When fifteen percent (15%) or more of the Units that will be operated ultimately by the Association are conveyed to Owners other than Developer, such Owners (other than Developer) shall be entitled to elect not less than one-third (1/3) of the Board of Directors.

B. Owners other than Developer will be allowed to elect a majority of the members of the Board of Directors and control the Association at whichever of the following times shall first occur (the "Turnover Date").

1. Three (3) years after Developer has sold fifty (50%) percent of the Units that will be ultimately operated by the Association;
2. Three (3) months after Developer has sold ninety (90%) percent of the Units that will be ultimately operated by the Association;
3. When all of the Units that will ultimately be operated by the Association have been completed and some of them have been sold and none of the others are being offered for sale by Developer in the ordinary course of business;
4. When Developer has sold some of the Units and none of the other Units are held by the Developer for sale in the ordinary course of business; or
5. Seven (7) years after recordation of the Declaration.

C. Developer shall be entitled to elect at least one (1) member of the Board of Directors as long as Developer holds at least five percent (5%) of the Units in the Condominium for purposes of sale. So long as the Developer holds Units for sale in the ordinary course of business, none of the following actions may be taken without approval in writing by the Developer:

1. Assessment of the Developer as a Unit Owner for capital improvements.
2. Any action by the Association that would be detrimental to sales by the Developer. However, an increase in Assessments for Common

Expenses without discrimination against the Developer shall not be deemed to be detrimental to sales by Developer.

3. Any action by the Association that would be detrimental to the commercial operation of, or sale by Developer of, Units X and Y.
4. Any action by the Association that would be detrimental to the Club Lot or the owner thereof.

ARTICLE XIII. **BYLAWS**

The first Bylaws of the Association shall be adopted by the Board of Directors and may be altered, amended or rescinded in the manner provided by the Bylaws.

ARTICLE XIV. **INCORPORATOR**

The names and street addresses of the Incorporator of the Association is as follows:

<u>Name</u>	<u>Address</u>
Cynthia C. Spall, Esq.	Gunster, Yoakley & Stewart, P.A. 777 South Flagler Drive Suite 500 East Tower West Palm Beach, Florida 33401

ARTICLE XV. **AMENDMENTS**

The Association reserves the right to amend, alter, change or repeal any provisions contained in these Articles of Incorporation by a simple majority vote of all voting rights of all members of the Association (or prior to the Turnover Date, by a simple majority vote of the Board of Directors of the Association) and all rights conferred upon the members herein are granted subject to this reservation. Notwithstanding the foregoing, no amendment to these Articles of Incorporation may be adopted which in any way alters or modifies the rights, obligations, benefits or provisions relating to Units X and Y, or the Club Lot, without the prior written consent thereto of the Owner of Units X and Y, or the Club Lot, respectively.

IN WITNESS WHEREOF, the undersigned incorporator has hereunto affixed her signature this 10th day of December, 2004.


Cynthia C. Spall, Incorporator

ACCEPTANCE BY REGISTERED AGENT

Cynthia C. Spall, Esq., whose street address is c/o Gunster, Yoakley & Stewart, P.A., 777 S. Flagler Drive, Suite 500 East Tower, West Palm Beach, FL 33401, hereby consents to her designation as Registered Agent of the corporation in the foregoing Articles of Incorporation, and states that she is familiar with, and accepts, the obligations of that position as provided for in Section 617.0501, Florida Statutes.

By: 

Cynthia C. Spall, Esq.

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TALLAHASSEE, FLORIDA