



Transition Advisory Committee
Status Update
April 2020

Status Items

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- Background and Context
- Committee Tasks
- Committee Findings
- Committee Projects
- Conclusion

Introduction & Background

Developer Controlled HOA

Since the inception of Del Webb Orlando (DWO) in 2007, the developer held the control and the power. They established and incorporated the initial HOA. They established the governing documents, the reserve fund, the annual dues, the rules, and so forth. They also appointed the first board members, which often included themselves or their employees. Some developers choose to be more engaged than others, including homeowners early on, while others are more distanced. Our developer graciously decided to appoint resident homeowners (a minority number) to the board. Developers typically are not required to hold regular meetings or even elicit homeowner input. Our developer welcomed regular board meetings as well as community town hall meetings to inform residents of community issues.

When Does Control Transition to Homeowners?

Transition starts following the turnover and election that was previously scheduled for April 17, 2020, now delayed due to the corona virus. The transition of power to a homeowner-controlled board is defined in the Declaration, Bylaws, and/or Articles of Incorporation as well as Florida State Statutes. At the turnover election, the Developer representatives resign and the Resident Board is elected. At this point, the Resident Board can review the contracts and agreements that the developer has in place and make changes with the proper contractual notification. The Resident Board can review, change or establish policy and procedure provided any changes do not conflict with the HOA governing documents.

Introduction & Background *(continued)*

What Has DWO Been Doing in the Meantime?

While homeowners are limited in their authority while the community is under Developer control, they can make an effort to be more involved.

In July of 2019, the DWO HOA appointed a 23-member Transition Committee. This Committee, made up of 7 “Teams” took on the massive job of accumulating records, documents and information from the developer on the development and operation of DWO. Additionally, they analyze and review those documents to learn about the development and operations and look for the needed adjustments, gaps, needed changes or any other issues.

All of this important information will be reviewed and studied by the newly elected DWO Board, with the input of the Transition Committee, Management and Legal Council, to make decisions on additional “professional” help needed from attorneys, engineers, accountants, etc.

Along with input and involvement of the Transition Committee and Management, the DWO Board will commission a new Reserve Study to make sure all assets are not only listed, but also evaluated for replacement and value. A title search will take place to ensure that all property and assets are correctly recorded. An independent professional accounting firm will be contracted to conduct a transition audit of the association’s finances as an integral part of transition. An independent “Construction Attorney” could be utilized to review the need for additional engineering studies as well as any construction defects or problems.

Introduction & Background (*continued*)

Timeline

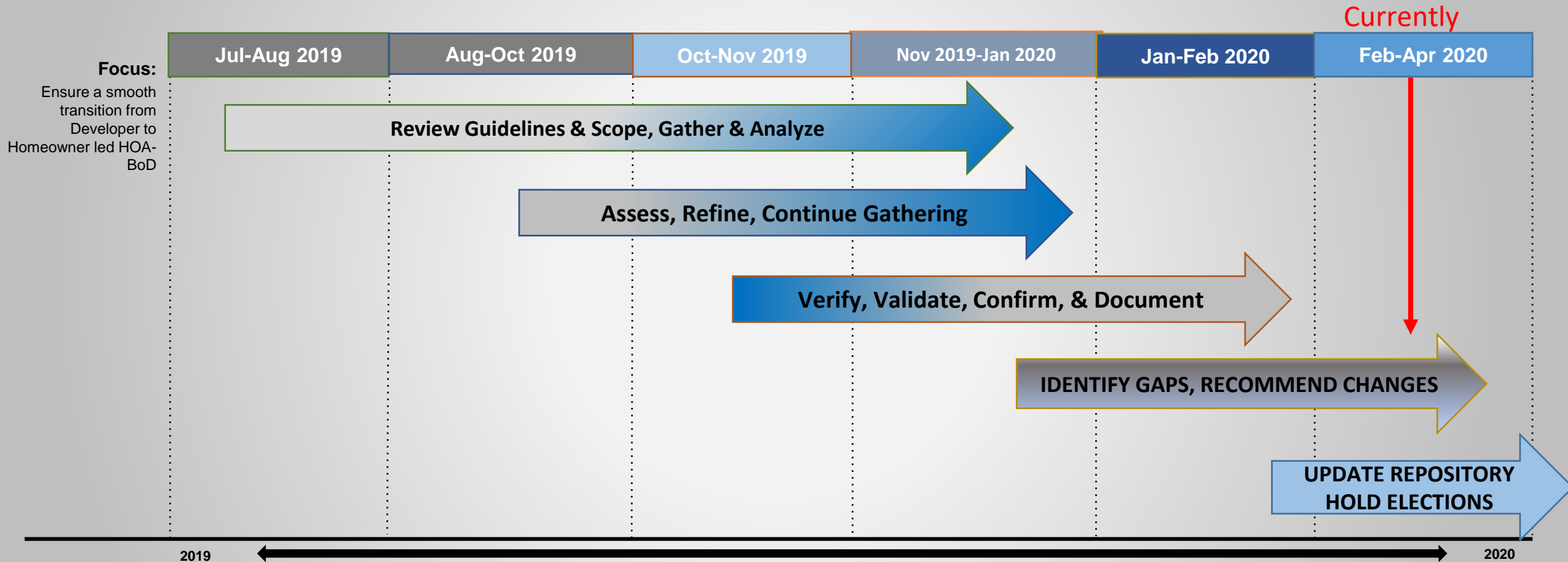
Transition starts following the turnover and election. The DWO Transition Committee has been hard at work for the past 9 months “doing their homework” by getting DWO prepared for the process. Timelines or “trigger dates” are detailed in the HOA governing documents, HOA State Statutes, State Construction Statutes and other warranty documents. Once we identify the “DATE” of Turnover, we will detail a calendar listing the required dates for information or details.

As final reports, requests and documents are produced and furnished, the Association Manager (along with the Transition Committee) will report to the DWO Board and will assist in scheduling meetings and discussions, so the process of resolving any identified issues does not become overly protracted.

The following is a quote from the Community Association Institute (CAI):

Transition is a term that has evolved in recent years to describe the general process by which the control and responsibilities of the governing board of a community association are transferred from the developer to the persons who bought homes in the community association. Although it includes the assumption of the obligation to maintain the physical assets for which the association is responsible and is often viewed only in that narrow context, the transition process is much broader in scope. It includes the transfer of governance, the acceptance of the common property, and the accounting for funds. Transition is not a single event, such as the election of an owner-controlled governing board or the execution of a settlement agreement regarding construction defects in the common property. It is a multi-stage process of many events taking place over a period of time.

DWO - Transition Committee Roadmap



Transition Committee Team Members

(Past & Present)

DWO HOA Board Liaison
John Mongoven

Chair/VC
Demers, Barb
Nicastro, Dimitra

Documents
Badger, Debbie
Bavlish, John
Worley, Kathy

Facilities
Garner, Greg
Gorecki, Bob
Ham, John
Lange, Ted

Finance
Jensen, Annette
Krieger, Jeff
Santana, Martin

Contracts/Legal
Blake, Bill
Brunner, Bob
Yatsko, Michael

Operations
Kalamar, Alice
Maroney, Candy
Willett, Cassandra
Deschenes, Peter


Maintenance
Keller, Brian
Matejcek, Ed
McTigue, Jim
Mansuy, Diane
Gant, Debra

Infrastructure
Mehta, Pradeep
Spence, Linda
Stamm, Doug

*Note: Previous team members
are listed in black.*

Facilities Team – Tasks

Team Members: Greg Garner, Bob Gorecki, John Ham

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- Created a list of 48 Common Property Elements for HOA (includes Facilities, Infrastructure, Maintenance items)
 - Submitted over 40 Information Requests (IRs) for Common Property Elements which included:
 - Contact information for contractors, subcontractors, suppliers, and services involved in construction of items and improvements
 - Original specifications, drawings, plans or change orders indicating any/all material changes/substitutions
 - Product manufacturers and specifications for equipment and systems originally installed
 - Warranties, guarantees, and preventative maintenance schedules

(Pursuit of all requests are still in progress)
 - Received/reviewed designs and specifications *issued for bidding and permitting* for Montecito Clubhouse, Pool House, Sports Pavilion, Outdoor and Indoor Pools and Spas, and Lake Pier and Pavilion
 - Petitioned for subteam that located, inventoried, and reconciled all real properties and assets, including assessment of their physical condition and functional adequacy



Infrastructure Team – Tasks

Team Members: Pradeep Mehta, Linda Spence, Doug Stamm

- Requested data for infrastructure elements of DWO to include drawings and documentation for streetlights, roads, water, soil, etc.
(Pursuit of all requests still in progress)
- Conducted review and analysis of the data received along with physical review of common area infrastructure elements
- Reviewed the FL State and Polk County building codes
- Met with the Polk County Land and Permit Office to locate data which might not be readily available in public records or from the Developer



Maintenance Team – Tasks

Team Members: Ed Matejceck, Jim McTigue, Brian Keller

- Gathered data related to landscape maintenance, preventative and corrective maintenance, fences and borders, ponds and waterways
- Observed and documented status of each common area
- Analyzed the current Landscape Maintenance Common Area contract as compared with observations of these areas
- Observed and photographed fences throughout DWO
- Researched responsibility for maintenance of ponds and waterways – was then determined to be responsibility of RWL Master Association and documented as such by Pulte Attorney




Finance Team – Tasks

Team Members: Annette Jensen, Jeff Krieger, Martin Santana

- Reviewed completeness of historical financial records, annual financial statements, annual audit reports, and annual tax returns
- Reviewed HOA Financial Processes to determine the adequacy for DWO HOA
- Reviewed the Budget Process to determine the adequacy for DWO HOA
- Reviewed the Reserves Management Process to determine the adequacy for DWO HOA
- Reviewed the Audit Process to determine the adequacy for DWO HOA
- Reviewed the Asset Management Process to determine the adequacy for DWO HOA
- Reviewed the Cash Flow Management Process to determine the adequacy for DWO HOA


Legal/Contracts Team – Tasks

Team Members: Bill Blake, Bob Brunner, Michael Yatsko

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- Compiled complete copy of DWO and RWL Governing Documents and plat maps from public records
 - Reviewed all contracts provided by Pulte/management company
 - Reviewed and provide recommendations to Board on governance changes and amendments to set number of directors and revise election process
 - Addressed transition team Questions/Concerns on matters, including provisions of Declaration, public records, DWO trademarks, record retention, contractual provisions and HOA statutes, as issues arose
 - Provided reviews and insight on relationship between DWO and RWL and rights of DWO/homeowners
 - Researched and provided insight into DWO HOA corporate status and incorporation with the Florida Department of State, Division of Corporations

Documents Team – Tasks

Team Members: Debbie Badger, John Bavlish, Kathy Worley

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- Gathered and reviewed master documents pertaining to DWO which include:
 - CCR's
 - Bylaws
 - Rules and regulations
 - Board policies
 - Development agreements
 - Board of Director meeting minutes
 - Coordinated a review of documents, such as contracts, invoices, warranties and reserve study.
 - Generated the initial request for documents for the community to include all Governing Documents, agreements, drawings, tangible assets, etc.
(Pursuit of all requests still in progress)
 - Established the master repository and file list to accumulate all documents and files for the review and use of all transition committee members, Board of Directors and Management *(Documents continue to be added weekly)*

Operations Team – Tasks

Team Members: Alice Kalamar, Candy Maroney, Cassandra Willett

- Reviewed, researched, and compared all of the HOA Governing Documents to include the Declaration with amendments and supplements, Articles of Incorporation and Bylaws
- Requested data and then reviewed and researched all available Board of Director Policies, DWO procedures, manuals, directives, job descriptions, rules and regulations
- Considered and gathered data that should be made available to a new Board member as DWO HOA transitions from Developer to Homeowner control
- Assessed the organization and cohesiveness of rules and regulations found in the DWO Rules and Regulations documents and elsewhere



Cross Team - Tasks

Team Members: Representatives from across all functional Teams

- Conducted a Comprehensive analysis of the Engineering Study
- Conducted a Comprehensive analysis of the Reserve Study
- Reviewed all contracts
- Conducted an assessment of the borders around/within DWO to include fences, trees, shrubs, and common areas
- Tracked and documented all 937 homeowner lots to understand each lot's borders and which lots were turned over from the Developer



Projects/Status

- The following slides describe projects which the Transition Committee Teams undertook. These efforts were conducted based on the data that was made available and analysis of that data, observations made by committee members, and insights offered by residents.
- Each project is annotated as COMPLETE or IN PROGRESS

Projects/Status *(1 of 4)*

- Established and organized a Master Repository to hold all DWO records. Over 1400 electronic documents, drawings, reports and other important information is now in one location. - COMPLETED
- Gathering and storing over 1400 electronic documents in a Master Repository (270 provided by Developer) and inventoried >200 hardcopy drawings. – IN PROGRESS
- Recommended changes to DWO Governing Documents that resulted in Amendment 8 to the Declaration. - COMPLETED
- Recommended to have Developer clarify the land rights at corner of RWL Blvd and Del Webb Blvd (DWO Fountain) – Resulted in obtaining a copy of the September 2007 easement agreement made with Golf Course - COMPLETED
- Recommended that a mold inspection of clubhouse be conducted which Resulted in a study done on April 9, 2020, awaiting results of Test – COMPLETED



Projects/Status *(2 of 4)*

- Reviewing the 268-page Developer Engineering Report with assessment of safety, ADA compliance, and items in Reserve Study. Tracking, along with Management, many items and issues that have already been addressed and completed. - IN PROGRESS
- Conducted an analysis of 29 contracts and agreements which contain varying levels of details of services expected. Resulted in a comprehensive matrix provided to Management. – COMPLETED
- Developing a list of specific findings, recommendations, and open questions for the Resident-controlled Board. These items form the informational foundation for future engagement of professional inspections, studies, and analysis (such as Construction Defects Attorney, Reserve Study, Title Search Attorney) – IN PROGRESS
- Analyzing the operational processes and procedures that have identified where a vendor management program, improved documentation of Policy, Procedure, and Guidelines, and simplification of the Governing Documents could benefit the HOA – IN PROGRESS



Projects/Status *(3 of 4)*

- Developing a detailed landscaping maintenance map defining all DWO Common Property. – IN PROGRESS
- Developing a detailed fencing/barrier map detailing all HOA fencing as well as landscaping barrier fencing defining ownership and maintenance responsibility. Created a summary of the ~3 miles of 19 different types of fencing in DWO – IN PROGRESS
- Developing a detailed irrigation map defining all details of all DWO irrigation on DWO Common Property. – IN PROGRESS
- Developing a detailed chemical/fertilizer map of all DWO Common Property. – IN PROGRESS
- Developing a detailed Duke Power Electric Account/Meter document detailing all items and areas covered by each account. Additionally, assembling all Duke Power Streetlight maps to locate all DWO street lighting. – IN PROGRESS
- Assessing the opportunity for a Committee to advise on the Facility and Maintenance needs for the community. – IN PROGRESS



Projects/Status *(4 of 4)*

- Analyzed and summarized the Governing Documents for both DWO HOA and RWL Master Association - COMPLETED
- Generated a list of all DWO Lots and their boundaries, to include a summary of lots per neighborhood and per street - COMPLETED
- Annotated a set of Plat maps with street address per lot - COMPLETED
- Cataloged in a spreadsheet tangible assets of items in/around clubhouse – cataloged 360 items and 150 facility and storage spaces - COMPLETED





FINDINGS SUMMARY

The following slides summarize the major findings of the Transition Committee. Many of these findings resulted in a project undertaken or will result in a specific recommendation to the Resident-controlled Board.

Findings Summary

- Information which will be useful to ongoing management of DWO was identified and a large number of documents, current and historical, were located, cataloged and stored.
- Document management is complex and has been impacted due to the number of Management Companies and Managers and the Master Repository should be maintained for both historical and current information.
- The 268-page Developer Engineering Report details 400 items and issues that need repair or review for the Developer or DWO.
- Maintenance schedules need to be developed and documented for all Common Property Elements
- Many contractor, subcontractor, supplier, or service provider warranties/guarantees have expired or are no longer available.
- Assessment of contracts is an ongoing process
- Plat maps detail all infrastructure of DWO and the Landscape map annotates additional information and detail.



Findings Summary *(continued)*

- The new DWO Board will be in a much better position having such a detailed and expansive catalog of documents and records available for use.
- Financial statements are produced monthly following reviews and Board approvals. Timeliness of providing financials to the community is improving as First Service Residential has worked through issues due to handover from previous management company. There is a documented budget process, followed for the past three years which has provided transparency for the community. Annual audits of the DWO HOA financials have been successfully completed for 2012-2018 with 2019 underway.
- Management of the Operations budget is transparent and improving continuously. Reserve funding planning and expenses are documented in the Reserve Study; a detailed management plan for Reserves is under development.
- A detailed record of clubhouse assets (non-building infrastructure) was generated and FSR has included that data in an assets database which will be useful in managing the DWO assets.
- Cash Flow management was not needed during the Declarant Control period because deficit funding is used to supplement any cash flow needs. A cash flow management process is underway as a part of the Financial procedures.



Future

- This is a status update, not the end; there is still work to be completed
- The Transition Committee plans to have a report of the analysis, findings and recommendations for the Resident-Controlled Board of Directors

THANK YOU!

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