

From: David Zerngast <david.zernco@gmail.com>
Sent: Thursday, July 8, 2021 15:17
To: Janet Zerngast
Cc: David Zerngast
Subject: Additional correspondence regarding transiiton.

Dear Peninsula Property Owner,

The Master Association announced at their November Board meeting that the control of the Master Association was to be transitioned from the Declarant to the Neighborhood Homeowner Associations (HOAs)s in late 2021.

This communication comes from the presidents of the eight Peninsula Neighborhood HOAs. The intent of this communication is to provide some clarification as to what this transition is, who are the major players, how and when it may occur. The content will be presented as answers to the following questions. The format will allow you to easily find information to satisfy your interests and skip the rest if you wish.

1. *What is the Master Association?*
2. *Who are members of the Master Association?*
3. *How many Neighborhood Associations are there?*
4. *Who is the Declarant?*
5. *What is the Transition?*
6. *How is the Master Association governed or controlled prior to the transition?*
7. *How will the Master Association be governed after the transition?*
8. *After the transition will all members cast their own vote in the Master Association?*
9. *Are we Transitioning to a new Master Association with rewritten Covenants and Bylaws?*
10. *Who is working on the Transition?*
11. *Is the Transition Committee making decisions on security, landscaping, budgets etc?*
12. *What is the Transition Committee doing?*
13. *Is there a timeline for the Transition?*
14. *What are some of the issues that the Transition Committee is or will be looking into?*

15. *What are the potential costs of the Transition process and who will pay them.*

1. *What is the Master Association?*

The Master Association is the umbrella homeowners association (HOA) responsible for overseeing the Neighborhood HOAs in the Peninsula. The Covenants and By-Laws of the Master association are its governing documents.

2. *Who are members of the Master Association?*

Every Peninsula property owner is a member of the Master Association. However, after the transition only the presidents of the Neighborhood HOAs are voting members of the Master Association and can attend their meetings.

3. *How many Neighborhood Associations are there?*

There are currently eight Neighborhood HOAs. The Haven will be the ninth Neighborhood HOA and will become self-governing prior to the Transition. A tenth and final neighborhood, the Villas, is in the planning stage.

4. *Who is the Declarant?*

The Declarant is the Peninsula Land Development Company who developed the real estate in the Peninsula.

5. *What is the Transition?*

The Transition refers to the process of the Peninsula property owners taking control of the existing Master Association Board.

6. *How is the Master Association governed or controlled prior to the Transition?*

Prior to the transition the Declarant:

- appoints and controls the decisions of the Master Association Board;
- has veto power over the decisions of the eight Neighborhood HOA Boards;
- can amend the By-Laws without a vote by the Board or the voting members of the Master Association.

7. *How will the Master Association be governed after the transition?*

After the transition the Master Association Board consisting of five members:

- will be elected by the presidents of the Peninsula Neighborhood HOAs;
- will govern according to the existing Covenants and By-Laws.

8. *After the transition will all members cast their own vote in the Master Association?*

No. While all Peninsula property owners are members of the Master Association, only the president of each Neighborhood HOA is a voting member. These voting members will cast their votes in two different ways, depending on which is stipulated in the By-laws. An example of each type of voting is included:

- Casting equal weighted votes: for example, when voting for the Master Association Board Member, each of the voting members (each HOA neighborhood president) casts a single vote for each open position.

- Voting their lots: for example, when voting on whether to pass an amendment to the By-Laws, each voting member (Neighborhood president) uniformly casts all the votes for his neighborhood. For example, the president of the Lakes HOA would cast all 158 votes uniformly (either yea or nay), one vote for each lot in the Lakes neighborhood.

9. *Are we Transitioning to a new Master Association with rewritten Covenants and By-laws?*

No. The existing governing documents for the Master Association, the Covenants and By-Laws, will remain in effect.

10. *Who is working on the Transition?*

The Transition Committee.

Its members are the presidents of the Peninsula Neighborhood HOAs.

11. *Is the Transition Committee making decisions on security, landscaping, budgets etc?*

No. All decisions will be made by the new Master Association Board after it is elected.

12. *What is the Transition Committee doing?*

The Transition Committee is collecting information regarding the finances, responsibilities, and the nuances of the day to day operations of the Master Association. The Transition committee will pass this information as well as some recommendations with options to the new Master Association Board when it is elected.

13. *Is there a timeline for the transition?*

There is only a rough outline:

- Transition Committee works until new Master Association Board is elected;
- Elections for the new Master Association Board will be held in late September.
- The new Master Association has time to work out budget, committee structure, and other day to day governance issues before they take office.
- The new Master Association Board will take office January 1, 2022.

14. *What are some of the issues that the Transition Committee is or will be looking into?*

- Looking at the pros and cons of hiring a manager either part time, full time, or working with a management company.
- Identifying options for locating the Master Association managers office.
The Re-Max office will be up for sale and there has been some discussion regarding the pros and cons of the Master Association purchasing it.
- Compiling a financial picture of the current Master Association.
- The current insurance policy and options for insurance going forward.
- Tax liability on the gatehouses, Cabana Beach, and the other two piers.
- The Security Contract and options to renew, replace, or modify.
- Seeking legal advice

- Looking at options for landscape contractors – we have been told that the Peninsula Golf Club will no longer contract to work on our Common areas.
- Ensure that the boundaries between the golf course and the common areas are known.
- Obtaining an engineering report on the current condition and probable life expectancy of our road network.
- Ensuring separation of electrical meters and irrigation from the Golf Club.

15. What are the potential costs of the Transition process and who will pay them.

- At this time the potential costs will be legal fees and possibly the cost of engineering reports on the conditions of the roads and the sewers.
- The presidents of the eight Neighborhood HOAs have agreed to ask their Boards to set aside \$100 per lot in their neighborhood to cover the costs.

If you have comments or additional questions, please send them to the Transition Committee through the president of your Neighborhood HOA.

The Transition Committee will provide an update of our progress in August.

Sincerely,

The Transition Committee
The Presidents of the Peninsula Neighborhood HOAs