

## Annual Report of Belmont Hills Transition Committee for 2021

On behalf of the Belmont Hills Transition Committee, we would like to thank you for your generous support over the past year, both financially and by your encouragement, questions, comments, voluntary assistance, and interest in our activities.

We were able to raise sufficient funds from 30% of members to cover professional fees and some reserves remain on hand. Approximately \$1,400.00 was spent to obtain legal advice concerning POA members' rights under Florida law. Our law firm's major charges covered research on four specific questions regarding management of the BHPOA and preparation and delivery of a notice letter to association president, Stephen Hallet. Copies were also sent to the developer's senior officers, Stephen Tamposi and Eric Abel.

For those of you that have not yet contributed, the letter outlined our position and questions on preparation of financial statements, access to BHPOA records, delayed development of circle five, lapse of the developer's supermajority voting rights, and confirmation of the applicability of Florida statute 720 to the BHPOA. This letter was posted on the BHPOA website for a brief time. As members of the committee, we felt it was important to repay contributors with detailed information regarding our findings.

A summary of our findings from the series of interactions that have taken place over the past year follows:

1. Residents are entitled to elect one director to the BHPOA board. (We now elect two.) The others, constituting a majority, are appointed by the developer. This condition will persist for all BHPOA matters until turnover is completed.
2. Chapter 720 of Florida statutes governs activities of the BHPOA and compliance by the association is required. (You can review this 47-page Chapter by visiting the state's website.)
3. Members' right to review the books and records of the association is virtually absolute. There are exceptions regarding employee compensation and other related personnel matters.
4. The obligation to review records rests with members. The developer is not required to voluntarily provide anything beyond budgets and specified levels of financial statements.
5. All management decisions regarding association matters are made by the developer appointed majority board with limited disclosures required.
6. The developer was previously non-compliant with the requirement to prepare compiled financial statements once association revenues exceeded \$100,000. (If cable TV fees are included as revenues, they would now exceed \$300,000, and require preparation of reviewed financial statements.)
7. The developer is required to obtain and disclose bids for all expenses exceeding 10% of the budget. If we want to review bids, we must request relevant documents and provide notice if we question compliance. The developer retains all rights regarding bid acceptance but must provide members with copy of the bid letter and all responses to it. For 2022, 10% of the budget is approximately \$21,000.
8. Any group of 20% of members has the right to submit petitions to the board and the board is required to allow for the petition(s) to be reviewed and discussed at the annual meeting. The developer may choose to reject any or all petitions based on its board voting majority despite most of the non-developer related members voting in support of these petitions.

Our visibly successful initiatives were as follows:

1. We obtained compiled financial statements including a balance sheet and income statement for the BHPOA. A copy is available on the BHPOA website.
2. We were able to obtain a complete copy of the list of residents and property owners by citing the requirements of Chapter 720 after hearing for years that this list was proprietary.
3. Mr. Hallett confirmed Applicability of Chapter 720 to BHPOA.
4. We asked for written confirmation of the one property/one vote rule but have received no response beyond a vague commitment to review the matter.
5. We asked for and received copies of the association's federal tax returns for the past three years. Tax returns for 2021 are not yet filed. We will request them once the filing date has passed.

Other successes are less visible and subjective. These "lessons learned" are listed below:

1. Citrus Hills, as developer of our subdivision, unequivocally controls the BHPOA board and will until a decision to turnover association control to resident members occurs.
2. Despite unambiguous language in the covenants provided to all property owners stating turnover will occur when 90% of parcels are sold, Chapter 720.307(5) contains an exception for Developers of Regional Impact (a DRI). In Citrus County, a DRI must have over one thousand lots planned for development.
3. Citrus Hills is DRI, which means there is no requirement for turnover of association ownership and management at any point in time.
4. Mr. Hallett indicated Citrus Hills may voluntarily turnover control of the association at 90% as they have done with some of their other developments. This is not guaranteed.
5. Our resident directors have not voted to approve the budget for the past few years. When attendees at the annual meeting approve the annual budget, we may also be waiving our rights for compliance with state law regarding the level of financial statements prepared. There is no need for resident members or meeting participants to ratify the budget. We can vote against ratification and the motion to accept the budget will still pass because the developer controls three of the five votes available on the board.

Finally, we want to reiterate our thanks to all members contributing to the effort to make Belmont Hills a wonderful place to live, whether by investing their time and talents or making a monetary contribution. We believe considerable progress has been made over the past year and that we are now better positioned to negotiate and monitor the developer's management of the association.

We also ask that all members that did not contribute to our initial request reconsider supporting the Transition Committee financially. The 30% of residents and non-developer related property owners that contributed should not be expected to carry the full monetary responsibility for a properly managed transition when all other members have and will continue to benefit from these efforts. We also ask that each of you consider volunteering your time and talents to our efforts to prepare for resident management of the association.

Financial contributions can be sent, along with a signed copy of the agreement (attached), to Rich Johnson at 183 S. Paladinn Circle Inverness, Florida 34453. Please include your email so that we can minimize communication expense. You can also reply to Marve Stockert or Glenn Khoury, our resident directors, or any member of the Transition Committee listed below via email, in person, or by phone to advise of your willingness to volunteer to assist on transition matters.

Members of the Transition Committee

Walter Belt

Bill Cisco

Nathan Duncanson

Gerd Henjes

Rich Johnson

Glenn Khoury

Tony Singer

Marve Stockert

Bill Sykes

Report prepared March 1, 2022