

**MARSHALL CREEK
COMMUNITY DEVELOPMENT
DISTRICT
JULY 25, 2018**

Marshall Creek Community Development District
INFRAMARK, INFRASTRUCTURE MANAGEMENT SERVICES
210 North University Drive • Suite 702 • Coral Springs, Florida 33071
Phone: (954) 603-0033 • Fax: (954) 345-1292

July 18, 2018

Board of Supervisors
Marshall Creek
Community Development District

Dear Board Members:

A joint meeting of the Board of Supervisors of the Marshall Creek Community Development District and the Board of Directors of the Palencia Property Owners Association of St. Johns County, Inc. (“POA”) will be held **Wednesday, July 25, 2018** beginning at **2:00 p.m. at the Marshall Creek Amenity Center, 625 Palencia Club Drive, St. Augustine, Florida.** Following is the advance agenda for the meeting:

- 1. Roll Call**
- 2. Audience Comments**
- 3. Hines’ Scope of Work for On-site Management Services for the CDD and the POA**
- 4. Presentations by Management Companies**
 - A. Castle Group
 - B. FirstService Residential
- 5. Supervisors’ Requests**
- 6. Adjournment**

Electronic copies of the Scope of Work and the proposals from the two management companies have already been provided to you. Each company may bring hard copies and additional handouts for you at the meeting.

Please be reminded that you will also have a joint meeting with the POA on **Tuesday, July 31, 2018 at 4:00 p.m., at the Marshall Creek Amenity Center, 625 Palencia Club Drive, St. Augustine, Florida,** to be followed immediately by your regular meeting for July, which was postponed from July 18.

I look forward to seeing you at the meeting. In the meantime, if you have any questions, please contact me at (904) 940-6044, extension 40592.

Sincerely,

Janice Eggleton Davis

Janice Eggleton Davis/SR
District Manager

c:	Jonathan Johnson	Katie Buchanan	Jennifer Gillis
	Gabriel McKee	City of St. Augustine	Warren Bloom
	Ryan Stilwell	Helen Ciesla	Beth Grossman
	Hawley Smith, Jr.	Kim Shine	Walter O’Shea
	Brett Sealy		

Third Order of Business

Scope of work for management services provided to:

Marshall Creek Community Development District and Palencia Property Owner's Association

Marshall Creek Community Development District (MCCDD) scope of work

Purpose: Provide day-to-day operations management for the operations, management and maintenance of District property and District activities in an efficient, lawful and satisfactory manner and in accordance with the District's bond covenants. Address resident concerns as needed.

In addition to the services provided to MCCDD, staff provides services per the Interlocal Agreement to Sweetwater Creek Community Development District (SCCDD), agreement is attached.

Operations Management Team composition:

Property Manager (PM) – reports to District Board of Supervisors

Assistant Property Manager – reports to PM

Staff Accountant – reports to PM

Administrative Assistant – reports to PM

Coordinates with District Manager, Inframark – Infrastructure Management Services

CDD personnel composition – CDD managers are supervised by Property Manager:

Engineer – 4 staff report to mgr.

Landscape mgr. – 13 staff report to mgr.

Tennis Director – 9 staff report to mgr. (includes two pros and 7 staff)

Swim & Fitness mgr. – employees vary throughout the year – 38 employees during the summer months (13 seasonal) report to mgr.

Operations Management Team Functions:

Manage all on-site CDD personnel including –

- Recruiting – assist CDD managers with recruiting for higher level positions
- Training – CDD managers train employees
- Performance evaluation – annual evaluation conducted between property manager and CDD engineer, tennis director and swim & fitness mgr. CDD managers are responsible for evaluating their staff, property management approves increases.
- Payroll administration – Staff Accountant
 - Includes termination
 - FMLA
 - Benefit management, including workers compensation
 - Human resources
- Safety – Staff accountant administers the safety program and supports CDD managers with the implementation. Property management coordinates meeting with Zenith Insurance and CDD managers to review safety procedures.

- Bi-monthly staff meetings between all CDD managers and management team.

Administer activities and coordinate administration with the Engineer and Landscape mgr. related to the physical operation of the District property, including –

- Operations
 - Regular inspections of all CDD facilities with the Egr. and Landscape mgr. for appearance and functionality.
- Cleaning
 - Department managers oversee the cleaning of their respective departments. Property management inspections occur regularly.
- Repair
 - Engineering department receives FMX work order requests for repair work needed. FMX is administered by the management office.
- Controlled Access Guardhouses/Roving Patrol –Property manager and admin, along with Engineer (Roy) and CDD board member, meet with supervisor of contracted guard service weekly to discuss and resolve operational concerns. Roving Patrol operations is managed and directed by the property manager.

Administer activities related to the District –

- Appropriately administer all MCCDD Policies and Procedures and District-related DRI/PUD entitlements
- Update website for general issues, publish e-blasts as needed (approximately 300 e-blasts/year). Note* the website belongs to MCCDD.
- Be knowledgeable of the Palencia North Master Declarations and understanding of the SCCDD and its geography.
- Amenities (Swim & Fitness and Tennis) management/oversight – Property manager meets with the managers regularly to discuss and/or resolve any homeowner related issues, employee issues or department policies. Property manager attends Tennis Committee meetings.
- Landscape Maintenance management/oversight – in addition to Palencia landscape, CDD landscape services Augustine Island.
- Controlled Access/Roving Patrol contract administration – Property management prepared contract with new guard company as of 10/31/17. Roving Patrol is administered by the administrative assistant – schedules, reports and all communication is channeled through the admin.
- Administrative Assistant administers the following work orders through the FMX system. FMX is the work order program utilized by the CDD Engineer and Landscape Mgr.
 - Street light (decorative) maintenance and repair administration
 - Street Sign maintenance and repair administration
 - Street, sidewalk and curb maintenance and repair administration
 - Storm water system maintenance and repair administration
 - Maintenance and repair administration of over 5,000 linear feet of raised boardwalks (including Tolomato River Boardwalk), over 8 miles of multi-use paths, and over 6 acres of playgrounds and passive park equipment

- On-site liaison with the St. Johns River Water Management District coordinating use of over 421 acres of wetland and upland conservation areas. Communication with homeowner as needed for compliance issues.
- Manage Interlocal agreement between SCCDD and Marshall Creek CDD

Manage fiscal activities of the District property including –

On-site management of District response to resident and public inquiries and concerns.

Maintain office on-site, M-F 10 a.m. – 4 p.m.

- Resident relations – handle all resident personal visits and telephone calls, including new residents and renters. Greeting visitors/residents to determine the nature of their visit and assisting or directing them as necessary.
 - Responding to telephone, e-mail and on-site inquiries
 - Approximate weekly visits and type:
 - Gate barcodes 20-25
 - Orientations 3-5
 - ARB 4-5
 - Amenity cards 3-4
 - Admin 5-8
 - Front Desk/Reception includes:
 - New resident registration and current resident updates to information – more than 240/year (owners), 400/year (renters).
 - Entering resident information into resident database.
 - Issuing amenity cards and reprinting amenity cards – more than 500/year
 - Issuing vehicle decals – more than 1,000/year
 - Updating vehicle decal databases (DoorKing and CMS)
 - Maintain resident directory and email list
 - Providing visitors with general information about the community/amenities/area
(Above services include SCCDD)
 - Providing ARB applications and conducting preliminary review of the package to ensure completeness
 - Providing detailed information about new resident registration
 - Providing potential residents and real estate agents information regarding POA and CDD fees
 - Listening to resident concerns and handle accordingly by directing them to appropriate staff members, entering maintenance issues into FMX ticket system (more than 700/year), providing answers to commonly asked questions, etc.
 - Responding to emails from residents, vendors, and other parties
 - Preparing welcome letters and packages for new property owners
 - Processing incoming/outgoing mail
- On-site Staff Accountant duties include:
 - Payroll processing of approximately 50 District employees, bi-weekly. Number of employees increase seasonally, i.e. summer lifeguards, camp

- On-site accounts payable/bookkeeping
- Budget preparation and management, \$4.4M budget
- Approve and process invoices for payment (approx. 8 hours/week with a minimum of 50 invoices weekly). Research past due invoices.
- Process revenue from CDD departments (processing includes reconciliation of funds received with accounting backup and providing same to Inframark accounting.
- Bank deposits: tennis – daily deposit; swim lessons, summer camp; miscellaneous – FEMA reimbursement, impact fees, vehicle decals, replacement cards.
- Coordinate with Inframark on budget process to achieve overall cost increase/decrease to homeowner.
- Assist w/HR duties including new hires, termination, COBRA, FMLA and benefit management. (approx. 8 hrs. bi-weekly)
- Oversees vendor contracts to include confirming COI's are updated
- Supports amenity and tennis operations including POS system, inventories and resident ID's (card systems).
- Coordinates staff appreciation annual recognition event w/landscape and egr. dpts.
- Coordination with Insurance broker in choosing an employee plan favorable to the majority of the staff, and rolling out the plan to the staff of over 50 employees.
- Accountability for management of approximately 26 full time and 30 part time employees
- Prepares OSHA reports
- Operations analysis
 - Interface with District attorney, District engineer and District Manager at least weekly, or as needed.
- Budget preparation and management
 - Manage Interlocal agreement with SCCDD (agreement attached)*
 - Attend all CDD meetings monthly, interface with five board members
 - Prepare monthly operations and roving patrol sheriff's reports for inclusion in the monthly meeting package
 - Meet with CDD staff to prepare for the meetings, all CDD mgrs. Attend the mtg.

Coordinate all emergency procedures regarding District facilities and operations, including –

- Establishing plans
- Implementing practice
- Monitoring equipment
- Executing plan in live emergencies (tropical storms, hurricanes, wildfires, etc.)
- Direct and assist with any St. Johns County Emergency Operations Center – mandated evacuations, bomb searches and life safety alarms as deemed reasonable and prudent
- Assist St. Johns County Sheriff and/or Fire Rescue emergency authorities and response teams as requested
- Coordination with FEMA as needed.

Palencia Property Owners Association (POA) scope of work

Purpose: Provide day-to-day management services and administer and enforce all Master Declarations, By-Laws, Articles of Incorporation and Architectural guidelines to Palencia homeowners on behalf of the Palencia Owners Association. Detailed services are listed below.

Operations Management Team composition:

Property Manager (PM) – reports to POA board
Assistant Property Manager – reports to PM
Staff Accountant – reports to PM
Administrative Assistant – reports to PM

Accounting functions:

- **Property accountant performs the following –**
 - Day-to-day bookkeeping and other accounting services so that Association is compliant with requirements of the Governing Documents, Florida Statutes and other applicable law as applies to a homeowner association which is a Florida not for profit corp. A complete set of books and records shall be maintained for the Association which may be inspected by the Board or its Members.
 - Receive, deposit, disburse funds on a weekly basis, and account for all Association funds. Coordinate funding of check runs.
 - Print and distribute scheduled assessment coupon notices and payment envelopes to homeowners.
 - Assess interest and late fees to homeowners on a monthly basis, as outlined in the Governing documents, and mail delinquency coupon notices to all homeowners who are past-due in payment of assessments.
 - Maintain individual account statements for each homeowner to include monthly computations of interest and/or late charges due on past-due or delinquent accounts.
 - Maintain a separate accounts receivable file for special assessments levied by the Association for an additional fee of \$4.00 per assessment per residential dwelling unit or building site. The monthly assessment for home landscape management for the 61 residential dwelling units known as Village Center shall be considered a special assessment.
 - Review invoices and charges to the Association by vendors and contractors on a bi-monthly basis. Charges will be coded by account to the GL for payment in accordance with established accounts payable schedule.
 - Prepare monthly financial reports for the POA utilizing the accrual method of accounting, including an income and expense statement, a statement of account balances, a check register, an itemized listing of accounts receivable, a disbursements journal and a list of closings occurring within Palencia during the month, by the 20th of each month.
 - Arrange for an annual audit or review of the Association financial records as required by law, to include filing of all required tax forms as directed by a CPA of the Association's

- choice. Receive an engagement letter from the CPA for the board review no later than 30 days after the Association's fiscal year end.
- Assist the board in the preparation of the annual budget (\$1.2M), preliminary budget shall be submitted no later than October 1st of each year.
 - Monitor budget variances throughout the year and provide explanations to the board during monthly meetings.
 - Collections –
 - Manage the collection of assessments and other charges due to the Association from homeowners.
 - Advise board of notice to file lien against applicable properties.
 - Arrange with the attorney to prepare liens.
 - Arrange with the attorney or collection agent for collection and/or foreclosure action.
 - Management will act as liaison between attorney and POA board. Management will accept service of summons and complaints on behalf of the Association and forward same to the Association's attorney for answers.

Management functions:

- Property management performs the following –
 - Securing crime/fidelity insurance for all employees in a minimum of \$500,000.
 - Receive insurance certificate for licensed contractors, confirm the limits meet the requirements set forth by the POA; confirm contractor is fully licensed; receive a W9 from all contractors.
 - Closings - Preparation of estoppel letters, a roster of closings completed each month should accompany the monthly financial report.
 - Provide information package to new Owners, to include: emergency phone numbers, payment coupons, and the contact information for property management.
 - Maintain a roster of all lot and property owners with mailing address as required by Florida Statutes.
 - Employ one Community Association Manager
 - Coordinate and administer all POA Board of Directors meetings.
 - Attend regularly scheduled board meetings and annual meeting as directed by the Board of Directors.
 - Prepare meeting minutes and distribute draft to board within 7 days following the meeting. Interface as needed w/board members.
 - Prepare and distribute general announcements to homeowners, including notices for annual meetings and elections as required by law.
 - Renew Association corporate charter and other licensing and recording as required by law.
 - Conduct up to 4 surveys annually
 - Communicate with sub-associations as needed

Architectural Review Board:

- Manage all aspects of ARB process
- Management shall coordinate and attend ARB meetings as scheduled
- Compile ARB packages, collect fees and deposits, conduct bi-monthly meetings, perform inspections and return deposits when completed
- Oversee lot walks performed prior to clearing of a vacant lot in preparation of new home construction
- Prepare ARB summary report for board of directors meetings
- Update the Architectural Design Guideline manual as needed.

Covenants and Restrictions Enforcement - Property drives/Violation reports:

- Perform property inspections for compliance of Declarations of Covenants and Restrictions, twice/month entire property.
- Manage incoming resident violation reports via phone/email
- Track/Document violations with pictures, logs
- Contact violators by phone/email/mail
- Follow-up to confirm compliance and/or issue additional notices
- Prepare violations summary report for board meetings
- Coordinate with St. Johns County Water Management District on enforcements, as needed.
- Enforcement of the Governing Documents to include:
 - Notifying homeowners in violation
 - Coordinate Enforcement Committee meetings as needed
 - Arrange for legal enforcement as needed
 - Coordinate with accounting on collections for monetary violations

Third party Contract Management

- Bulk cable TV/broadband internet agreement administration
 - Management is liaison between LS and homeowners – billing, collection, receiving and responding to phone calls when outages occur.
- Oversee landscape contract and services for Village Center homes
- St. Johns River Water Management District liaison
- Day to day legal issues on behalf of the POA

Customer Satisfaction

- Respond and follow-up to homeowner and resident requests
- Maximize resident satisfaction levels and ensure the ongoing integrity of the excellent reputation of the Palencia community

Fourth Order of Business

4A.



Property Services Proposal

**Palencia Property Owners Association
of St. John's County, Inc.**

&

Marshall Creek Community Development District



June 21, 2018

Board of Directors
Palencia Property Owners Association of St. John's County, Inc.
Marshall Creek Community Development District
600 Palencia Club Drive
St. Augustine, FL 32095

Re: Proposal for Professional Property Management Services

Dear Respected Board Members:

Thank you for the opportunity to provide this proposal for professional management services. I am confident that Castle has the experience and expertise to attend to all of your community management needs and will exceed your expectations.

Castle's management philosophy is to combine the best management systems with the best people in the industry and support both with cutting edge technology.

Our 1,400 employees serve over 300 associations throughout Florida including many communities like **Palencia Property Owners Association of St. John's County, Inc. & Marshall Creek CDD**. We manage a select number of Associations and can provide a level of service not currently seen at **Palencia** and **Marshall Creek**. We call this Royal ServiceSM.

Our focus is on the Resident Experience – what it feels like to live in a Castle Managed community. Our team prides itself on providing this Royal ServiceSM to **Every Resident – Every Interaction – Every Time**. This level of service can only be provided by the Best People. We attract and retain the Best People by being one of the Best Places to Work in Florida as named by the South Florida Business Journal, an achievement of which we are extremely proud.

One of the many reasons we have become Florida's choice in the community management business is the fact that we have the ability to tailor our services to meet the unique needs of each community. Castle caters to the desires of our communities while providing unequalled support to our on-site office and personnel.





The Castle Distinctions outlined in this document will define why Castle stands out in this industry and why Castle is the best choice to be your management partner. Your management team will be led by an experienced Regional Director. The job of the Regional Director will be to measure your Property Manager's progress and the Board's satisfaction. Our goal is to ensure that the Board of Directors and the residents are afforded a "worry free" environment that is consistently maintained to the highest standards. We believe that every resident of **Palencia** and **Marshall Creek** will appreciate the noticeable difference when the community is professionally managed by Castle.

Our team has the experience, knowledge and service skills to deliver Royal Service to your residents and *Unparalleled Property Services* to the community. Your community is considering a critical change as it weighs the merits of contracting with a new management company. The decisions you make today will affect the Association for years to come. You require a professional, diligent, organized, knowledgeable and pro-active company, such as Castle.

Please call me at 954-660-1866, if you have any questions or would like to schedule a tour of our offices. Thank you again for your consideration.

Sincerely,

James Donnelly
Founder & Chief Executive Officer

JD:hd





1.The Castle Group

2.Distinctions

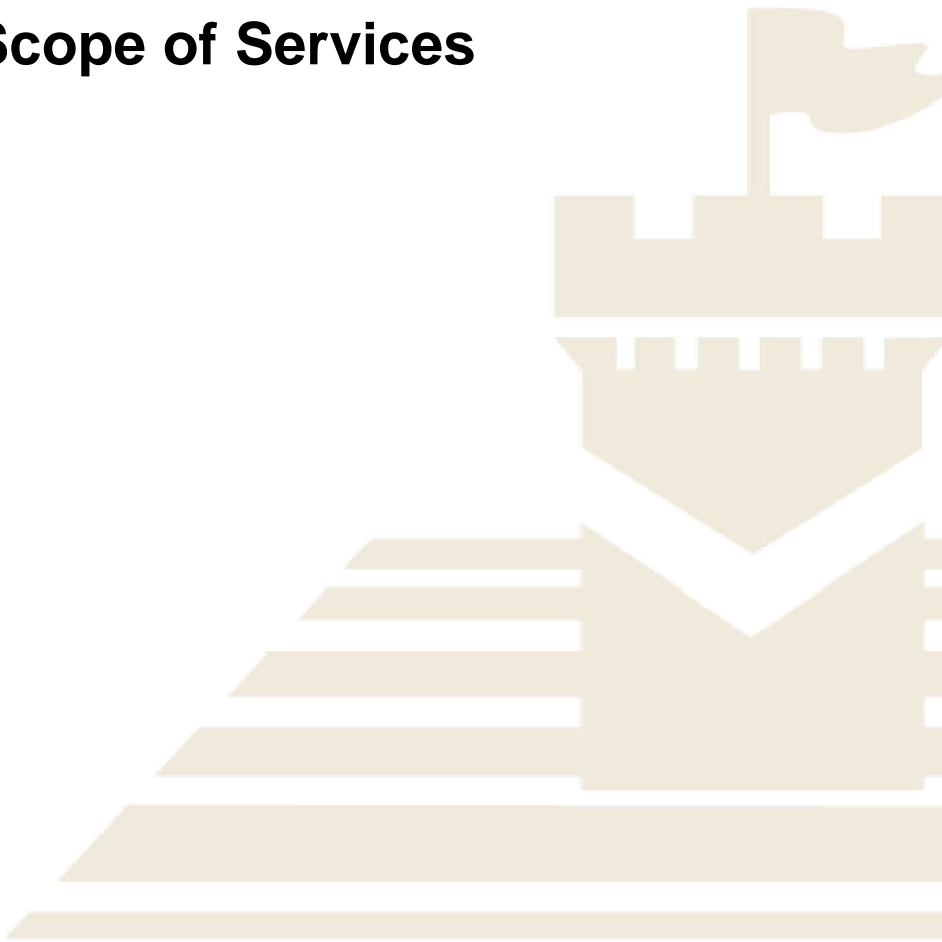
3.Pricing and Scope of Services

4.References

5.Reporting

6.Transition

7.Technology





The Castle Group



Castle Management is a Community Association Management Company that is just the right size for **Palencia** and **Marshall Creek**. Castle offers the personal, detailed service of a small company and has all of the resources of a large company.

Castle employs over 1,400 dedicated team members who proudly service our communities. Our menu of services include financial and administrative management, maintenance, janitorial, and web services. Our professional property services solution will be *tailored* to suit your individual needs.

Castle's full service expertise allows our Community Association Managers to better supervise the vendors who perform services at the Associations that we manage. Of the management companies in Florida, there are few with the size, scope of services, experience, dedication and expertise to effectively manage **Palencia** and **Marshall Creek**. Castle is one of these firms.

Your Manager will be supported by a Regional Director who supervises the on-site Castle team and will be at the property weekly. Our Regional Director will have an intimate knowledge of the community as well as a relationship with the Board of Directors.





The Pursuit of Excellence

With more than 30 years experience in the Florida Property Management marketplace, Castle Group is the premier provider of unparalleled property services.

Founded in 1980, Castle Group has become a strong, dynamic, full-service management company focused squarely on the success of each of our Associations. We are the preferred service provider for more than 300 Associations.

We are never satisfied with the status quo. Our philosophy of Constant and Never-Ending Improvement has resulted in broad recognition of our achievements:

- Castle Group is the only People First® certified company in the community management industry. This is a 12 week leadership program for Castle's supervisory team.
- Castle Group was named one of the Best Places to Work by the South Florida Business Journal again in 2017, marking the 3rd time we have received the award. This distinction allows Castle to attract and retain the best talent for **Palencia** and **Marshall Creek**.
- Castle Group was voted a FLCAJ Readers' Choice Award Winner for the 4th year in a row for our ongoing commitment to delivering quality management to communities throughout Florida.

Castle University is our in-house live and online training program that ensures our teams are current and using industry best practices.





Castle Group Management Philosophy

We truly believe there is a best practice for everything. At Castle we codify the industry best practice into a trainable system. We then attract and retain the best talent and support both with cutting edge technology and our in-house programmers and technology team.





Royal Service



Our focus is to create an unparalleled Resident Experience for owners living in Castle managed communities. After attending the Ritz Carlton's Legendary Service School, James Donnelly and his team created Castle's Royal ServiceSM.

Royal ServiceSM has many detailed components. Ultimately, it's about creating an environment where each Resident feels important and cared for. We warmly welcome and greet our Residents and do our best to fulfill their needs, as well as anticipate them.

Castle Group is dedicated to providing Royal ServiceSM to all of our residents, allowing each resident and guest to experience **Palencia** and **Marshall Creek** through our professionalism and attention to detail.

We are the only management company that places a strong focus on the Resident Experience. We are committed to constant improvement and growth through enhancing our services, techniques and technology to benefit our residents and our team. It is our goal to create memorable moments when interacting with Directors, residents and vendors.





Castle Constitution

The Castle Constitution represents the foundation of the Company. Much of Castle Group's success can be attributed to implementation of our Constitution and the importance placed on incorporating these values into our daily operations.

OUR CORE PURPOSE:

To be proud of everything we do.

OUR VISION:

To enhance the lives of our team, customers, and the community through the provision of unparalleled property services.

OUR VALUES:

Integrity
Tolerance
Team
Contribution
Personal Growth
Life Balance
Innovation
Fun

CASTLE CODE OF HONOR

Our actions are marked by the highest ethical standards.

Our relationships are characterized by tolerance, trust and respect.

We operate in a selfless manner that embodies the spirit of teamwork.

Our actions have a positive impact on our team, customers, and the community.

We value our team and celebrate their excellence, loyalty, and contribution.

Constant and never-ending improvement is encouraged and expected.

"Life balance" is required, not wished for.

We cultivate an environment of innovation.

Ours is a place where people are passionate about what they do and where laughter is encouraged.

We are professional in our speech, attire, conduct, and punctuality.

Royal Service is fundamental to everything we do.





Principals



James Donnelly – Castle Group

Founder and Chief Executive Officer

James Donnelly is the Founder and Chief Executive Officer of the Castle Group, Florida's choice for community management. He is also a CPA, angel investor, serial entrepreneur, and philanthropist.

Born in Ottawa, Canada, James worked for Arthur Andersen before co-founding one of Canada's fastest growing investment companies. He moved his family to Florida in 1996.

He has been a member of the Young Presidents Organization since 1998 and is a past Chair of the Florida Chapter, past Chair of the Southern US Region, and sat on the International Regional Chairs Council.

James is a past Finalist of Florida's Ernst & Young's Entrepreneur of the Year Award. He has also been recognized in the South Florida Business Journal as one of Broward County's Ultimate CEO's, and in 2014 was inducted into the Hall of Fame at Nova Southeastern University's H. Wayne Huizenga School of Business and Entrepreneurship.

He is currently the Chair of the Broward Workshop, sits on the Community Foundation Board of Directors, as well as the Board of Advisors of the LeMieux Center for Public Policy at Palm Beach Atlantic University.

James and his wife Cathy are active members of the Boys & Girls Clubs of Broward County Legacy Society, the United Way Tocqueville Society, Benefactors of the Broward Performing Arts Foundation, and the Youth and Education Committee of the Broward Workshop. In 2010 they established CastleCaresSM as the philanthropic arm of the Castle Group. CastleCaresSM mission is to serve children and families in need throughout the state of Florida.

He holds a Bachelor of Commerce from Carleton University, and Chartered Professional Accountant designation from the Canadian Institute of Chartered Professional Accountants.

His passions are his family, community, his company and its employees, hockey, skiing, reading, and writing.

James and Cathy live in Fort Lauderdale, Florida and have three adult sons, Jordan, Chase, and Brock.





Principals



Craig Vaughan
President

Craig Vaughan is President of the Castle Group. He and Partners James Donnelly, Founder & CEO and Robert Donnelly, COO have grown Castle to be one of the most successful Property Services firms in the Community Association industry.

Craig was born in Hamilton, Ontario, Canada in 1961. He received his Bachelor of Commerce degree from Carleton University in 1984, and passed the Chartered Accountancy exams in 1985 while working at Deloitte & Touche.

Between 1990 and 1994, Craig joined James and a partner in growing and selling a successful investment company based in Ottawa and Toronto.

Craig moved permanently to Florida in 1997 to become Chief Financial Officer of Castle. The Castle Group has over 20 years' experience serving Community Associations. Craig has often been described as Castle's "culture driver". He is extremely proud of his role in leading Castle to be both a Great Place to Work, as recognized by the South Florida Business Journal, and a Good to Great Company, as recognized by the Greater Miami Chamber of Commerce.

Craig recently celebrated his 27th anniversary with wife Cindy. They are very proud of their three children, Alisha (25), Ryan (23), and Braydon (20). The Vaughan's have lived in the Parkland/Coral Springs area since they moved to Florida in 1997.

Craig is a passionate hockey player and youth hockey coach. His hobbies include spending time with his family and, what could loosely be described as golf!





Principals



Robert Donnelly
Chief Operating Officer

Robert is one of the founding partners of Castle Group and has been in charge of operations since he moved to Florida in 1997. Robert's attention to detail and desire for systems implementation and execution has driven Castle Group to become an industry leading firm in Florida. Robert is often referred to as the "nuts and bolts" guy at Castle, the person most responsible for client retention and systems execution. Robert's favorite acronym at Castle is CANI – Constant and Never-ending Improvement, as he drives the firm to never stand still, "if we are not growing personally and as a firm then we will be passed by the competition, and that is just not acceptable."

Robert is a Licensed Real Estate Broker and holds the Professional Community Association Manager (PCAM) designation from the Community Association Institute. The PCAM designation is the highest professional recognition available nationwide to managers who specialize in community association management.

Robert was born in Ottawa, Canada and started his career with McDonalds where he learned how important systems and processes are for successful brand expansion. In 1984 Robert was selected to attend the McDonalds National Management Training Program where he earned the coveted "Silver Spatula" award, which is given to the student most likely to succeed. At age 22, Robert purchased a restaurant franchise opening up a new market for the chain in Ottawa. After 9 years in the restaurant industry he decided to apply his systems approach to business in the real estate industry and became a licensed real estate broker. He joined one of Canada's fastest growing real estate investment firms eventually becoming the Vice President of Sales before moving his family to Florida in 1997 to join the Castle Group.

In addition to his operations role, Robert is responsible for nurturing future leaders within Castle. Robert is a natural leader and teacher and conducts many classes on leadership and effectiveness. Among other classes, Robert leads the "Castle Leadership Experience" a 7 week class designed to grow the next generation of leaders within Castle.

Robert's passions are his family and sharing the knowledge he has gained during his 30 years in leadership roles. He loves to golf, play hockey, ski, read, travel, and teach.

Robert lives in Weston, FL with his wife of 27 years and three sons.





Distinctions

We strongly believe that **Palencia** and **Marshall Creek** would benefit from a partnership with Castle Group based on the following Castle Service Distinctions:

People

We are in a service business and service businesses are all about customer satisfaction. At Castle we call it Resident Experience. The quality of the Resident Experience is 100% dependent on the quality of the Castle team – our people. We are very proud that we were again named one of South Florida’s “Best Places to Work”. Castle is also the only People First® certified company in the community management business. Castle has “The Best People” and the “The Best Communities”.

Castle’s Royal ServiceSM Standards

Castle’s Royal ServiceSM was created after attending the Ritz Carlton’s Legendary Service School. They are designed to ensure that every Resident of **Palencia** and **Marshall Creek** feels the warmth and respect they expect and deserve. Castle’s state of the art Resident Services Call Center achieves a 97% live answer rate. Residents may call and speak to one of our bilingual Resident Service Specialists and get an answer immediately.

Owner Operated

Castle is owner operated by South Florida Residents. We have all of the resources and necessary experience to meet your goals and objectives. You have direct access to Castle’s owners every day.

Specialists

Castle made a strategic decision several years ago that we could not be all things to all properties. We chose higher end properties as our target market, so we specialize in properties just like **Palencia** and **Marshall Creek**. Further, we only manage properties within the state of Florida and are actively involved with local agencies to improve and enhance the community we all call home.





Distinctions

Financial Services

Accurate, timely, and meaningful financial information is necessary for the smooth and efficient operation of the Association. Two of Castle's principals are CPAs. CPAs in the industry identify Castle as the leader in accounting and finance. Our accounting software allows for *customized* reporting, which enables us to provide clear and concise information to the Board of Directors. Castle has also developed the Castle Value Challenge program to identify cost saving opportunities for the Association.

Experience

Castle Group's Executive Team is the longest tenured and most experienced in Florida's Community Association Industry. Our depth of knowledge will provide numerous benefits to **Palencia** and **Marshall Creek**. The expertise of our team includes best practices in Resident Services, Financial Services, Facility Management, Web Services/Development and Safety.

Reporting

We understand that timely and relevant information is critical to the success in operating a property. Castle believes communication between Castle, the Directors and Residents is key. Castle has the ability to customize a Dashboard in our Jenark system that will allow the Board online access to key financial and operational information as well as any specific metrics they would like to monitor.

Customization

Castle tailors its Property Management Solution to suit the individual needs of the community. We are keenly aware that no two properties, as similar as they may seem, are alike. We will periodically survey residents to ensure that their needs are being met and to gather important data for the Board of Directors on requested enhancements to the property.

Technology

Castle's focus on technology is unmatched in the community association management industry. We employ 8 full-time IT personnel whose sole focus is creating tools to enhance the efficiency of the management systems in the associations we manage. This is accomplished by overlapping best practices and customized technology solutions for each of our customers.





Pricing and Scope of Services

Management Services - POA

Castle will deliver the Financial and Administrative services outlined in the attached Scope of Services section of this document.

Castle has estimated the staffing based on our meeting and their pay is based on their respective market compensation rates. Should the staffing needs of the Association change in the future, we will work with you to accommodate your needs.

PROPOSAL FEES

For

Palencia Property Owners Association of St. John's County, Inc.

ANNUAL MANAGEMENT FEE:					\$ 35,760
PERSONNEL:					
Position	Hourly Pay / Annual Salary	Hours	Payroll Burden	Number of Staff	Total
General Manager	\$ 31.25	208	15%	1	\$ 7,475
Covenants Coordinator	\$ 16.00	2,080	15%	1	\$ 38,272
				TOTAL	\$ 45,747
PROPOSAL TOTAL					<u>\$ 81,507</u>

**Health insurance is provided at cost (association's share is \$395 per month) for those full time employees who elect to participate in Castle Group's Blue Cross Blue Shield plan.*





Pricing and Scope of Services

Management Services - CDD

PROPOSAL FEES

For

Marshall Creek Community Development District

ANNUAL MANAGEMENT FEE:					\$ 36,000
PERSONNEL:					
Position	Hourly Pay / Annual Salary	Hours	Payroll Burden	Number of Staff	Total
General Manager	\$ 31.25	1,872	15%	1	\$ 67,275
Administrative Assistant	\$ 14.00	2,080	15%	1	\$ 33,488
Administrative Assistant	\$ 14.00	2,080	15%	1	\$ 33,488
				TOTAL	\$ 134,251
PROPOSAL TOTAL					<u>\$ 170,251</u>

**Health insurance is provided at cost (association's share is \$395 per month) for those full time employees who elect to participate in Castle Group's Blue Cross Blue Shield plan.*

Castle will deliver the Human Resources, Personnel Management, and Administrative services for an annual management fee of **\$36,000** (also listed in the table above). In addition to the management and support staff listed in the table, we will provide payroll services at **actual cost** (approximately **15%** for Administrative employees- i.e. Manager, Administrative Assistant and office based staff; approximately **19%** for Non-Administrative employees- Maintenance, Grounds, and Janitorial). Payroll costs include social security tax, federal/state unemployment tax, worker's compensation insurance, Management Agent contribution to 401(k) plan, criminal background checks, recruitment expense, payroll processing and human resource administration.

**Health insurance is provided at cost (association's share is \$395 per month) for those employees who elect to participate in Castle Group's Blue Cross Blue Shield PPO.*





Scope of Services Financial

Daily

- Receive and take custody of monies payable to the Association in the Association's account.
- Maintain a complete set of accounting records. These records will be open for review by the Board of Directors. All accounting records are to be in compliance with Generally Accepted Accounting Principles.

Weekly

- Pay all bills and obligations of the Association with the Board approved procedure.

Monthly

- Review the financial status of the Association including the current budget and make recommendations to the Board of Directors.
- Review the present accounts payable and accounts receivable of the Association to suggest any immediate action.
- Review existing investment strategies for possible enhancements.
- Prepare a monthly financial statement that will include a balance sheet, income statement (with budget versus actual comparisons), listing of checks written during the month and a delinquency listing.
- Establish and enforce a Board of Directors approved policy for collecting delinquent accounts. Send collection letters in accordance with the procedure.

Annually

- Recommend to the Board of Directors an amount that should be set aside as a Reserve-for-replacement based upon the projected maintenance and replacement program.
- Obtain an engagement letter from a CPA firm for the annual review of the Association's books and records and preparation of tax return.
- Prepare a proposed annual budget each year for the ensuing year for review by the Board.

As Needed

- Set-up the billing and collection system for the maintenance and special assessments.
- Establish and/or maintain new or existing bank accounts of the Association in the name of the Association.





Scope of Services Administrative

Daily

- Coordinate and direct all Association activities.
- Initiate work-orders.
- Review and examine the property and make recommendations to the Board. Architectural and other rule and regulation violations will be noted during this review.
 - Covenants enforcement will be completed based on the covenants policy put in place. Inspections will be performed on a monthly basis (broken down into quadrants), with subsequent follow up inspections completed based on the resolution timeframe provided for each type of violation. Homeowners will be sent a detailed letter explaining the violation, the timeframe for resolution, and a photo documenting the infraction.
- Assure that contracts and agreements between the Association and subcontractors are performed in accordance with their terms.
- Provide twenty-four hour emergency service 365 days per year.
- Maintain a complete set of office files including legal documents, owner correspondence, insurance, and rules and regulations.
- Ensure that all residents, conform with all by-laws and promote a pleasant and harmonious relationship within the property at all times.

Annually

- Review the insurance coverage of the Association and obtain recommendations as to its adequacy. Obtain proposals for comparison to present policy prior to renewal date. Coordinate insurance claims from incident to collection from insurance company.

As Needed

- Obtain specifications and acquire bids and proposals for any major work to be performed and prepare for review by the Board of Directors.
- Attend Board of Directors and/or Annual Meeting for presentation of the financial and operations review.
- Prepare notices of meetings, proxies and agendas and organize meetings of the Association. Assist in the election of officers and tabulation of votes; assist in the first meeting of the Board to elect officers for the Association.





References

Castle believes the best way to evaluate a property management company is to talk to the company's clients. The references provided below represent several Associations that we manage. We welcome you to contact these individuals at your leisure to learn more about working with our company.

Amelia Island Plantation

Mr. Jeffrey Packer, President
(717) 207-8640

Ms. Lizbeth Schuler, Treasurer
(615) 944-0197

Venetian Falls

Mr. Pete Castillo, President
(516) 732-4673

Del Webb Lakewood Ranch

Ms. Casey Gant, President
(239) 908-5157

Waterset HOA/CDD

Ms. Amanda King, President
(813) 390-1432

Southshore Falls

Ms. Patty Smith, Vice President
(813) 641-3517

Brian Bellew, President
(727) 224-9004

Valencia Pointe Master

Mr. Bill Lazarus, President
(954) 567-2664

Savanna Maintenance Association

Mr. Matthew Zifrony, President
(954) 217-9437

Pam Driscoll, Treasurer
(954) 579-8064

Sunset Lakes

Ms. Deborah Herling, President
(859) 547-8577

Mr. Joseph Farkas, Vice President
(443) 527-2211

Weston Hills Maintenance Association

Mr. Pancho Urena, President
(954) 347-5759





Castle's formal reporting to the Association includes:

1. Weekly Updates
2. Monthly Managerial Reports
3. Annual Property Review
4. Ad Hoc Reports

Weekly Updates

We have found that our Board of Directors like to receive a weekly update. Our Property Manager will send, via email, a weekly report comprising of the top issues concerning your community each week. The "Weekly Update E-Mail" is designed to quickly keep all Board members informed.

Monthly Management Reports

The Board can expect to receive a monthly management and financial reporting package. These reports would contain the following information:

Standard Monthly Management Reporting Package

The monthly management reporting package includes:

- A: Meeting Agenda
- B: Management Report
- C: Work Order History - detail report
- D: Covenant, Conditions and Restrictions (CC&R) History Report
- E: Collection Action Report (reminder and default letter list, attorney referral report)
- F: Bids/Recommendations

Standard Monthly Financial Reporting Package

We complete your financial statements on a full accrual basis, each month. The financial reporting package normally consists of:

- A: Balance Sheet
- B: Income/Expense Statement
- C: Lead Schedule for each balance sheet account
- D: Detailed General Ledger
- E: Cash Disbursement Summary
- F: Cash Disbursement Summary with Details
- G: Aged Delinquency Report
- H: Schedules supporting all significant balance sheet items
- I: Bank Reconciliations for all accounts





Optional Reports

Castle can generate a number of additional reports using its report writer. Three of the more popular reports are:

- A: Accounts Receivable Activity Report
- B: Reserve Statement
- C: Trend Reports

Annual Property Review

We provide an annual review of the Association's operations including improvements, activities, finances, staffing and vendor performance.

Real Time Online Access To Management And Financial Information

We provide real time online access to all administrative and financial information which allows for ad hoc requests to be fulfilled immediately.

Our Property Management System (JENARK) has been designed to allow any Board Member access to the Association records through the Internet. All access is security password controlled. In addition, the Association is provided read only computer access to their accounting records. Training sessions are provided for any Board Member interested. We often find that the Treasurer is interested in viewing year-to-date details in specific expense accounts and activity within individual unit owner accounts. This access allows the Board Member to view all accounting information for ad hoc reporting. Board Members can access their records to:

- View the image of a Vendor Invoice
- View activity in the GL cash account
- View Association and individual unit owner delinquencies
- View activity in certain GL accounts – i.e. Repairs and Maintenance



New Account Transition Process

Once the Management Services Agreement is signed, **Palencia** and **Marshall Creek** would enter into our Transition program. The most important thing for the Board of Directors to know is that Castle has extensive experience, a proven system and standard operating procedures in place to ensure a smooth transition. Our dedicated Transition Team takes care of the entire process and there are no transition costs to the association. This team would be led by Cathy Grimaldo, Director of Quality Assurance, she will oversee the transition process, and will conduct periodic weekly visits to your community. The transition process typically takes 90 days, and is broken into 3 distinct phases:

Pre-Launch: *From contract signing until the official start date*

Once an agreement is signed a new account checklist is generated. This checklist tracks the 150 most critical items needed to ensure a seamless transition. This system ensures designation of task ownership, contains progress tracking metrics, and is utilized by the Transition Team during weekly progress meetings conducted with the team and our Executives.

During this stage, all of the accounting records are uploaded into Jenark and reporting is customized per the Board's direction. The primary focus of this phase is to gather all of the back office documentation and to set the Association up in our system. This assimilation of data typically takes 30 days.

Another important component in the pre-launch phase is communication. Upon receipt of the Resident roster we mail a welcome letter to each owner in your Association. The welcome letter is customized to the specifications required by **Palencia** and **Marshall Creek**, notifying your residents that a change in management has taken place.

Launch: *From official start date to day 30*

The launch phase is comprised of the first 30 days that we are physically on property. Our Transition Team will be on-site to support the Manager in implementing Castle systems, policies and procedures. The goal is to allow the Property Manager and on-site team to focus on the residents and Board of Directors while the Transition Team handles all things related to transition.



Transition Period

The Property Manager will be provided with an Action List which will be comprised of tasks related to documented areas of improvement as well as inherited open tasks. With Board direction the list will be prioritized. This initiative allows for the new staff to immediately begin making improvements and adding value to the association. The Action List will be updated regularly and sent to the Board of Directors on a weekly basis.

During the launch phase the Property Manager will work with the Board of Directors to obtain answers to the 200 most Frequently Asked Questions (FAQs) about your community. This information will then be placed into a centralized database for our onsite and Resident Services staff to utilize. The team will be able to efficiently and correctly provide one touch resolution to resident inquiries.

The association will be setup on any and all applicable automated systems including our accounts payable online processing system “*CastleClick*”, our automated estoppels, and an automated sales and leasing program (Tenant Evaluation). In addition, as part of this process, Castle will challenge every line item in the Association’s budget to determine where cost savings can be achieved without affecting service levels.

Transition: *From day 31 to day 90*

Throughout the transition process, our Home Office team conducts a thorough inventory of every Association document. This extensive process is essential in guaranteeing that your vital Association history is preserved accurately. The information is then added into our Jenark system so that the Property Manager has online access to all pertinent Resident information.

The final phase of transitioning a new account occurs after we have been on site for 30 days. This is when quality control checks occur to ensure that all systems have been implemented and are running smoothly.

This process is overseen by Castle’s dedicated Transition Team. This team of professionals will work alongside the Board of Directors, your Property Manager and your Regional Director to ensure that your transition is handled effectively and seamlessly.





Property Management System Integration

Our central management system, Jenark, stores unit and resident information to include the following: financial, lease, violation and work orders. Our website and Database management solution automatically tie to Jenark data in order to provide Board members, management staff, owners and residents with this information. Additionally, our Database Management Solution provides for the management of parking, storage, mechanical assets, visitor logging (logical access control) and package receipt and delivery. The resident rosters rendered through these systems are then used to manage the physical access control system (FOB or Biometric System). Third party integrations are both possible and available in some cases, depending on the capabilities and willingness of the third parties.

Database Maintenance

The integration between Jenark and our Database Management Solution makes database management very simple for the onsite team. There is no need to manage numerous databases as updating the appropriate system automatically disseminates the appropriate information to any other pertinent system.

Customization of Systems

Although our systems are highly customizable as they stand, our in-house developers are available to further customize system(s). This is usually only necessary when third party integrations are desired and not present.

Integration of Systems

The majority of our systems are fully integrated with each other. The only area that may not be easily and automatically integrated is the physical access control system (FOB or Biometric) as this is heavily dependent on the system that the building has currently installed.

Website Maintenance and Customization

The ability to update and maintain the website can be done by the on-site staff or Castle's IT team. The system is extremely user-friendly and easily customized.



Community Website

Professional Web Presence: The AssociationVoice platform makes it easy to ensure your organization's online presence is professional and aligned with the image you want to portray. Our turnkey sites also come pre-populated and structured with the content and functionality you'll need.

Improved Communication and Access to Information: Having information available online gives residents access to community resources at anytime. Improve communication via online newsletters, mass emails to customized recipient lists sent via Messenger Services, up-to date community alerts, and more.

Customize and Securely Publish Content: Since the application is totally self-editing and self-publishing, you can easily customize your site to fit your needs. The AssociationVoice platform offers the highest level of security for your site and community information, so you can trust that your information is always protected.

Integrated with Back-Office Information: The AssociationVoice platform seamlessly integrates with Castle's back-office systems to provide residents access to account information including current balance, account register, violations, architectural requests, service requests, payments and much more.

Database Management System

Front Desk Management: Our front desk management solution provides a number of digital tools and reports to effectively manage access logging, package receiving / delivery and Shift / Pass Down logging.

Asset Management: With the combination of our Database Management System and our Back-Office ERP system, complicated and often time consuming processes such as asset inventory, scheduled maintenance management and work order management becomes a simple, organized procedure, allowing clear visibility to all necessary information just a mouse click away.

Digital Accounts Payable Management: Through our CastleClick portal, Directors and the Management Team have the ability to digitally manage the accounts payable process from invoice review and approval to check processing.

Streamlined Violation Management: With our back-office systems ability to tie to mobile devices manned by the on-site team, the violation management process can be fully digital and highly automated.



Reporting: Through our back-office ERP solution, Directors and the Management Team have access to a number of reports allowing for the analysis of information in all areas of operations. In addition to the “canned” reports provided by the software, Jenark’s reporting system allows for customizable reports, fully compatible with Microsoft Excel in case further manipulation of the data is desired.

CastleClick

CastleClick is the most efficient and streamlined way for the Association to handle the accounts payable process. This free, easy and secure tool allows Board members the ability to electronically approve invoices, facilitating the payment process.

Some of the benefits of using the online approval system are:

- 100% paperless which allows you to authorize and approve invoices instantly.
- Email notification when invoices are ready for approval.
- Prevent late and duplicate payments.
- Access to all invoices 24/7/365.

With no complicated systems or software to install, all that is required for the Association to join is the name and email address of 2 designated members of the Board, who will serve as the online approvers and a sample of the signature designated to be digitally printed on the Association checks.



Professional, Proud and Attentive

Our team would be proud to offer our Unparalleled Property Services to **Palencia Property Owners Association of St. John's County, Inc. & Marshall Creek Community Development District.**

Thank you for your consideration.



4B



A PROPOSAL TO SERVE

PALENCIA



FirstService
RESIDENTIAL

Presented by John Caputo
Phone: 904.733.3334 ext 3760
Email: John.Caputo@fsresidential.com

6/19/2018

ATTN: BOARD OF DIRECTORS
PALENCIA PROPERTY OWNERS ASSOCIATION OF ST. JOHNS COUNTY,
INC. & MARSHALL CREEK COMMUNITY DEVELOPMENT DISTRICT

Palencia Village Drive
St. Augustine, FL 32095

Dear Board of Directors,

On behalf of FirstService Residential, I would like to thank you for allowing us to participate in your management company selection process. We understand the importance of the task you have in finding the right fit for your community, and we appreciate the opportunity to present this proposal to you.

We believe a community like Palencia should expect a management company to provide more than core management services. You deserve a partner that provides both a team of empowered associates who pride themselves on delivering exceptional service and management that understands the importance of protecting your bottom line.

We are confident that FirstService Residential is uniquely qualified to achieve these objectives through a combination of resources and expertise, state-of-the-art technology, and a holistic approach to spending—all of which are included in the recommendations provided today.

We look forward to meeting with you soon to continue our discussion on how we can best be of service to the Palencia community.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Caputo". The signature is fluid and cursive, with the first name "John" being larger and more prominent than the last name "Caputo".

JOHN CAPUTO

Business Development Manager
FirstService Residential
Office: 904.733.3334
Email: John.Caputo@fsresidential.com

WHO WE ARE

As the largest residential property manager in North America, FirstService Residential oversees more than 7,800 associations, comprised of 1.6 million units across 22 U.S. states and three Canadian provinces. Nationally, 250 of these communities have more than 1,000 homes. In Florida alone, FirstService Residential manages more than 2,500 communities, 120 of which have budgets in excess of \$3 million, and more than 50 communities with 1,000+ homes. Through this shared portfolio, the most extensive in the country, we have learned that these communities are not just neighborhoods. We believe that they are dynamic lifestyle communities that cater to the specialized needs and expectations of very engaged and active individuals.

Each day, every member of our team strives to fulfill our mission – to deliver exceptional service and solutions that enhance the value of each property and the lifestyle of every resident in our care. We provide best-in-class community association management solutions through a combination of local leadership and nationally supported technology, education, and best practices. This combination of expertise, resources, and service—unmatched in our industry—has earned us the distinction of being Florida’s leader in community association management, and we believe that this unique approach will help bring Palencia’s vision to life and elevate the community’s profile to new heights.

OUR CORE VALUES



YOUR DEDICATED TEAM



Mark Stoops

President, North Florida

Mark Stoops serves as President of the North Florida region of FirstService Residential. With over 35 years of industry experience, Mark leads the charge on customer satisfaction and oversees every aspect of the operations of the communities in his region.



Gordon Mobley

Vice President

Gordon Mobley is a client-focused community association management professional with over a decade of industry experience. His past experience as a Board member, property manager and local office leader, provide him with broad-based insight into finding practical solutions that address a community's specific needs.



Anh Nguyen

Regional Director

Anh Nguyen joined FirstService Residential in 2008 and serves as Regional Director. In his current role, Anh serves as the direct support for the community association manager, ensuring the delivery of excellent service to the board and developing customer service initiatives for the communities in his care.



John Caputo

Business Development Manager

John Caputo serves as client liaison, providing support and ensuring a smooth and seamless transition for communities new to FirstService Residential. John's extensive experience in the region makes him an invaluable asset to the boards he serves.



Sherry Jones

Human Resources Manager

Sherry Jones joined FirstService Residential in 2006 and offers more than a decade of industry-related experience. Sherry is responsible for talent acquisition and the development, implementation and ongoing management of human resources-related functions that support the overall associate experience to ultimately ensure client satisfaction.

YOUR DEDICATED SUPPORT TEAM



Judy Julison

Senior Vice President, Lifestyle Programming

Judy Julison recently joined the FirstService Residential team as the Senior Vice President of Lifestyle Programming. In this capacity, she facilitates lifestyle training for new associates and oversees the development and execution of lifestyle programs and support operations at our active adult and multi-generational lifestyle communities across the Mid-Atlantic, Carolinas, Tennessee, Florida and Illinois.



Lourdes Pineda-Garcia

Senior Vice President, Financial Services, South Region

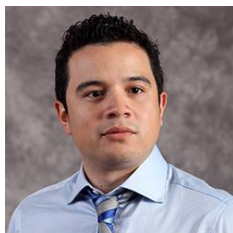
Lourdes Pineda-Garcia serves as the Senior Vice President of Financial Services for FirstService Residential. She joined the company in 2013, and brings with her nearly 20 years of industry-related experience. She is responsible for the oversight of the company's financial services functions, including client and corporate accounting services, as well as the company's financial systems to ensure that all client and associate needs are met.



John Lee

Vice President, FirstService Financial, Inc.

John Lee serves as Vice President of FirstService Financial. John's responsibilities include oversight of the company's insurance and banking relationships and serves as a resource for association boards. John has worked in condominium management and condominium insurance for over 12 years.



Christian Mora

Manager, Procurement and Value Engineering™

In his role as Manager of Procurement and Value Engineering, Christian Mora focuses on delivering value to the company's clients by finding innovative ways to reduce expenses and optimizing operational budgets via benchmarking, leveraged buying, utility management and sharing of best practices. In one year alone, these initiatives were able to achieve over \$10 million in expense reduction for our clients.

WE'VE LEARNED A THING OR TWO ALONG THE WAY

The role we play when it comes to operating a community like Palencia for both current and potential residents is something we take very seriously. We believe that any property retaining our services has a right to expect a meaningful impact in their community, specifically by:

- ▶ Delivering Exceptional Service
- ▶ Mitigating Risk
- ▶ Improving Resident Lifestyle
- ▶ Enhancing Property Value
- ▶ Optimizing Operating Budget

Part of understanding how these elements translate to effective community association management comes from best practices we have gained through our experience providing services to similar communities for 27 years. This depth of experience serves as a valuable resource to our clients throughout North America, and we are aware that Palencia's residents would no doubt appreciate coming home to a community that meets – and even exceeds – every expectation they had when they chose to invest in it. At the end of the day, all homeowners are interested in receiving exceptional customer service, lower costs, and enhanced property values and lifestyles. In fact, we've found that the residents of premier, amenity-rich communities similar in scope and stature to Palencia share a number of concerns, including:

- ▶ **Service Levels:** Many communities struggle to attract and keep the right, empowered resources on staff to provide a superior level of service.
- ▶ **Brand Impact:** Communities like Palencia often contend with the impact that a brand can have on both property value and quality of resident life.
- ▶ **Communication:** Board members and homeowners expect communication to be timely, proactive, informative, and in the medium of **their** choice.
- ▶ **Operating Costs:** All communities, no matter what type of property or how elite, tend to be cost conscious as boards are entrusted with the funds of friends and neighbors.
- ▶ **Resident Lifestyle:** Many communities encounter challenges when it comes to delivering the resident experience that the community's homeowners expected when they chose to invest in it.

**PREMIER
COMMUNITIES
NEED
PROACTIVE
MANAGEMENT!**

PALENCIA'S OBJECTIVES

Based on our conversations, we understand the specific requirements for Palencia to include:

- ▶ **Engaged Management:** This means having the right resources and the procedures in place to provide oversight and guidance, and ensure staff is performing in alignment with board and management expectations. Services and operations must run effectively without heavy reliance on board member availability and/or when expected or unexpected changes take place. The manager should take the lead on offering suggestions and implementing Palencia's community vision at the direction of the board.
- ▶ **Successful Management Transition:** This entails a management transition process that is organized and completed in a timely fashion, with the board and homeowners informed every step of the way.
- ▶ **Enhanced Community Image:** Palencia is a dynamic place to live that requires a partner who can build a sense of community amongst residents and encourage participation at community events for the benefit of both existing and potential residents, while simultaneously improving the community's amenities and aesthetic.
- ▶ **Streamlined Communication:** Board members and homeowners require responsive service and access to communication tools 24/7 for customer service, community information, and maintenance.
- ▶ **Operating Budget Optimization:** Palencia is seeking a management partner with access to national resources and proven programs that will protect and enhance its budget. These programs and best practices should continue to yield value on an ongoing basis.
- ▶ **Lifestyle Programming:** Palencia would benefit from the well-honed expertise of a management company equipped to provide the structure and procedures needed to deliver and maintain exceptional lifestyle offerings.

WE BELIEVE...

It is completely understandable that residents of large-scale communities like Palencia may be unsure of the value and benefits of comprehensive management services and the steps necessary to raise the community's profile to new heights. We believe that the solution for communities like Palencia to achieve their vision for the future is realized through a seamless transition to professional, coordinated turnkey management. Ultimately, the key to delivering on these goals lies in the combination of these things:

- ▶ **Resources/Expertise:** *It's not about the person; it's about the people.* We believe it takes a team of experts behind the scenes, armed with a depth of resources to provide the community manager with the training and support required to effectively manage a community like Palencia. Having these resources ensures you have a qualified team that understands the importance of delivering exceptional service and enhancing resident lifestyle without negatively impacting your bottom line.
- ▶ **Technology:** *Communication is only as good as the technology that connects communities.* You should expect a platform that is both user-friendly and versatile, one that allows association members and the community management company to stay connected 24/7—from the financials to violation tracking.
- ▶ **Holistic Solutions Integration:** *This is key to cost reduction.* Focusing on any of the above initiatives individually is counterproductive to improving resident lifestyle and enhancing property values, while reducing costs. The solution to effectively reduce costs is a strategy that includes a holistic approach, designed to leverage national buying power and attack areas of spending to enable healthier reserves.





RECOMMENDATIONS & NEXT STEPS

Delivering exceptional service and ensuring that Palencia thrives in today's competitive real estate market requires a depth of resources that provide a full-scale, multidisciplinary team that understands the complexities and nuances of exceptional residential community management. Our enduring local presence allows us to understand what's important to residents who live in communities similar in scope to Palencia.

Our track record speaks for itself: FirstService Residential has achieved success time and again with neighboring communities through our depth of resources, support, and staff training and development. FirstService Residential can support this in several ways through:

Proactive Management

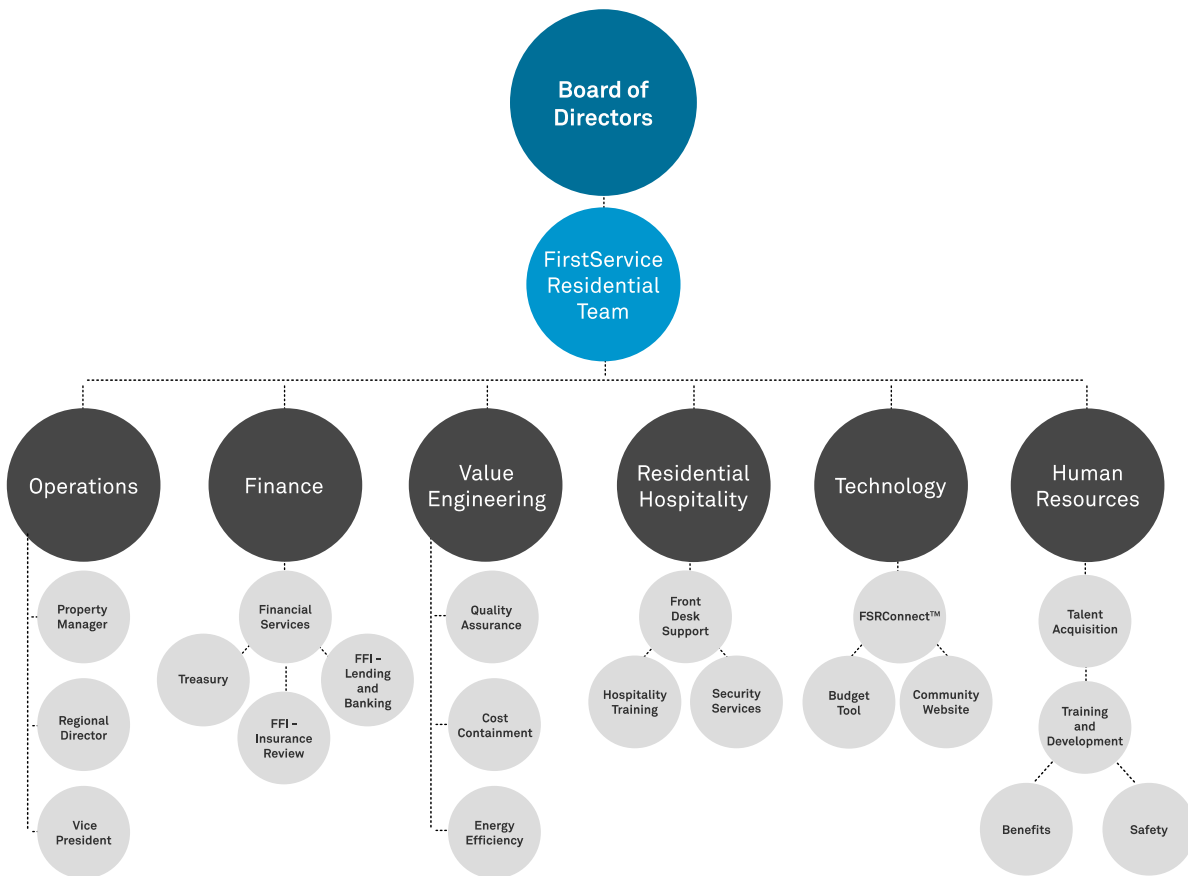
The first step towards ensuring the delivery of exceptional service is proactively engaging the community. Your future manager possesses strong communication, customer service, and leadership skills. They also have a profound understanding of financials, bid procurement, accounting best practices, and an overall ability to communicate with the community. Once onsite, your manager will be responsible for the following functions, and we will look to tailor this as we further understand the needs of Palencia:

- ▶ Property inspections and consistent follow-up on work orders and violations notices
- ▶ Providing management reports to the board
- ▶ Overseeing and providing your monthly financial reports
- ▶ Payment of association bills and working directly with the dedicated GL, A/R & A/P teams
- ▶ Working closely with the board to generate cost savings and revenue where possible
- ▶ Drafting annual operating budget for board and finance committee to review and approve
- ▶ Working with board of directors to implement an annual planning chart for upcoming maintenance projects
- ▶ Continuously improving the delivery of the community's exceptional, amenity-rich lifestyle offerings through proper facilities management and coordination with the board

Depth of Support

We have found that communities that have access to a significant depth of resources are better positioned to achieve their collective goals. This is why we ensure that your manager and staff are armed with the tools and support needed to effectively manage Palencia. They will be supported by a team of industry specialists in several areas of expertise, including but not limited to, accounting and finance, contract vendor management, human resources—to include training and development—a Regional Director, Vice President, and more.

This support structure—unique to FirstService Residential—ensures that Palencia receives timely, professional management as well as benefits from best practices gleaned and imparted from this team. The organizational chart below demonstrates our strategic community association expertise:



FirstService Residential prides itself on leadership, supervision, and oversight monitoring of on-site staff members. Visits to the property – many unannounced – allow our regional directors, vice presidents, and human resources team to evaluate employee performance. This ensures that your manager has access to a property management professional who will act as a liaison between the community and the resources offered by the corporate office. The regional director also acts as a safety net to ensure that nothing falls through the cracks.

Human Resources Support

FirstService Residential boasts the finest associates in the industry, and we are excited to welcome Palencia's existing staff to our team of empowered associates. We invest the resources and effort in training and development to ensure that those who represent your brand deliver the highest level of service to your residents and their guests, and will work hand-in-hand with you to evaluate employee performance.

FirstService Residential is also proud to possess the best employee retention rate in the industry. In fact, a large percentage of our associates have multiple years of tenure with the company. This is the case because we truly care for our employees. We make sure they feel challenged, motivated, and satisfied.

With that in mind, we focus on the following components of our Human Resources processes:

Training

Our dedicated training department will offer your staff access to these training resources so they remain as well-trained and current on association issues as possible:

- ▶ Monthly training classes and webinars for managers on pertinent topics such as:
 - New Hire Orientation
 - Community Association Manager Training
 - Maintenance Professionals Training
 - Administrative Professionals Training
 - Basic Financials
 - How to Present Financials to your Board
 - Coaching for Top Performance
 - Developing Others
 - Management Reports
 - Problem Solving
 - Effective Communication & Conflict Resolution
 - Stellar Service
 - Legal Updates
 - CEU courses (like Pest Control, Mold Remediation, Water Damage/Mitigation, Fire Remediation)
- ▶ Monthly training classes for maintenance staff to help them hone their skills.
- ▶ Unlimited access to FirstClass, an online portal that offers hundreds of career-enhancing classes 24/7.
- ▶ Superior Residential Hospitality Training developed by FirstService in conjunction with the team that created and ran the Ritz-Carlton Institute, ensuring the delivery of unequalled service to your residents. This level of service is enhanced by FirstCall, our service commitment that entails daily line-ups among staff, akin to those practiced in the world's finest hotels and service establishments.

Standard Employee Benefits

FirstService Residential understands how hard our associates work and that it takes the finest teams in the business to ensure our communities run smoothly. We also appreciate that Palencia's board desires for its existing staff to benefit from the resources and suite of benefits available to associates who are part of an industry-leading property management company. That is why we provide a comprehensive benefits package, in addition to our training programs, as part of our retention efforts to include:

- ▶ Vacation benefits
- ▶ Retirement account with employer match (401(k))
- ▶ 5 days for personal matters (these include sick days)
- ▶ Medical insurance benefits
- ▶ Dental insurance benefits
- ▶ Vision insurance benefits
- ▶ Employee assistance program (for issues like emotional distress, work relationship issues, etc.)
- ▶ Flexible spending accounts
- ▶ Optional insurance programs including life, accident, short-term disability, long-term disability (paid for by company), critical illness, accident, and more
- ▶ Fitness programs
- ▶ Perks program (company-negotiated pricing on anything from gym memberships to computers)
- ▶ Opportunities for professional advancement through training and mentoring programs

Supervision

We require for managers to compile a comprehensive monthly management report which allows for additional evaluation of how well the manager is prioritizing and completing initiatives. Every manager is required to attend a monthly managers' meeting and a weekly operations briefing that leads to further evaluation opportunities.

Finally, we conduct comprehensive performance evaluations for all employees on an annual basis. We are happy to share this evaluation with our clients, and in fact hope our clients provide us with their valuable feedback and input to make these evaluations the best they can be.



Brand Enhancement Initiatives

The impressions that a community's appearance and service levels leave on its residents and guests are directly correlated to property values and resident satisfaction, and we understand that the image that Palencia projects is of paramount importance. With that in mind, there are a number of initiatives that we believe would strengthen Palencia's unique brand, including:

- ▶ **A Tailor-Made Living Experience:** How do you envision resident lifestyle in your community? What sort of first impression would Palencia like to make for prospective residents and guests? You have our commitment that we will work with you to execute your vision and make recommendations to ensure your lifestyle is up to or exceeding that of neighboring communities – ensuring that Palencia presents in tip-top shape and yields the highest property values.
- ▶ **Community Beautification:** We understand and appreciate that Palencia's unique aesthetic, as highlighted by the community's extensive wetlands and parks, is a point of interest for both the board and residents. With that in mind, we will work hand-in-hand with you to ensure that your community always presents with the natural beauty that has made it one of Florida's most desirable places to live. FirstService Residential has extensive experience in this area, having worked in tandem with water management and wildlife consultants across the country at our large-scale communities, and your management team will be able to draw upon best practices from our shared portfolio of 7,800 communities nationwide.
- ▶ **Immediate access to SOPs created by FirstService Residential's National Lifestyle team.** Comprised of Lifestyle Programming experts from across our North American portfolio, this team has gleaned its vast knowledge by creating lifestyle- and club-based SOPs to address obvious (and not-so-obvious) topics like how to run a fitness club, how to start charter groups for new associations, and how to address social events where alcohol is served.
- ▶ **Delivery of Exceptional Customer Service:** Our hospitality training and company culture are engineered to ensure that each and every associate who serves Palencia maintains a genuinely helpful attitude – from the management staff to the maintenance worker.
- ▶ **A full audit of all safety measures currently in place, with SOPs developed and implemented via a regular training schedule.** This will facilitate frequent follow-up with residents to ensure these are understood and adhered to.
- ▶ **The creation, implementation, and ongoing enforcement of a solid access control system and policies.**

Financial Review and Reporting

Timely and accurate reporting of an association's financial matters is a critical element of effective community management, and directly affects the long-term financial stability of the property. With decades of experience in managing association financial systems, we provide our clients with the confidence that their fiscal matters will be expertly handled at all times by our team of financial professionals. Our accounting team will provide the following services:

- ▶ Conduct a thorough review of Palencia's financial records
- ▶ Implement our internal control procedures that provide you with maximum assurance that your financial matters are being handled with full transparency
- ▶ Offer multiple payment options to help reduce delinquencies and improve cash flow
- ▶ Provide online board approval capabilities and access for a speedy collections process
- ▶ Deliver timely financial packages prepared following Generally Accepted Accounting Principles (GAAP)
- ▶ Work in collaboration with the board and Finance/Budget Committee (if applicable) to develop annual budget
- ▶ Introduce our Client Accounting team to answer questions from the board and conduct periodic financial reviews
- ▶ Provide CPA access for financial reporting as needed for audits and tax returns

As part of FirstService Corporation, a publicly traded company (NASDAQ, TSX: FSV), FirstService Residential is held to the highest standards of transparency, security, and accountability. We are subject to Sarbanes-Oxley financial control requirements for public companies.

Actionable and Transparent Invoicing System Activation

Associations must have a comprehensive accounting platform to ensure that financial reports are accurate and timely. AvidXchange, our accounts payable system, eliminates much of the busy work surrounding this task, and offers the board greater control and transparency. The system offers Palencia's board of directors many benefits:

- ▶ Streamlined processes so your management team can focus on the property rather than clerical duties
- ▶ 24/7 availability and mobile access—review and approve invoices anytime, anywhere
- ▶ Notification when any action (such as invoice approval) is needed. If you're not available to provide that action, you can easily assign it to someone else
- ▶ Complete transparency throughout the process: tracking of invoices, coding, and approvals
- ▶ Fraud mitigation
- ▶ Accountability and visibility to budgets so boards can see how invoices impact their budgets in real time

Value Engineering & Vendor Management

Communities that run efficiently are successful ones. Our Value Engineering™ service includes a line-by-line review of your financials, vendor contracts, utilities, and operations to identify opportunities for cost efficiency for your third-party suppliers:

- ▶ Supplier/Contract Audits
- ▶ Utility Audits
- ▶ Bid Creation/Analysis

Armed with this knowledge, we can leverage our strong relationships and purchasing power with vendors to reduce your current costs and improve the quality of your current services. As North America's property management leader, we are the only company with the expertise and resources to offer you this above-and-beyond personalized service. Examples of this include, but are not limited to the following:

- ▶ Preferred partnerships and negotiated discounts with nearly 50 national companies. Examples of such companies are Waste Management, Marsh, HD Supply, Home Depot, Office Depot, Valspar, and Elite Casual Furniture. Additionally, FirstService has relationships with dozens of local companies that have proven track-records of success in serving our communities.
- ▶ 10% discount on reserve studies provided by Reserve Advisors
- ▶ On average, associations save 10% on insurance premium renewals through FirstService Financial's leveraged negotiating power
- ▶ Value-added services including a Quality Assurance Inspection to evaluate maintenance procedures and the status of association equipment to find out what is working well, and where improvements can be made
- ▶ Energy costs account for a large percentage of the budget for communities like Palencia, and we are uniquely qualified to guide Palencia along the path of greater energy savings. FirstService Residential affiliate, and energy management division, FS Energy, conducts property evaluations and serves as a resource for FirstService Residential-managed communities seeking to implement effective, energy saving measures to lighten their environmental footprint and make a tangible difference in their bottom line.
- ▶ Strict guidelines regarding vendor interaction. All costs-savings are passed directly to the client, and FirstService Residential does not provide or accept anything of value from clients or vendors that may be perceived as a referral fee.

Exclusive Banking & Insurance Products

The long-term fiscal stability of Palencia hinges upon the association's access to industry-leading financial resources. FirstService Residential is able to provide clients with access to high-quality banking and insurance services through affiliated financial services company FirstService Financial.

The FirstService Financial Difference

By consolidating the bank accounts of its 7,000 North American clients into select top-tier banking institutions, FirstService Financial creates value by eliminating bank fees on operating accounts and delivering significantly higher interest rates on reserve and accounts. Additional benefits include:

- ▶ Access to premium reserve programs at national banking institutions
- ▶ Comprehensive bank analysis to review your current account structure
- ▶ Summary of opportunities to increase your yield on deposits
- ▶ Confirmation that balances above Federal Deposit Insurance Corporation (FDIC) limits are secure
- ▶ Expertise in underwriting common interest community loans
- ▶ Strong relationships with many regional and national lending partners
- ▶ Streamlined underwriting process resulting in expedited funding
- ▶ Flexible financing requirement solutions
- ▶ Coordination of all documentation and involved parties from initiation through successful closing
- ▶ Additional savings through lockbox programs and association insurance policies

In a single year, of the \$2.7 billion in managed funds, FirstService Financial was able to yield the FirstService Residential communities it serves over \$4.25 million in interest earned, and save them a collective \$4.5 million in service charges and fees!

The FirstService Insurance Difference

FirstService Financial's insurance team will review your current policies to ensure your premiums are in line and your coverage is adequate. Additionally, one of its affiliate companies can review your current policies as a free, optional service. Services include:

- ▶ Coordinating the reporting and filing of any insurance claims on behalf of Palencia
- ▶ Offering numerous insurance options to your community to ensure free-market competition among insurance companies
- ▶ Ensuring that policies are properly written and provide appropriate and adequate coverage
- ▶ Protecting you from overspending

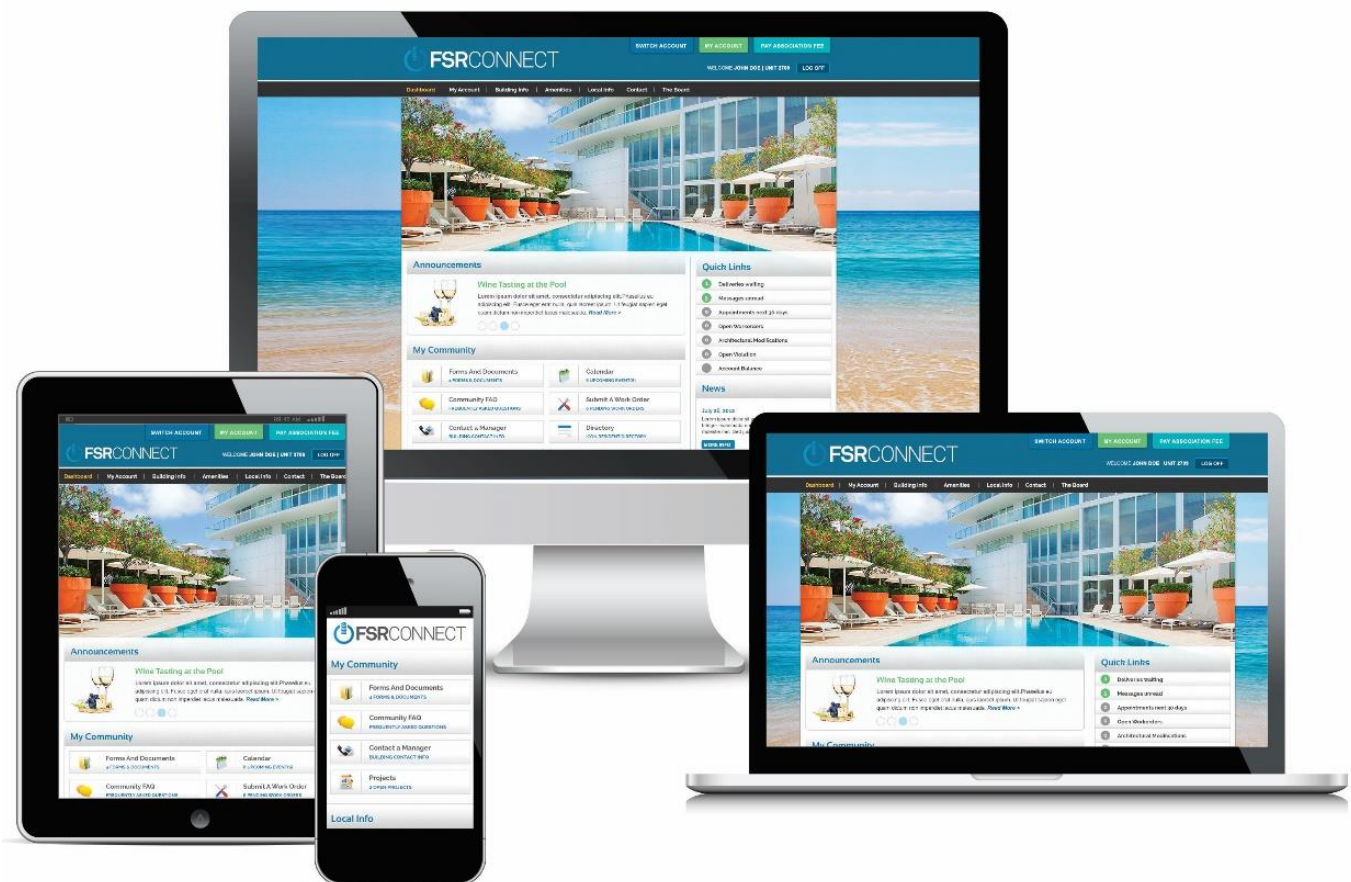
FirstService Financial has co-brokered over 3,200 HOA/Condo placements, saving our clients over \$5.5 million in annual insurance premiums!

Technology Implementation

Communication and effective information sharing are the cornerstones of successful community association management. As Florida's property management leader, there is very little that FirstService Residential hasn't encountered, and we enjoy unparalleled access and insights into our customers' past experiences via FirstService Residential Connect™, our proprietary, fully integrated system that links our entire North American portfolio of 1.7 million homes managed by 15,000 associates. This technology is a powerful tool that increases internal operational control and also includes:

- ▶ **Streamlined Access:** Board members can easily find financial records, managerial reports, invoices, corresponding checks, owner rosters, and work orders. Residents can also pay association fees, manage their accounts, submit maintenance requests, and download association records. Rest assured that all sensitive data is always protected, and that the posting of any report for resident viewing is done so only with the board's approval; ensuring any level of transparency and confidentiality.
- ▶ **24/7 Community Awareness:** Board members and your community association manager can post community news and access board meeting minutes and other important information for residents and owners. Residents can view upcoming events and scheduled services.
- ▶ **Resident Alert™:** Ensures the safety of your residents by enabling your management team to instantly deliver notifications or emergency alerts via text, email, or phone to all or selected residences at one time.
- ▶ **Community Web Portal:** Palencia's residents will have access to a private web portal customized just for them, which includes a detailed database of community-specific information, including a resident directory. This state-of-the-art system helps residents feel connected with each other and fosters a sense of community. To see a visual representation of the landing page residents will see, please click on the following link: [Palencia's Resident Web Portal](#).
- ▶ **Customer Care Center Implementation:** As part of our commitment to service excellence, we provide a 24/7 Customer Care Center for both emergency and non-emergency calls at no additional charge to the association. Our Customer Care Center is staffed with a Florida-based, multi-lingual team of FirstService Residential professionals available as additional support staff to assist homeowners immediately with any questions they might have without having to leave voicemails for the management team.
- ▶ **Electronic Work Order System:** We will implement an electronic work order system for all common area and resident work orders. An ongoing record of requests and work performed is maintained and available online and on-demand at any time. Using ConnectMobile™, the onsite team has the ability to instantly send work orders to third-party contractors including a color picture of the current issue and the required completion date.
- ▶ **Violations Monitoring:** Your select iPhone- and Android-enabled associates will be able to enforce code compliance with real-time capability to distribute violations to homeowners as needed, with the goal of keeping violations to a minimum.

- ▶ **FirstService Residential Connect Mobile App:** Available to your management team and currently in development for board and resident use, this feature allows easy access to specific information on the go about work orders, project updates, violations, and more. For more information about this robust communication and operating platform and its capabilities, please visit www.fsrconnectnow.com.
- ▶ **Newsletters:** Through an established partnership with a professional newsletter service (Illustratus), FirstService Residential is able to provide the community with a customized newsletter template that is designed to fit your brand and communication needs. We also maintain a library of articles on hundreds of topics such as energy management, water conservation, legislative updates, landscaping practices, emergency preparedness, holiday décor, safety, and so on. Access to our in-house expertise makes it simple for your manager to prepare topic-specific content that is timely and relevant to Palencia.
- ▶ **Connect Shift Notes:** Allows your staff to be in constant communication with each other and ensures that no information is lost and/or mitigates miscommunication during shift changes. Staff will always stay abreast of residents' needs or special requests.



MANAGEMENT PLAN

To remain successful, boards must work to meet the needs of the entire community. Every board should strive to preserve the community's physical amenities, the safety of the residents, and the financial health of the association, thereby enhancing property values and the lifestyle experienced by residents. Accomplishing these goals can be challenging as residents, statutes, and economic circumstances can, and will, change over time. As a result, FirstService Residential believes that it is necessary for every community in our care to have a structured management plan that outlines and addresses any and all expected contingencies.

Our Association Management Plans serve as blueprints for the success of the community. They are three- to five-year forecasts that outline all foreseeable problems, as well as other opportunities for improvement. Further, they help the board create realistic and achievable objectives while establishing a financial and operational plan for accomplishing these objectives. Each association's management plan is created in conjunction with the board, and contains sections pursuant to the future of the community including:

- ▶ A list of all recognized "Issues" currently facing the community, as well as those that are foreseeable within the next 5 years
- ▶ Discussed and agreed upon "Board Resolutions" that address solutions to these concerns
- ▶ A financing plan created and agreed to by the board
- ▶ An implementation plan that identifies and establishes the specific responsibilities of board members and the property manager
- ▶ A calendar of events that includes all board meetings, annual meetings with elections, tax returns, annual reports, end-of-year tax and audit packages, etc.

Regarding the specific management plan for Palencia, we recommend the coordination of multiple site visits of the community by your dedicated team and members of the board. This will enable our staff to walk the grounds and hold discussions with all board members and residents charged with establishing a strategic plan for the association. It will also help us gain a better understanding of the most pressing issues facing the association, and evaluate the potential impact that inaction may make on the community. This will include an assessment of the scope of work required to complete upcoming projects in a timely, cost-efficient manner. We will then engage with industry experts to determine if it is necessary to hire an outside project manager.

Once enacted, the management plan will be used to provide direction for the community at-large regardless of changes in board members or on-site staff, ensuring continuity and clarity of roles and responsibilities.

INVESTMENT

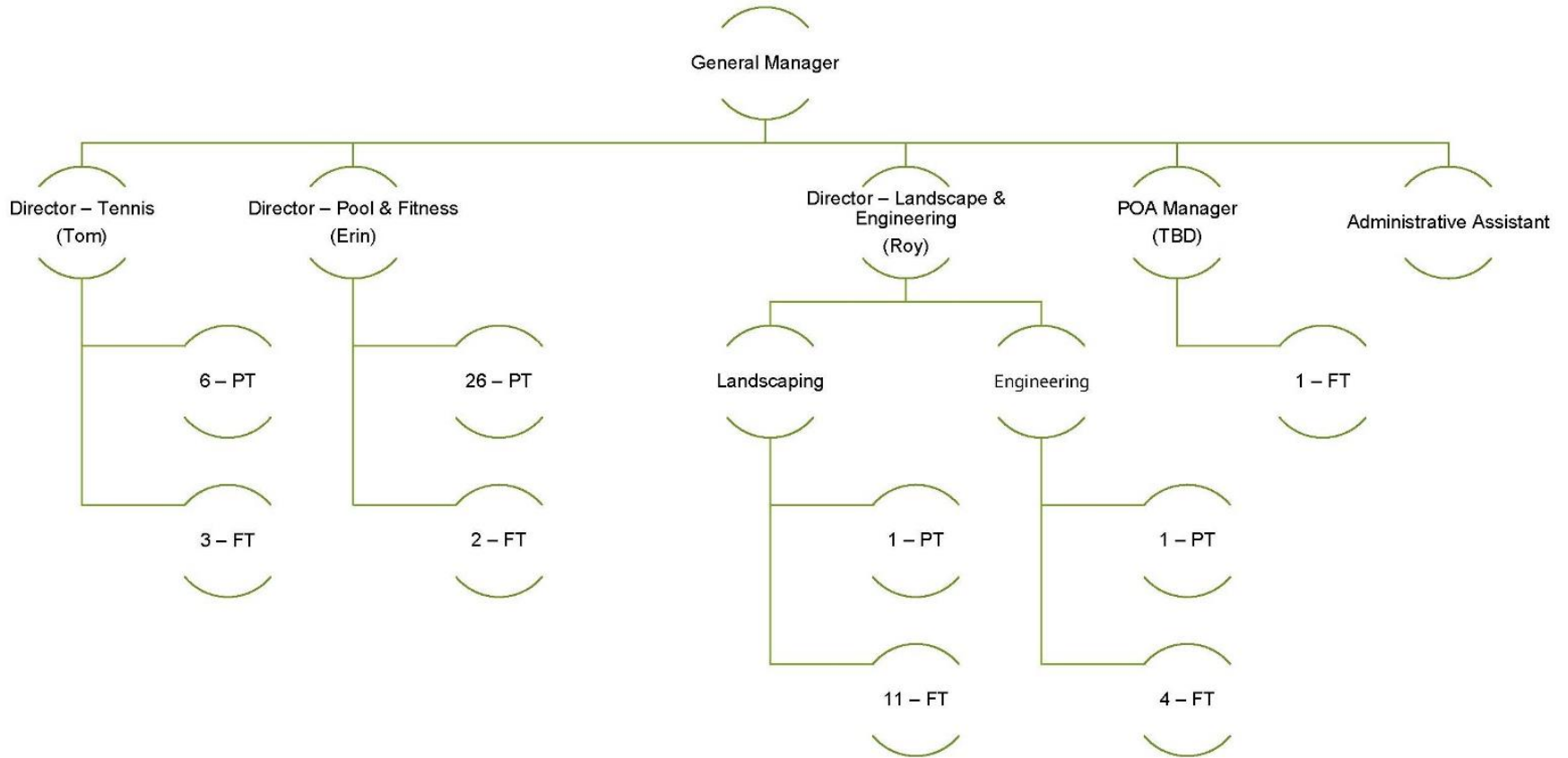
- ▶ **Property Management - \$30,000 / year**
 - Invoice Evaluation and Processing
 - Amenities and Assets Management
 - Property Inspections
 - Website
 - POA Accounting
 - 24-hour Customer Care Center
 - Architectural Modification Requests
 - Access Devices Management

- ▶ **Assumption of Existing Personnel – Existing Wages + 21% Labor Rate**
 - FICA and Medicare
 - Workers Comp
 - State and Federal Unemployment taxes
 - Payroll Administration
 - Benefit Administration
 - HR Oversight and Management

- ▶ **Proposed Staff – Assumes current HPPM staff departs and must be replaced**
 - General Manager \$100,000 + 21% Labor Rate
 - GM Assistant \$40,000 + 21% Labor Rate
 - POA Manager \$50,000 + 21% Labor Rate
 - POA Assistant \$40,000 + 21% Labor Rate

Health Insurance: FirstService Residential offers all eligible associates health benefits in accordance with the Affordable Care Act. The cost to the association is \$458 per month for each eligible employee who elects the benefit.

RECOMMENDED STAFFING MODEL FOR PALENCIA



FIRSTSERVICE RESIDENTIAL TRANSITION PLAN

We know that creating a smooth and seamless transition from your current management company to our team will help build a strong and lasting relationship with your board members and residents. To facilitate a smooth transition, we recommend that certain steps be taken to ensure that the board, residents, and current CDD employees are engaged and informed.

Our team's recommendation is for our first priority to be successfully transitioning your current employees to FirstService Residential through the following processes:

- ▶ Members of our Human Resources team will be on property for as long as needed to complete the onboarding process.
- ▶ Each employee will become a FirstService Residential associate
- ▶ Each full-time employee will be offered and instructed on how to sign up for health care, vision care, dental care, 401K, etc. benefits
- ▶ Each employee will undergo background and drug screens
- ▶ Each employee will receive FirstService training and orientation
- ▶ FirstService Residential will take over the payroll management and administration functions for all of these associates
- ▶ FirstService Residential will take over the benefits, management, and administrative functions for each associate
- ▶ Each associate will receive periodic continuing education to expand their skills
- ▶ FirstService Residential will be responsible for coaching, disciplinary actions, performance evaluations, hiring, firing, etc.
- ▶ FirstService Residential will address and handle all Workman's Comp and other HR issues.

After onboarding all existing employees, FirstService residential will charge Palencia an additional amount to cover the ongoing overhead costs as well as all aspects of payroll administration and the payment of state and federal governmental taxes:

- ▶ FICA
- ▶ Medicare
- ▶ State Unemployment taxes
- ▶ Federal Unemployment taxes
- ▶ Workman's Comp insurance
- ▶ HR Administration, Training & Development
- ▶ Life Insurance
- ▶ Payroll Administration

We, at the board's direction, will install a Palencia "General Manager" to oversee all aspects of the neighborhood's operation. A brief description of this person's qualifications and responsibilities:

- ▶ Licensed CAM (Community Association Manager)
- ▶ Minimum 10 years property management experience
- ▶ Minimum 5 years' experience managing a large property (500 or more homes)
- ▶ Oversee all aspects of neighborhood operation including the CDD-owned amenities, the POA, and all on-site employees
- ▶ Regularly inspect entire neighborhood for aesthetics, safety, and functionality
- ▶ Directly supervise major department heads and work with each of them to maximize the efficiency of their department
- ▶ Make recommendations to CDD and POA Boards on how to:
 - ▶ Optimize operating budgets
 - ▶ Maintain and increase property values
 - ▶ Enhance resident lifestyle and satisfaction
 - ▶ Mitigate risk
- ▶ Attend all CDD and POA board meetings
- ▶ Coordinate with Water Management Districts
- ▶ Develop annual CDD operating budget
- ▶ Manage Inter-local agreement with Sweetwater CDD
- ▶ Work closely with District management, engineering, and law firms

We also propose dividing the neighborhood's operation into four main areas of functionality:

- ▶ Landscaping, Maintenance, and Engineering
- ▶ Pools and Fitness Center Operations (later to include Lifestyle)
- ▶ Tennis Club Operations
- ▶ POA Management and Operations

Further, we recommend establishing a synchronized accounting system and financial analysis. We will:

- ▶ Review current balance sheet and income statement to perform chart of account mapping
- ▶ Input owner and association balance information into CAMAcct
- ▶ Review payables and receivables
- ▶ Obtain report on delinquencies and review current collections policy
- ▶ Mail out new A/P process to current vendors
- ▶ FirstService to send introductory letter to homeowners directly

FirstService Residential will also set-up FirstService Residential Connect™ our fully-integrated software program to facilitate a user-friendly experience for Palencia's residents:

- ▶ Input accurate and updated owner and renter list (including waiting list)
- ▶ Input meeting minutes, financial statements, and association documents that are provided
- ▶ Activate ResidentAlert™ which allows management to contact all or some residents in the event of an emergency by either phone, e-mail, or text depending on individual resident's preference
- ▶ Prepare all information necessary for production of accurate financial statements





FirstService
RESIDENTIAL

Making a Difference. Every Day.

To learn more about how FirstService Residential can make a difference for your planned development, please call:

John Caputo at 904.733.3334 ext 3760
or John.Caputo@FSResidential.com
or visit us at www.fsresidential.com

FirstService Residential is the largest manager of residential communities in North America, overseeing more than 7,800 properties and over 1.6 million residential units across 22 U.S. states and three provinces in Canada. Properties managed include low-, mid- and high-rise condominiums and co-operatives as well as large scale master-planned and active adult communities.

FirstService Residential is a subsidiary of FirstService Corporation (NASDAQ, TSX: FSV), a global leader in the rapidly growing real estate services sector.