

MINUTES OF MEETING
POINCIANA
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Poinciana Community Development District was held on Wednesday, June 20, 2018 at 11:00 a.m. in the Starlite Ballroom, 384 Village Drive, Poinciana, Florida.

Present and constituting a quorum were:

Robert Zimbardi	Chairman
LeRue "Skip" Stellfox	Vice Chairman
Lita Epstein	Assistant Secretary
David Lane	Assistant Secretary by phone
William Land	Assistant Secretary

Also present were:

George Flint	District Manager
Michael Eckert	District Counsel
Kathy Leo	District Engineer
Alan Scheerer	GMS
Pete Deglomite	Clarke Environmental
Amy Solts	Clarke Environmental
Gary Shullaw	AV Homes
Residents	

The following is a summary of the discussions and actions taken at the June 20, 2018 Poinciana Community Development District's Board of Supervisors Meeting.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Zimbardi called the meeting to order and called the roll. Four Supervisors were physically present and Mr. Lane was on the phone.

SECOND ORDER OF BUSINESS

Pledge of Allegiance

The Pledge of Allegiance was recited.

THIRD ORDER OF BUSINESS

Public Comment Period on Agenda Items

Mr. Norm Gundel, a resident of 419 Fountain Valley Drive, read a statement into the record about the Class Action Suit against AV Homes.

Dr. Martin Kessler, a resident, stated he was an independent defendant, yesterday, in the Class Action Suit. There were arguments about what the CDD should do, and that it would be a long process. The District was a government in the State of Florida and bound by ethics and concepts of good government.

Mr. Shaun Thornton, 165 Marabella Loop, heard that Taylor-Morrison agreed to pay 10% over the book value of the facility, which was \$73.7 million. The suggestion that residents were getting their value for the money, was ridiculous. As part of the purchase of AV Homes, residents should have due diligence, because the price was too high.

Mr. Gary Shullaw, Executive Vice President, AV Homes, confirmed that the transaction with Taylor-Morrison was pending, and until it closes, AV Homes would continue operating as an independent company. The expected timing was that it would close late in Quarter 3 and early in Quarter 4, of this year. Taylor-Morrison had not made any public comments about Solivita or the pending transaction with the CDD, and plans for Solivita Grand, were speculative. The current proposition to residents was to enter into a transaction that allowed residents to pay a lower debt assessment on the current club ownership fee and take control of the assets. As information becomes available, it would be shared with residents.

Mr. Mike Luddy, 101 Sevilla Court, proposed that all actions be postponed, until the intentions of the new owners were known, since the sale was pending, and address the conflict of interest with the current attorneys, based on their relationship with Taylor-Morrison, the CDD Board and AV Homes.

FOURTH ORDER OF BUSINESS

Approval of Minutes of the May 16, 2018 Meeting

Mr. Zimbardi presented the minutes of the May 16, 2018 meeting. Mr. Flint stated that revised minutes were emailed to the Board, incorporating minor changes from District Counsel.

Mr. Zimbardi noted that, on Page 9, “*Dr. Mark Kessler*” should be “*Dr. Martin Kessler.*”

On MOTION by Mr. Zimbardi, seconded by Mr. Land, with all in favor, the Minutes of the May 16, 2018 Meeting, were approved, as amended.

FIFTH ORDER OF BUSINESS**Consideration of Quit Claim Deed**

Mr. Eckert presented a Quit Claim Deed for a pond in Solivita East that was deeded to the District some time ago, pursuant to an inaccurate description. Since it was not related to the stormwater system and the golf course owner would handle future maintenance, it would be deeded back to the developer.

On MOTION by Ms. Epstein, seconded by Mr. Stellfox, with all in favor, authorization for the Chairman to execute the Quit Claim Deed for the deeding of Pond E15 to Avatar Properties, Inc., was approved.

SIXTH ORDER OF BUSINESS**Staff Reports****A. Attorney****i. Litigation Update**

Mr. Eckert reported that a hearing was held, yesterday, for the judge to decide whether or not certain issues would be precluded from being litigated by the prior judge's ruling. Mr. Zimbardi asked if there was an anticipated timeframe to hear from the judge. Mr. Eckert stated that the parties were supposed to provide issues to the judge in the next 30 days, such as whether or not it was appropriate to take discovery of AV Homes and their corporate representatives, and whether or not the legality of the Club Plan was an issue in a bond validation case or a collateral matter. He stated a judicial assistant would set the case management conference and the trial, in the fall, at the earliest. Mr. Eckert noted alleged discrepancies with the parcel ID numbers for undeveloped land, in the Assessment Methodology, which would be refined and brought back to the Board. A special meeting in early July may be necessary, to start the process. This would not impact assessment levels.

Mr. Eckert presented a Client Disclosure and Consent Waiver, due to an actual or potential conflict of interest, since his firm represented Taylor-Morrison in other CDDs and Taylor-Morrison could take control of AV Homes. He suggested that the District hire another law firm to handle the AV Homes purchase contract negotiations and that Hopping Green continue to assist the District with the bond validation financing and assessment and routine matters, such as the land and pond transfers. Ms. Epstein wanted legal advice from independent counsel before signing the waiver.

Discussion ensued regarding whether Hopping Green could provide legal services for regular business items. Mr. Eckert suggested continuing the meeting and if the District approved the waiver for item #1 only, his firm would continue performing the daily activities of the District that did not pertain to the amenities. Mr. Flint could provide attorney proposals at a special meeting or the continued meeting or the Board could authorize Mr. Flint to retain an attorney.

Ms. Epstein was in favor of continuing the meeting to July 9th and hiring a conflict of interest attorney. Mr. Stellfox wanted the Board to give Mr. Flint the latitude to hire an attorney by July 9th, have them attend the meeting and provide an opinion on the conflict of interest matter. Mr. Flint could provide names by July 9th, but may not be able to provide an opinion. Ms. Epstein felt that the attorney could provide opinions regarding the waiver. Mr. Zimbardi felt that Mr. Eckert provided good legal advice and should continue in his capacity, and another attorney handle the negotiations of the Purchase and Sale Agreement. Mr. Lane wanted to continue retaining Mr. Eckert and was opposed to spending money on additional lawyers, because everything was pending.

Mr. Eckert did not feel comfortable representing the Board in the negotiations between AV Homes and Taylor-Morrison on the amenity transaction, and the only reason for a potential conflict on validation matters was because the bond validation allowed the District to sell bonds. If Taylor-Morrison acquired AV Homes, some bond proceeds would be used to pay AV Homes or Taylor-Morrison. Ms. Epstein did not have a problem with signing the waiver, so that Hopping Green could continue to serve on issues not related to the amenities, but since the Board Members did not have the expertise to make a decision on the conflict of interest, she wanted a ruling from independent counsel.

After a lengthy debate ensued, Mr. Eckert suggested continuing the meeting to July 9 and authorizing Mr. Flint to hire legal counsel to review the conflict of interest issue. Mr. Zimbardi asked what would happen if there were filings in the bond validation case before July 9th. Mr. Eckert stated staff would ask the Board to schedule an emergency meeting.

On MOTION by Ms. Epstein, seconded by Mr. Land, with Mr. Zimbardi, Mr. Lane, Mr. Land and Ms. Epstein in favor and Mr. Stellfox dissenting, waiving the actual or potential conflicts on Item #1 on the Client Disclosure and Consent Waiver for Hopping Green to continue serving on issues not related to the amenities, but not waiving Items #2, #3 and #4 at this time, and authorizing the District Manager to retain independent counsel to evaluate the conflict of interest and report at a continued or special meeting, was approved. (Motion Passed 4-1)

Mr. Eckert would amend the waiver and provide to the Chairman for execution.

B. Engineer

Ms. Leo stated she was working with AV Homes on the pond acquisitions. One resident complained about low water levels in the ponds, which upon investigation, was due to dewatering by AV Homes for their construction activities; however, the dewatering stopped on Monday and water levels should start rising. AV Homes was asked to inform the District Engineer about future dewaterings. Mr. Zimbardi requested an email blast to the community about the dewatering of ponds for construction reasons.

Ms. Leo had revised ownership and pond maps, which she would email to the Board. The ponds were renamed according to the street that the pond was near. Mr. Zimbardi wanted AV Homes to understand that the CDD will accept the appropriate conveyances of ponds, but they must maintain the pond at their expense prior to District acceptance.

C. District Manager

i. Action Items List

Mr. Flint presented the Action Items List.

ii. Approval of Check Register

Mr. Flint presented the Check Register from May 1st through May 31, 2018 in the amount of \$66,022.71. It included Checks #2642 through Checks #2652 for the General Fund, in the amount of \$65,099.21, and payroll registers in the amount of \$923.50. The detail was behind the Check Register.

On MOTION by Mr. Stellfox, seconded by Ms. Epstein, with all in favor, approval of the May Check Register, was approved.

iii. Balance Sheet and Income Statement

Mr. Flint presented the Unaudited Financial Statements through May 31, 2018.

Ms. Epstein voiced concern about the \$173,369 from “DUE FROM DEVELOPER” and the variance of \$191,454 for “ASSESSMENTS – DIRECT BILLED,” as the developer owed \$360,000. Mr. Flint stated that, according to Page 5, under “DIRECT BILLED ASSESSMENTS,” Avatar Properties, Inc. paid the December 1st payment, but not the February 1st or May 1st payments. The delay was due to turnover at Avatar Properties, Inc. Mr. Flint stated he would meet with Avatar Properties, Inc. after the meeting and provide an update to the Board on the status.

Ms. Epstein questioned if the Funding Agreement with the developer was sufficient to cover trial costs. Mr. Eckert noted there was \$215,000 that the Funding Agreement authorized, but not incurred, which the Board could increase to cover the trial costs. In the past, when there were overages, Avatar Properties, Inc. amended the Funding Agreement to increase the cap. Ms. Epstein recommended revisiting this matter on July 9th.

Mr. Flint stated that, in the General Fund, on-roll assessments were 100% collected, but there was a variance of \$691. Most were received in early April.

On MOTION by Mr. Lane, seconded by Mr. Stellfox, with all in favor, acceptance of the Financial Statements, were approved.

iv. Presentation of Arbitrage Rebate Calculation Report

Mr. Flint presented the Arbitrage Rebate Calculation Report, which was prepared by AMTEC. The District had a negative arbitrage of \$371,119, meaning that the District paid more interest than earned. Mr. Eckert stated that there was a legal requirement to file this report.

On MOTION by Mr. Zimbardi, seconded by Ms. Epstein, with all in favor, the Arbitrage Rebate Calculation Report, was accepted.

D. Field Manager

i. Field Manager’s Report

Mr. Flint announced that Mr. Brian Smith passed away, unexpectedly, and his duties were being transitioned to Mr. Alan Scheerer, who was a key Field Manager at GMS in the

Central Florida office. He stated that Mr. Scheerer has 30 years' experience performing field management related activities. Mr. Scheerer met with the contractors on-site and has additional meetings scheduled to get familiarized with the property. As a result of the transition, Mr. Flint noted that there was no Field Manager's Report, but the Board received an update on the status of the stormwater repairs and the issues identified by the District Engineer in their annual inspection. Mr. Scheerer would be meeting with staff, this afternoon.

Regarding the question about whether the aeration system could be modified to run 24 hours, Mr. Flint recalled Mr. Smith explaining to the Board, when the proposal was approved, that the system was designed to only run during daylight hours and was looking at alternatives to modify the system. Systems in other Districts operated on solar and have batteries, and staff was evaluating if there was some ability to carry that technology over to the aerators.

ii. Customer Complaint Log

Mr. Flint presented the Customer Complaint Log. Mr. Dave Ahrens complained about the low pond levels and Mr. Flint sent a response email yesterday and another one today, regarding the dewatering activity. Mr. Gary Berthold's email was forwarded to the Board about golf cart traffic around the ponds.

Mr. Zimbardi noted that these were stormwater ponds, not freshwater ponds, that were dependent upon rainfall, and water levels were going to drop during the dry season. He welcomed Mr. Scheerer. Mr. Scheerer appreciated the Board's patience, noting that all contractors were supportive in meeting with him on short notice.

Mr. Zimbardi asked Mr. Deglomine, of Clarke Environmental to discuss the fish stocking. Mr. Deglomine stated that their intent was to stock Ponds C-10 and E-3 with fish. The agreement was executed and it was sent to the District. The company Mr. Deglomine typically dealt with could not fill the order and he contacted another company. The fish should be stocked in the next couple of weeks. The Board approved Blue Gill, Large Mouth Bass and Channel Catfish, but bass was not available until October. Once the fish were in the ponds, it would take time until the fish were effective. Mr. Zimbardi asked Mr. Deglomine to monitor the treatments. Mr. Deglomine stated that Clarke was doing weekly treatments on Pond E-3.

SEVENTH ORDER OF BUSINESS

Supervisor's Requests

Mr. Stellfox commented that Mr. Smith was a real gentleman and his passing was a tragic loss.

Mr. Zimbardi received an email about golf carts on the pond banks. There was a policy in place and Mr. Zimbardi requested that staff send out an e-blast. Mr. Flint stated that the request was for the CDD to put in signage. Mr. Zimbardi did not want signage and the Board agreed. Mr. Flint would have the HOA send an email to residents with a link to the CDD policy.

EIGHTH ORDER OF BUSINESS

General Audience Comments

There being none, the next item followed.

NINTH ORDER OF BUSINESS

Other Business

Mr. Gundel asked where documents that were provided to the Board, that were not in the agenda package, could be found on the website. Mr. Flint stated that any documents would be in the Record of Proceedings (ROP); however, the ROP was not posted until the minutes were approved, which would be after the next meeting. Mr. Flint offered to email any documents that Mr. Gundel requested. Since the District was required to maintain all ROPs in this County, Mr. Flint will include a folder on the website for handouts.

Mr. Thornton asked if there were addendums to the Asset Sale and Purchase Agreement, to extend it and when it expired. Mr. Eckert indicated that the contract was currently in effect, and the inspection period was continued from time-to-time and the next deadline was in approximately 30 days. The Board authorized further extensions without further Board action. Mr. Flint confirmed that it was recently extended beyond the July 9th meeting.

Dr. Kessler apologized for being rude to an official for the State of Florida, at the last meeting.

Ms. Amy Solis, of Clarke Environmental, observed during the treatments on Pond E-3, that the golf course sprinklers were spraying into the lake. Reclaimed and dirty water could cause more midge problems. Mr. Zimbardi requested that staff inform the golf course or Florawlawn. Mr. Flint stated he would handle.

A resident recalled at the last meeting, that Mr. Smith reported that additional aerators would be installed. Mr. Flint confirmed that staff was in the process of purchasing additional tubing to extend the aerators. Mr. Zimbardi asked if the system would accommodate the

extension. Mr. Flint confirmed that it would and it will be budgeted. It should not take more than two weeks to install.

A resident stated that last Wednesday, someone sprayed all around the trees on the golf course, killing all of the grass and voiced concern about the chemical going into the pond. Mr. Flint stated that Floralawn was creating rings around the trees to install mulch. The chemical was absorbed by the plant material. As long as it didn't rain within half an hour of applying, it would not runoff into the ponds.

Mr. Bruce Passer, 796 Pacific Ridge Road, commented that the community was listed as a gated community, but there were many open areas where anyone could walk in. Mr. Zimbardi stated that just because it was gated community, did not mean that it was a secure community. Mr. Eckert stated that this was an HOA issue.

TENTH ORDER OF BUSINESS

Next Meeting Date – July 18, 2018 @ 11:00 A.M.

Mr. Zimbardi announced that the next regular meeting was on July 18, 2018 at 11:00 a.m.

The meeting was recessed at 12:30 p.m. to confirm that the room was available for the continued meeting.

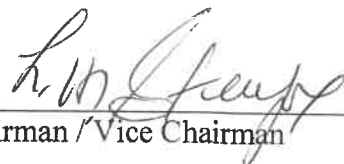
The meeting was reconvened at 12:35 p.m.

ELEVENTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Land, seconded by Ms. Epstein, with all in favor, the meeting was continued to Monday, July 9, 2018 at 2:30 p.m., at the Starlite Ballroom, 384 Village Drive, Poinciana, Florida.


Secretary / Assistant Secretary


Chairman / Vice Chairman