

MINUTES OF THE JOINT MEETING  
OF THE POINCIANA & POINCIANA WEST  
COMMUNITY DEVELOPMENT DISTRICTS

The joint meeting of the Boards of Supervisors of the Poinciana Community Development District and Poinciana West Community Development District was held on Wednesday, September 5, 2018 at 11:00 a.m. in the Starlite Ballroom, 384 Village Drive, Poinciana, Florida.

Present and constituting a quorum of the Poinciana CDD Board were:

Robert Zimbardi	Chairman
LeRue "Skip" Stellfox	Vice Chairman
David Lane	Assistant Secretary
William Land	Assistant Secretary

Present and constituting a quorum of the Poinciana West CDD Board were:

Charles Case, III	Chairman
Leonard Vento	Vice Chairman
Bill Brown	Assistant Secretary
Joseph Gecewicz	Assistant Secretary

Also present were:

George Flint	District Manager
Michael Eckert	District Counsel
Kathy Leo	District Engineer
Alan Scheerer	Field Manager
Brian Brunhofer	Taylor Morrison, Division President
Pete Deglomine	Clarke Environmental
Clayton Smith	GMS
Several Residents	

*The following is a summary of the discussions and actions taken at the September 5, 2018 Joint Meeting of the Poinciana CDD and the Poinciana West CDD Boards of Supervisors.*

**FIRST ORDER OF BUSINESS**

**Roll Call**

**A. Poinciana CDD**

Mr. Zimbardi called the Poinciana CDD meeting to order. Board Members introduced themselves and a quorum was established.

## **B. Poinciana West CDD**

Mr. Case called the Poinciana West CDD meeting to order. Board Members introduced themselves and a quorum was established.

### **SECOND ORDER OF BUSINESS**

#### **Pledge of Allegiance**

The Pledge of Allegiance was recited.

### **THIRD ORDER OF BUSINESS**

#### **Public Comment Period on Agenda Items**

Mr. Brunhofer, the Division President of Taylor Morrison, introduced himself and explained where they were at in the merger acquisition of AV Homes. Mr. Brunhofer stated that because they are two public companies, they are limited with the amount of information they can share. Mr. Brunhofer stated they were on track to close the merger transaction between the two companies in the early fourth quarter, which would be early October. Mr. Brunhofer added that they would spend time with all the residents to talk through everything and make sure everyone understands what is going on moving forward. Mr. Brunhofer stated that they are at the meeting to listen to everyone, but they will likely not be able to respond. Mr. Brunhofer noted that it is important to hear the questions that come up during this meeting.

Mr. Zimbardi stated that residents could come to the microphone and state which item on the agenda they would like to comment on. A resident stated that after hearing from the representative from Taylor Morrison, he respectfully requested that the Board consider postponing the agenda and the matters before the Board today. The resident suggested having the closure of Taylor Morrison and AV Homes before they move forward with spending more money in attorney's fees or other fees to protect the residents. He stated the Board should know Taylor Morrisons plans before moving forward with anything.

Another resident stated that she submitted questions to the Board as she was instructed to do at the prior meeting. A Supervisor interrupted her and stated that this public comment period is only for agenda items and there would be a general audience comment period at the end of the meeting. Another resident addressed the first resident, and suggest that the Board keep the meeting in session and follow the agenda because it is important for Taylor Morrison to understand how the residents feel today.

A resident stated that he is very much against the sale, and he wanted to know who at the meeting bought a house without having any idea what the market value was. He also asked who had paid three times the price of their house. The resident suggested stopping litigation until Taylor Morrison takes over.

Another resident stated that the Board was breaching their fiduciary responsibility to the community. She stated that they believed it was better to put the community in debt for 95 million dollars while increasing their tax bill. She stated there is a lawsuit claiming illegal collection of these fees from AV Homes. She asked why they would not wait to see what the outcome of the lawsuit is.

A resident asked about the dues, she questioned if everyone pays the same dues. She questioned when the amenities are sold, would everyone pay the same dues or would others be paying more. The resident asked the Board why they did not use a commercial appraiser.

The Board reminded residents that this public comment period was for agenda items only, then stated there will be a general audience comment period at the end of the meeting where residents could speak about anything.

A resident thanked Taylor Morrison for attending the meeting.

Another resident questioned item 7 on the agenda, the asset sale and purchase agreement. The resident asked what the current situation was regarding that.

Mr. Flint stated the date for the asset sale and purchase agreement is October 1, 2018.

A resident stated that she had a question about items 7 and 8. She instead asked what the Board was elected to do.

A Board Member stated that there is a point in the agenda where the Supervisors can comment, and he would be delighted to answer the resident's question at that point. The Board Member noted that most of the questions asked have already been answered fairly clearly in a Q&A on the website.

A resident stated that she was for the takeover of the amenities and the Board thanked the resident for her opinion and time.

A resident asked for a moment of silence for the late senator John McCain. The Board thanked the resident for his service and asked the Board to honor a moment of silence.

#### **FOURTH ORDER OF BUSINESS**

#### **Approval of Minutes of the July 9, 2018 Joint Meeting**

**A. Poinciana CDD**

Mr. Zimbardi asked for any comments, corrections, or additions to the minutes of the July 9, 2018 meeting. There being none,

On MOTION by Mr. Lane, seconded by Mr. Stellfox, with all in favor on behalf of the Poinciana CDD, the Minutes of the July 9, 2018 Joint Meeting, were approved, as presented.

**B. Poinciana West CDD**

Mr. Case asked for any comments, corrections, or additions to the minutes of the July 9, 2018 meeting. There being none,

On MOTION by Mr. Brown, seconded by Mr. Gecewicz, with all in favor on behalf of the Poinciana West CDD, the Minutes of the July 9, 2018 Joint Meeting, were approved, as presented.

**FIFTH ORDER OF BUSINESS****Public Hearing on First Amendment to  
the Master Methodology Regarding  
Undeveloped Land in Poinciana CDD****A. Presentation of First Amendment to Master Methodology Regarding Undeveloped  
Land in Poinciana CDD**

Mr. Eckert explained the amendment to the methodology that was adopted on December 13, 2017. He noted that the amendment does not change the assessment levels on residential lots, it corrects some parcel ID numbers from the undeveloped land that was owned by Avatar. Mr. Eckert stated it also recognizes that there have been 122 additional lots that have been platted, and should be folded into the methodology. Mr. Eckert introduced Kevin Plenzler from Fishkind & Associates who was there to outline the first amendment to the methodology. Mr. Eckert stressed that the result of the assessment hearing today would have no increase on residential lots above and beyond what was approved by the Board in December 2017. Mr. Eckert wanted to clarify that all residential lots would remain the same in terms of their annual and maximum debt assessments which would only be certified for collection if the Boards proceeded to close on the amenity transaction. Mr. Eckert stated the Boards were trying to set up flexibility so they could close on a transaction in the future if they wanted to, and that's all a bond validation does. Mr. Eckert summarized the funding agreement for the Board, and noted that some of that will be



reimbursed out of the bond proceeds if different conditions are met. Mr. Eckert stated it is a lien, but it is an inactive lien in that it wouldn't actually certify for anything for collection until you needed to purchase the amenities. Mr. Eckert reminded the Board on July 18, 2018, the Poinciana CDD adopted Resolution 2018-11 declaring certain assessments should be reallocated. Mr. Eckert noted that on the same day Poinciana West adopted Resolution 2018-09 which declared the intent to agree with the allocation of assessments. He noted after they adopted those resolutions they also adopted a preliminary first amendment to the Master Methodology. He stated no material changes have been made.

## **B. Poinciana CDD**

On MOTION by Mr. Brown, seconded by Mr. Vento, with all in favor on behalf of the Poinciana CDD, the Public Hearing was opened.

On MOTION by Mr. Brown, seconded by Mr. Vento, with all in favor on behalf of the Poinciana West CDD, the Public Hearing was opened.

Mr. Eckert explained that in conclusion of this process, both Boards will be asked to adopt resolutions, and there are attachments to those resolutions. Mr. Eckert stated attachment 'A' is the Engineer's Report dated December 13, 2017 which was previously approved. Attachment 'B' is the Master Assessment Methodology which you already approved in December. Exhibit 'C' is the First Amendment to the Master Methodology which Mr. Plenzler is going to present today. Mr. Eckert requested at this time for Mr. Plenzler come to the podium and present the first amendment and answer any questions the Board has on the first amendment.

Mr. Plenzler presented the First Amendment to the Master Methodology regarding undeveloped lands in Poinciana. He noted this amendment simply makes amendments to the true-up calculations associated with the Master Methodology you originally approved. He noted since they approved that document, a lot has happened. Mr. Plenzler stated Parcel 5A has 122 platted lots. He stated they updated the parcel identification numbers, as there had been some changes which often happens with the Property Appraiser. Mr. Plenzler added there were two parcel ID's that had incorrect acreage, which they updated. He noted all the calculations were updated to reflect how the development is currently laid out today. Mr. Plenzler noted this did

not affect Poinciana West, as all their lots have been platted. He stated it also did not impact developed or platted lots in Poinciana and their assessment levels. Mr. Plenzler addressed the changes to document 'Y', a text edit change to the date from 2019 to 2017, and a reference to the net acres of development in the assessment roll. He noted those were the only changes from the July document to today. Mr. Plenzler asked for questions from the Boards.

Mr. Zimbardi asked about table six on page three, specifically the difference between the current table and the original table. Mr. Zimbardi asked if the difference is that Section 5a was removed, to which Mr. Plenzler replied yes, as well as some additional edits with respect to the net acreage of the development.

Mr. Land asked if this impacted the total number of lots in the plans, to which Mr. Plenzler answered those would stay the same.

Mr. Zimbardi asked if the phases listed on page three as 'anticipated lot count' were not platted yet, which Mr. Plenzler answered that was correct and no lots were platted. Mr. Zimbardi asked as they are platted would there be official amendments to this document, Mr. Plenzler answered no. Mr. Plenzler explained that this was the true up calculation, so in the event a developer chooses to develop 700 lots instead of 711 they would have to pay the true up in respect to those 11 units. Mr. Eckert addressed Mr. Zimbardi and explained that when platting occurs normally it is usually self-executing, and handled at a staff level in terms of the allocation of assessments. Mr. Eckert noted because they had to go back and amend the Methodology anyway, it made sense to go ahead and update the unit counts for those along with the parcel ID numbers.

Mr. Eckert asked Mr. Plenzler if, in his professional opinion, did the lands subject to the amenity assessments as reallocated receive special benefits from the amenity improvement plan. Mr. Plenzler answered yes.

Mr. Eckert asked, in Mr. Plenzler's professional opinion, would Mr. Plenzler continue to generally describe the special benefits to the assessed property, including the property subject to the reallocated assessments, to include at least the following:

- Ownership and control of the existing facilities and the programming used by the residents results in increased use and enjoyment of the benefitted properties;

- Additional recreational facilities in the amount of an estimated 11.2 million the scope of which is to be determined by residents which results in increased use and enjoyment of the benefitted properties;
- The reduced need for personal recreational facilities and equipment which results in increased use and enjoyment of the benefitted properties;
- The reduced cost of ownership of the amenity facilities due to the District's exemptions from State sales tax, some local property taxes, and sovereign immunity limits on liability, which results in lower cost of operation of facilities and a decrease of assessment lien on the benefitted properties;
- The low cost taxes and financing available to the District which is not available to the club, results in lower capital costs and a decreased debt assessment lien on the benefitted properties;
- Elimination of club fees as a lien on the land within Solivita;
- The payoff of replaced club fees in thirty years compared to the payment of club fees in perpetuity under the club land which reduces the overall capital debt lien imposed on the benefitted properties;
- The fact that the CDD debt assessments are not subject to future increases as are current club fees, which reduces the overall capital debt lien imposed on the benefitted properties;
- The ability to refinance CDD debt assessments resulting in potential additional savings to residents which reduces the overall capital debt lien imposed on the benefitted properties;
- The developer's payment of CDD debt and O&M assessments on their land which reduces the need to assess benefitted properties to fund those amounts;
- The limitation of Solivita grand passes to non-residents which is currently not limited by the club plan, which results in increased use and enjoyment of benefitted properties and reduces the amount of O&M assessments to be levied on benefitted properties by limiting overcrowding and overuse, etc.;
- The amenity facilities are not subject to foreclosure as if they are privately owned and mortgaged, which ensures continual operation of facilities which protects property values within the community;

- The eventual resident ownership and operation of the sales administration building, which ensures the manner of which this facility will be utilized protecting property values within the community from a non-conforming use of the facility;
- Establishment of the Capital Reserve Fund without materially increasing the amounts paid, where no fund has currently been established which results in a reduced O&M assessment lien on the benefitted properties.

Mr. Plenzler, on an individual basis, agreed with each of the above statements.

Mr. Eckert asked Mr. Plenzler, in his professional opinion, would the special benefits the lands receive continue to be equal to or in excess of the amenity assessments thereon and reallocated, when allocated as set forth in the Master Methodology and the First Amendment to the Methodology. Mr. Plenzler answered yes.

Mr. Eckert asked were the amenity assessments as reallocated, and the specific reallocated assessments, reasonably apportioned among the lands subject to the assessments. Mr. Plenzler answered yes.

Mr. Eckert asked if it was reasonable, proper and just to assess the costs of the amenity improvement plan against the lands in the District in accordance with the Methodology as amended by the First Amendment which results in the amenity assessments set forth on the revised final assessment roll. Mr. Plenzler answered yes.

Mr. Eckert asked if it was in the District's best interest and the residents' best interest that the amenity assessments be paid and collected in accordance with the Master Methodology, the First Amendment, and the District's assessment resolutions. Mr. Plenzler answered yes.

Mr. Eckert asked the Board for any other questions or comments for Mr. Plenzler.

Mr. Eckert noted for the record that they received at least six written comments from five people, and those comments were provided to the Board. He stated two of those comments asked questions, answers were provided and/or the information they were requesting was provided.

#### **i. Public Comment and Testimony**

Mr. Eckert asked for public comment on the reallocation of the assessments on the undeveloped land.

Resident (Poinciana CDD): The resident stated that the CDD Board is elected, the residents of Solivita trust them to be fiscally responsible since it is ultimately their money that

they are spending. As such, each of them has a fiduciary responsibility to each Solivita homeowner. That fiduciary responsibility includes making fiscally responsible choices. Continuing to pay legal fees for items in preparation of a sale that might not go through, in the resident's opinion, is not fiscally responsible. Purchasing 15-year-old amenities without seeking a truly independent appraisal is not fiscally responsible. Accepting an offer to purchase those amenities for \$73 million was not a fiscally responsible choice. The resident stated, the funding program, if read correctly by the resident, requires them to repay AV Homes for those legal fees that are still being accrued by AV Homes even if the sale does not go through. The resident suggested that Mr. Eckert might be able to give a better explanation, because they did not hear anything about that. The resident stated the Board has another invisible choice to make, hold off of any further actions that might increase our legal fees until a court or Taylor Morrison decides they are going to move forward. Or you can continue to push the purchase through, instead of waiting until they have more information. Since there is a chance that the sale will not go through, the resident urged the Board to make fiscally responsible choices at this time. The resident stated that they have read that Taylor Morrison does not have club plans, and that they turn the amenities over to the HOA. The resident stated that the Solivita homeowners have a choice to make in November, and that they were confident the residents were going to make a fiscally responsible decision.

Mr. Anthony Baron (213 Treviso Drive) asked, and to correct him if he was wrong, were they talking about the platted and unplatted. He stated that he was one of the unfortunate 711 persons that moved into Solivita and found out his non-ad valorem taxes were double for debt compared to somebody who lives right across the street. He asked the Board to shed some light on that. He stated that he paid about \$800 because of what was done in 2012 with replatting and asked if that was going to happen again here. He stated that he heard them say the assessment wouldn't change, but there are ER units.

Mr. Eckert stated he did not follow the resident exactly, but in terms of the existing debt assessments that are out there, the Poinciana West debt assessment is higher than the Poinciana CDD debt assessment. He explained that those bonds were sold about seven years apart and there were different assessment levels that went into each community. Mr. Eckert noted he was not sure which community Mr. Baron lived in.

Mr. Baron stated he lives in Poinciana, but he pays double and that there are 711 people in the community that pay double.

Mr. Eckert noted that the O&M assessment on Poinciana CDD is exactly the same for every unit, unless somebody in the chain of title has paid down that debt assessment level as that would be the only way Mr. Baron would pay a different assessment level. Mr. Eckert added he was not sure if Mr. Baron was talking about ad valorem, he noted that is totally different.

Mr. Baron stated he was talking about non-ad valorem. He stated he pays \$800 and the people right across from him pay \$438.

Mr. Flint added that the question is probably not relevant to this public hearing, the question that is relevant to this public hearing is, is that going to happen here. The way it is currently contemplated is that all equally benefitting properties will pay the same Debt Service assessment. The only way that would change is if somewhere along the way someone chose to pay it off or prepay a portion of that and reduce it. It is initially levied equally among all benefitting properties. Mr. Flint added he would be happy to look at the particulars for the resident.

Mr. Baron noted it would be fair if everybody paid the same. He just wanted to make sure that wasn't going to happen here.

Another resident stated when they moved to the community in 2006, they were told that 30% of Solivita would remain undeveloped property. The resident asked how the platting of 122 new lots affect that percentage and in the future, would they be able to go ahead and develop the remaining undeveloped property?

Mr. Eckert noted that all he could say was the number of units that were originally planned and approved for Solivita had been reduced over the years. What that meant in terms of where those units go, he did not know as that is not the subject of the hearing today. Mr. Eckert suggested talking to AV Homes and asking them to look at a map. Mr. Eckert added that the CDD does not control where the development goes, and they do not have zoning or permitting approval to do that.

Mr. David Jorio (549 Tapatio Lane) stated he had a question for Mr. Plenzler. He noted that Mr. Plenzler answered yes to all of the questions he was asked, and appreciated that but, asked if Mr. Plenzler would have answered yes to the same questions if the price was \$50,000,000 lower.

Mr. Eckert stated that he thought that was an unfair question, because each one of those were a different special benefit that Mr. Plenzler acknowledged. Mr. Eckert added that some of the answers to the questions are yes, regardless of the price.

Mr. Jorio stated they already have the amenities and what they get in the future, nobody knows. The resident asked would they have the same benefits that they have today if they were to pay \$50,000,000 lower.

Mr. Eckert noted that again, two of the facilities that are included in the assessment process do not even exist and that is an impossible question to answer.

Mr. Jorio replied that it was not and added that it was quite simple, and that they would really like an answer. He asked to take those two off of the block, what they have standing right now, would that answer still be yes for \$50,000,000 less.

Mr. Plenzler stated that he could not answer the question in that regard. Mr. Eckert stated that they are presented as an assessment consultant with certain data information and they do an analysis and provide their opinions. If all those numbers change, he could not sit there right now and tell you an answer as that is not how this works.

Ms. Ayn Luther (267 New River Drive) asked the Board were they all initially appointed to control the water in the retention ponds and if so, how did they get to this position.

Mr. Flint noted that the questions that the resident brought up under the prior audience comment were not related to the public hearing that was being held at the time. He added that there is a general audience comments section at the end. He also noted that he wrote down the resident's questions, and that they would try to address those under that section. He noted that it is not really the subject of the public hearing, but they can try to address later on under general audience comments.

Ms. Luther (267 New River Drive) asked when they are selling the amenities, what did the road study show about how much extra money the residents are going to have to add to their HOA fees to repair and replace roads. She stated that some of their roads were in very bad shape.

Mr. Flint stated the that HOA is a separate entity that owns the roads, and the CDD is not proposing to acquire the roads. The roads would remain the HOA.

Mr. Don Smith stated that they asked Kevin several questions and, in those questions, they asked him in his professional opinion. He asked if they could explain Mr. Plenzler's



profession and what his experience is. Also, the appraisals were paid for by somebody so the resident did not know what their interests were and asked if the Board could also explain that.

Mr. Eckert explained that Kevin Plenzler works for Fishkind & Associates, and he had been retained solely as their assessment consultant. Mr. Eckert noted that Mr. Plenzler has looked at the improvements that they have been contemplating acquiring and constructing and figuring out how to fairly allocate the costs among the people who would be paying assessments.

Mr. Donald Ford (417 Treviso Drive stated they had a question regarding the earlier presentation, where there was a list of a dozen or so benefits. He asked if he had missed something, or did they not discuss what the risks are. He added the Board should discuss the potential benefits and the potential risks. The resident voiced his concern that he was watching a process that points only to benefits and accepts those as the basis of a decision without regard to any potential risks.

Mr. Eckert explained the reason why they go through the benefits is because under Florida law, in order for a special assessment to be valid, there has to be a special benefit that the property receives. That special benefit needs to be fairly allocated among the properties that will be paying the assessments. That is the reason why there is a focus on benefits, because the Florida law says that you focus on benefits. Mr. Eckert explained that this Board, in the past, has talked about the risks of the transaction and the realities of running the amenities themselves instead of having a developer run the amenities. There have been discussions of the risks, but for purposes of an assessment hearing, by law they are required to focus on the benefits. Mr. Eckert stated that he appreciated the resident's comments, and that the Board was well aware of some of the risks that are associated with being the owner of the amenities.

Multiple Residents (in unison) asked what the risks are.

Mr. Eckert explained the risk would be that you have programming the community doesn't like, if a building burns down you have to rebuild, you have a limited political ability to raise additional funds for initial amenities when people want it. He added that those are all risks you are going to have to deal with. The risk could be that your O&M expenses go significantly higher, there could be a government regulation that causes your maintenance cost of, for instance, ponds to go significantly higher. He noted that there are a lot of different risks that this Board encounters on a monthly basis.



Mr. Ford asked if the Board could potentially make a list of those risks for the benefit of the folks making the decisions about going ahead with this or not.

Mr. Eckert answered that George and himself could tell them from working with many Districts, the federal government can pass a regulation saying the community has to comply with something within 30 days and the manufacturer doesn't make the product for a year. Mr. Eckert explained that situation happened in recent years with pool filters and hair getting caught in them, a product wasn't made to fix that for multiple months later and pools across the State of Florida were shut down until they were in compliance.

Mr. Michael Luddy (101 Sevilla Court): The resident stated his question was concerning the current funding agreement between the Poinciana CDD and AV Homes. As he understands it, the agreement exempts the Poinciana West CDD. The resident explained in April 2016, the Poinciana CDD Board entered into and executed a funding agreement whereby AV Homes agrees to pay for the legal expenses for the amenities purchase. This agreement also states that the Poinciana CDD Board will or shall repay all expenses paid by AV Homes. They have agreed to three options for the repayment; the Board will issue bonds and use the bond money to pay AV Homes, if they fail to issue bonds within five years the developer shall be deemed paid in lieu of taxes or assessment, or the Board will issue a special assessment for all residents of the Poinciana CDD. The resident stated that he believes the expenses are in excess of \$1.5 million. He added that if you divide that out among the approximately 3,600 homes in Poinciana CDD, that would mean each of the residents already owe approximately \$416. He asked what the Poinciana CDD Board's understanding of this agreement was and what was the plan of the Poinciana CDD Board to pay for the legal and court expenses? He asked how much has the Board obligated the residents of the Poinciana CDD to pay AV Homes for fees as of today? The resident added he only has an approximate number, so if the Board has a better number he would love to hear it. The resident asked Mr. Eckert if he could give an assessment as to what he thinks, going forward for the bond validation and the court case, a ballpark figure is to cover that so the residents have an idea of the total legal fees would be for the proceeding. He also asked what the reason for the Poinciana West CDD not being included in the expense of this funding agreement was and why was it only the Poinciana CDD residents. He asked if the Board waits for the Taylor Morrison and AV Homes deal to close, will that require the Board to start over with the bond validation. He asked, after hearing Mr. Eckert state that the Board does not have to pay

back these legal fees, is there a new funding agreement or an additional amendment because in Section 11 under Capital, it clearly states it must be paid. He stated he would appreciate some clarity on that.

Mr. Eckert noted that this was the third meeting where the Board has dealt with the false narrative of what the funding agreement provides and added that he believed Mr. Luddy was at each one of those meetings where it was explained. Mr. Eckert stated if the bonds are not issued, there is no obligation for any resident to pay any assessments to reimburse those funds and asked the resident if he understood that.

Mr. Luddy replied if it was his statement that no resident has to pay, that is technically correct. The resident then added that what it says is the Board, the Poinciana CDD, shall pay out of the bond proceeds or AV Homes.

Mr. Eckert explained that is not what it says. He added that he was not trying to confuse Mr. Luddy by saying resident versus the District. If the bonds are never issued neither one of the Districts nor residents have any obligation to repay those monies. He asked the resident again if he understood that.

Mr. Luddy replied that he heard Mr. Eckert and asked where in the document does it say that. He stated again in Section 11, under Capital, it dictates the repayment of that loan. The resident asked if the document had been amended, or if there was a new document.

Mr. Eckert asked the resident if he knew the difference between paying in the past and paying in the future. Mr. Eckert added that the language in the agreement says shall be deemed paid in lieu of assessments, that this Board could have levied assessments over the last three years to pay these costs. Instead, Avatar said no, that they did not want the Board to levy assessments on people to pay these costs and that Avatar would go ahead and advance the money. If the bonds are never issued there is no obligation to repay because it will be deemed paid in lieu of taxes and assessments. Mr. Eckert stated that he has explained this at three different meetings and that the false narrative that is being advanced to scare people to think they have some liability for these legal fees that isn't paid through the bond proceeds, is completely false. Mr. Eckert added that he would be happy to sit down with Mr. Luddy and show him where it says paid in lieu of assessments.

Another resident stated that if the Board Members paid a lot less, they would not have to exercise the full bond that they could afford. The resident noted that they thought if they didn't

pay as much they would have a lot more borrowing power that they could use to make repairs in case something happened. The resident added, if they go through with the deal at this price, the Board is putting many of the residents on a fixed income in jeopardy of losing their homes. The resident added it is inevitable that something will happen and that instead of paying \$95 million they should pay them \$50 million. She stated they do not have to use the whole bond.

Mr. Zimbardi replied that he did not think there was anybody in the room that wouldn't like it for free, or for \$20 million. He stated he wished he had paid \$100,000 for his house, but they wouldn't sell it to him for that. He added that they have some market issues that they have to deal with. He stated again, nobody would disagree with the resident that they would like to pay less. He stated that is outside of what the Board is trying to discuss right now, which is a public hearing on this particular item.

A Resident added that the Board is not addressing the fact that they could be putting people out of their homes.

Mr. Eckert stated that they were too far off topic, in terms of the assessment hearing, and he hadn't heard one comment related to the item. He asked for anymore audience comments that relate to the assessment reallocation.

Ms. Patricia Schmid (772 San Raphael Street) asked if the Board was speaking on Section 5A.

Mr. Eckert replied yes, that is one of the areas involved.

Ms. Schmid asked what the geographic location of that is, and if it is near the driving range.

Mr. Eckert replied that they could provide that to the resident.

Mr. Zimbardi asked for any other comments.

On MOTION by Mr. Lane, seconded by Mr. Stellfox, with all in favor on behalf of the Poinciana CDD, the Public Hearing was closed.

On MOTION by Mr. Vento, seconded by Mr. Brown, with all in favor on behalf of the Poinciana West CDD, the Public Hearing was closed.

**ii. Consideration of Resolution 2018-16 Adopting the First Amendment to the Master Methodology Regarding Undeveloped Land in Poinciana CDD**

Mr. Eckert explained that at this time, they are sitting as an equalization Board. Based on the comments they heard, and their own individual thoughts, he asked were there any changes to the First Amendment to the Methodology Report that the Board wished to make as a result of those comments. Mr. Eckert asked that the record reflect that there are no changes suggested by the Board. Mr. Eckert stated he was going to briefly describe Resolution 2018-16. Section 1 sets forth the Board's authority to adopt the assessment resolution. Section 2 makes certain findings based on the steps taken as well as the evidence presented today. Section 3 confirms the authorization the acquisition, construction, and reconstruction amenity plan as set forth in the Engineer's Report. Section 4 confirms the estimated cost of the amenity improvement plan. Section 5 adopts the first amendment to the Master Methodology and equalizes, approves, confirms, and levies the reallocated amenity assessments. Section 6 provides the recording of the assessment notice in the public records with Polk County. The remaining sections are administrative in nature.

On MOTION by Mr. Zimbardi, seconded by Mr. Lane, with all in favor, on behalf of the Poinciana CDD, Resolution 2018-16 Adopting the First Amendment to the Master Methodology Regarding Undeveloped Land in Poinciana CDD, was approved.

**C. Poinciana West CDD**

**i. Public Comment and Testimony**

No further resident comments were offered.

**ii. Consideration of Resolution 2018-13 Adopting the First Amendment to the Master Methodology Regarding Undeveloped Land in Poinciana CDD**

Mr. Eckert stated that the Poinciana West resolution was slightly different because they were basically consenting to the amendment but it does not affect their land. Section 1 sets forth the Board's authority to adopt the resolution. Section 2 makes certain findings based on the steps taken as well as the evidence presented today. Section 3 confirms the authorization of the acquisition, construction, and reconstruction amenity plan as set forth in the Engineer's Report. Section 4 confirms the estimated cost of the amenity improvement plan. Section 5 adopts the first amendment to the Master Methodology and consents the Poinciana CDD's reallocation of the

amenity assessments. Section 6 provides the recording of the assessment notice in the public records with Polk County. The remaining sections are administrative in nature.

On MOTION by Mr. Brown, seconded by Mr. Vento, with all in favor, on behalf of the Poinciana West CDD, Resolution 2018-13 Adopting the First Amendment to the Master Methodology Regarding Undeveloped Land in Poinciana CDD, was approved.

*At 12:23 p.m. the Board decided to take a five minute recess.*

## **SIXTH ORDER OF BUSINESS**

### **Presentations from Firms Regarding Amenity Real Estate Transaction Legal Services and Retention of Counsel**

Mr. Flint explained that the Boards asked him to solicit letters of interest from different qualified law firms to deal with the real estate transaction services associated with the amenity transaction, and he reached out to four firms. He said that the primary qualifications were that the firms were familiar with Community Development Districts and that they had real estate transaction experience, and his second qualification was that there were no conflicts of interest seeing that they did not represent AV Homes or Taylor Morrison in any engagements. One of the firms did have a conflict with working for AV Homes, so they were not able to provide a letter of interest. Mr. Flint noted they did receive letters from Jan Carpenter with Latham, Shuker, Eden, and Beaudine, Scott Steady with Burr Forman, and Brian Jones with Shutts & Bowen. Mr. Flint summarized that at the last meeting, they eliminated Burr Forman and the Board asked that Latham, Shuker, Eden, and Beaudine, and Shutts & Bowen be present at the meeting to make a brief presentation and answer questions from the Board. He then stated that he contacted both Jan and Brian, and they both agreed that while the opposite party was presenting, they would step out of the room so that there is not issue. Mr. Flint then introduced Ms. Carpenter to come forward and present her piece.

Ms. Carpenter introduced herself to the Boards and the audience and shared her background with Community Development Districts and government services. She stated that her firm has answered contested assessment hearings and all kinds of foreclosures and issues that showed up along the way. She also pointed out that they had worked on issues with different entities on both the same side and opposite sides, so she understood what both Districts were going through. She said that their place in this transaction was a very good one because they

understood the CDD and the assessments and the issues that they are going through and getting through the process of making a decision. Ms. Carpenter then said the next step in the process would require someone who was experienced in CDDs and have the understanding to be able to close a transaction of this magnitude. She explained that there are a lot of particulars that went along with this transaction because it is very large and it includes inventory counts, receivables, and a number of other things. She pointed out that her other partner, Peter Latham, represented Universal Studios and has practiced for longer than she has and there is another younger attorney that has an expertise in the restaurant industry. So, between the three of them, with their expertise in complex closings that they have done in the past, they would be a great fit for these Districts. Ms. Carpenter made it known that she would be the lead person on the transaction to make sure the CDD parts were done, and then she would have the real estate division assist with the environmental, the inventory, prorations, and all of the things that go along with that. She then asked if the Boards had any questions for her, and Mr. Land asked if they would expect to see Ms. Carpenter at the Board Meetings going forward since she was the head of the transaction. Ms. Carpenter responded that she would come to meetings if it was requested by the Counsel or Mr. Flint and based on the agenda. He then asked who it would be that would represent them at the meetings, and Ms. Carpenter clarified that it would be herself and one other attorney that would attend.

Mr. Gecewicz asked if the firm had ever negotiated a deal such as this where the CDD was purchasing amenities, and Ms. Carpenter answered that she had not had one to this extent, but that in every CDD, they purchase amenities from a developer as they build them and construct them, and they had one where there was a golf course acquisition that they are trying to negotiate with the developer. She said it had not gotten to the point of a contract yet because they are in the earlier stages of the negotiation. She also gave examples of several different negotiations where they had been in the same situation.

Another Supervisor asked if she had been involved in the Lake Ashton CDD, and Ms. Carpenter answered that they had represented them in years prior, and that it was for several years that she was involved with both East and West. The Supervisor then asked if her firm had been involved in any CDDs where the residents of the community have been divided on any particular issues, and she responded that there had most always been an issue with budget issues, maintenance, hours of operation, etc. The Supervisor then asked her what type of transactions



she had done in the past that were near the magnitude of what they were going through at the moment. Ms. Carpenter told him not that she has not dealt with something like this in the CDD world, but that they had on the private development side. She added that they had recently closed a deal that was larger than that, so their firm routinely handles financing an acquisition for larger clients and entities.

Mr. Lane asked Ms. Carpenter if their firm currently represented, or had represented in the past Taylor Morrison, to which Ms. Carpenter answered no for both questions.

A Supervisor asked when the “clock started” and when they would start paying Ms. Carpenter and her firm. She responded that she estimates that it would be a couple thousand dollars until the bond validation occurred and that they would oversee and bill “very lightly” with reading minutes or attending meetings until they have made a true decision and the bond validation going forward just to make sure that they were understanding the process and be ready to jump in when they need to. The Supervisor also asked about her availability as far as being able to answer questions, and Ms. Carpenter responded that she and her associate both give out their cell phone numbers so that they can answer questions on nights and weekends also and that they are happy to answer questions at all times.

Mr. Vento asked Ms. Carpenter to compare the complexity of their deal to others that she had dealt with in the past, and she answered that it was a very detail-oriented deal because of the multiple types of assets including the restaurant, different buildings, inventory, but she did not think that it was complex because the bond financing was extremely familiar to them as to the conditions that they need.

A Supervisor asked Ms. Carpenter if she could give the Boards a brief background on Mr. d’Adesky and Ms. Carpenter explained that he is her finance associate who went to FIU in Florida and got his Master’s Degree from UNC in Public Administration. He also worked for a number of years in North Carolina as a manager, similar to Mr. Flint, and then went to Florida for law school. She pointed out that he has a great business background, which has made him invaluable of learning the CDD area. She then explained that her other associate, Mike Candiotti would be Ms. Carpenter’s real estate choice because he worked for a title company for numerous years before joining her firm. She also pointed out that they also have 3 other paralegals that are there if the assistant is needed.

Mr. Case thanked Ms. Carpenter for her time, and then asked Mr. Jones to come forward. Mr. Jones thanked everyone for taking the time to listen, and then directly pointed out at the beginning that he had just been made aware of an issue with a pending matter with Taylor Morrison, and therefore they would have to withdrawal their offer. He also apologized that they did not catch it earlier. Mr. Case thanked him for the notice.

Mr. Vento informed the Boards that due to the disqualification from the Shutts & Bowen firm, Latham, Shuker, Eden, and Beaudine, LLC would be the Counsel that would represent them in the amenity transaction.

**A. Poinciana CDD**

On MOTION by Mr. Lane, seconded by Mr. Stellfox, with all in favor on behalf of the Poinciana CDD, nominating Jan Carpenter of Latham, Shuker, Eden & Beaudine, LLP to Represent the Poinciana CDD in the Amenity Transaction was approved, and staff authorized to negotiate an agreement.

**B. Poinciana West CDD**

On MOTION by Mr. Brown, seconded by Mr. Vento, with all in favor on behalf of the Poinciana West CDD, nominating Jan Carpenter of Latham, Shuker, Eden & Beaudine, LLP to Represent the Poinciana West CDD in the Amenity Transaction was approved, and staff authorized to negotiate an agreement.

**SEVENTH ORDER OF BUSINESS**

**Ratification of Poinciana CDD Thirteenth Amendment to the Asset Sale and Purchase Agreement**

Mr. Flint explained that the Board had previously authorized Mr. Zimbardi to execute the extensions to the purchase and sale agreement, extending the inspection period, and the conclusion was that AV Homes and the District agreed to an extension on October 1, 2018. He said that it had been executed by both parties, so it would just be a matter of ratifying that action by Poinciana.

Mr. Stellfox asked Mr. Flint if he thought they would need to extend that time based on the information that was brought up earlier, and Mr. Flint answered that he and Ms. Carpenter would get with AV Homes to talk about the extension prior to this expiring at the end of the



month. Mr. Zimbardi decided that both parties had already signed it, so they should just go ahead and ratify it for that point and time.

#### **A. Poinciana CDD**

On MOTION by Mr. Land, seconded by Mr. Stellfox, with all in favor on behalf of the Poinciana CDD, the Poinciana CDD Thirteenth Amendment to the Asset Sale and Purchase Agreement, was ratified.

#### **EIGHTH ORDER OF BUSINESS**

##### **Discussion of Q&A for Current Status of Amenity Transaction**

Mr. Eckert gave a brief summary of the changes, which were updating the litigation status, as well as to make the numbers on the assessments match what was in the mailed notice that was sent out because one of the Q&A questions talked about the amount of the assessments, including “County collection costs” in the number and also the higher number. He explained that they just revised it to show the low number without any discounts and collection costs that the County charges us, and then it shows the high number that would be seen if they went on the tax bill. He also said that there were changes in terms of the outdated examples of when the assessments would kick in, and new examples were put in place. He said that if the Board approves the document, they would replace the one that is on the website with the new one, which will remain up to date through the next several months.

Mr. Brown commented that he thought the use of the term “Solivita Grande” was fixed back in October 2016, but that it appeared on the “Q&A” section, which then in turn would be on the site, and he requested that AV and Taylor Morrison consider a different terminology because the current term implies or makes a comparison to the development across the street by making one development “greater” than the other with the term “grande.” There were multiple suggestions to change it to “Solivita North.” Mr. Eckert confirmed that when referring to it in the Q&A, it would be called something along the lines of “developable land to the north.”

Mr. Brown also suggested that the increase from \$85 to \$87 for the club dues be reflected on the website and be continuously updated annually so the residents knew what they were paying and why. Mr. Eckert said that he understood.

Mr. Case thanked the staff for putting together the Q&A effectively and asked that the residents to go over the report and be informed of where they are at in the process.

A Supervisor asked if there was a possibility that they could ask AV Homes for a 5-year warranty on the work that they have been doing with the raised parking spaces due to the new handicap areas, so that they are somehow covered if those raised spots start to deteriorate over time, and they would in turn be able to claim with them the replacement costs on the pavement.

Ms. Leo mentioned that she remembered a general conversation about the subject, and one of the things that was an issue is that before proceeding, they would have to do a reinspection of a lot of the facilities around the District.

Mr. Land suggested they educate the audience about how inspections are done and how they would take over the amenities once inspections are done. Ms. Leo responded and told the audience that they did inspections over a year ago with all of the facility that they talked about acquisition on, as well as an AV Compliance study and there were some issues found and improvements done, but there was no reinspection because the matter was taking a while. She did say that there will have to be another period where they do take another look at the facilities both inside and out to pick up where they left off.

Another Supervisor wanted to note that he came up with about \$20 million of deductions from the actual purchase price that are known at this point in time, and he asked if he was right in assuming that the money that gets deducted drops the price down to \$50 million. Mr. Eckert said that he would have to go through and look at each deduction and gave an example that the commitment to pay an O&M assessment would not reduce the purchase price—it would just be an additional financial obligation that Avatar would be taking on. The Supervisor countered that he was asking if they were getting money from them in other ways, it will reduce the amount of money that they are giving them in the end. Mr. Eckert said that if he just focused on the purchase price, which is just one paragraph, then he is missing the entire picture of the transactions because there are a lot of financial concessions that the Boards were able to get from Avatar in terms of closing costs and getting the sales and administration building for no cost, and things like that. He said what they are trying to highlight in the Q&A is that there are a lot more moving parts to the transaction than just one item.

Mr. Zimbardi asked Mr. Eckert to make sure that the recommended changes were written down, and Mr. Eckert asked the Board to approve the updated Q&A and asked Mr. Flint if he could add it.

**A. Poinciana CDD**

On MOTION by Mr. Lane, seconded by Mr. Land, with all in favor on behalf of the Poinciana CDD, the Q&A for Current Status of Amenity Transaction and the request to add to Reflections, was approved.

**B. Poinciana West CDD**

On MOTION by Mr. Vento, seconded by Mr. Brown, with all in favor on behalf of the Poinciana West CDD, the Q&A for Current Status of Amenity Transaction and the request to add to Reflections, was approved.

**NINTH ORDER OF BUSINESS****Consideration of Maintenance Agreements****A. Poinciana CDD****i. Aquatic Pond Maintenance Services - Clarke Aquatic Services**

Mr. Zimbardi stated that the Board would be dealing with the aquatic pond, midge control, and landscape maintenance for the Poinciana CDD, and asked Mr. Flint to explain the circumstances. Mr. Flint explained that the agreements expire on September 30, 2018 and because they had discussed the potential of not holding the September 19, 2018 meeting, they went ahead and placed them on this agenda. He said that Mr. Eckert has been in the process of reviewing all the existing ponds and that the landscape area is conveyed, and reviewing the exhibits to the agreements to make sure they properly reflect the ponds that they maintain. Mr. Eckert added that he provided the Board with chart that had the status of conveyance, so what they were trying to do is attach that chart to the maintenance contract to make sure the contractor understood who owned which ponds. He also said that there had been an issue the pond approved to go back to AV Homes because it is surrounded by golf courses and has no utility to the District and made clear that they should only be maintaining the lake banks that are surrounding Pond B3 because the land bridge that was built between it and Lake Polk was still not in place. He pointed out that he wanted to make sure that Avatar was taking care of the water in the lake, but that other than that, there were really no other issues and the contracts seem to be working fine.

On MOTION by Mr. Lane, seconded by Mr. Zimbardi, with all in favor on behalf of the Poinciana CDD, the Aquatic Pond Maintenance Services Agreement with Clarke Aquatic Services, was approved.

**ii. Aquatic Midge Control Services - Clarke Environmental Services**

Mr. Eckert also noted that Mr. Flint had mentioned that at some point in the future, there would be additional ponds added to the budget, and he said that the budget for the aquatic pond maintenance was around about \$5,000 over when everything was calculated out, but midge control is \$21,000 under budget so it would even out the pond maintenance over flow.

On MOTION by Mr. Lane, seconded by Mr. Stellfox, with all in favor on behalf of the Poinciana CDD, the Aquatic Midge Control Services Agreement with Clarke Environmental Services, was approved.

**iii. Landscape Maintenance Agreements**

Mr. Eckert discussed that the Floralawn Agreement was right on the budget, so there was no variance there.

On MOTION by Mr. Zimbardi, seconded by Mr. Stellfox, with all in favor on behalf of the Poinciana CDD, the Landscape Maintenance Agreement with Floralawn, was approved.

Mr. Zimbardi asked if anyone had any comments or questions about the three agreements, and Mr. Land asked how the price for this year compared to last years. Mr. Flint responded that the Pond Maintenance Agreement has gone up by about \$500 a month, but that is because there were two additional that were added to the scope, and he noted that the Landscape Maintenance has remained the same.

Mr. Eckert reminded Mr. Flint of the Midge Control Agreement that they were asking to be approved is about \$151,000 and their budget was at approximately \$172,800, so they were under budget on that contract for about \$21,000. Mr. Eckert did not know what the budgeted amount for last year was, but said that it would be located in the financial statements in the agenda packets. Mr. Flint found where it was located and said that it was around \$152,800.

Mr. Vento interjected and asked if the budget also included the trial of the solar cell with the midges, and Mr. Flint responded that they had come out of the current fiscal year, so they would not be indicated in the next year's budget.

Mr. Gecewicz noted that under general conditions, there is an aquatic midge citizen response hotline and asked if that had been communicated to the community. Mr. Pete Deglomine from Clarke told the audience that the number for the hotline was their 800 number that goes into Clarke's Kissimmee office. Mr. Case said he knew that the number used to be in the publication, but that he was unsure if it was in there now. Mr. Flint said that they could put the number on the website and put in it in the inside of the front cover of Reflections.

## **B. Poinciana West CDD**

Mr. Eckert presented the summary of the two contracts for Poinciana West, and explained that the reason that there was two instead of three was because their Floralawn Contract was for two years instead of one.

### **i. Aquatic Pond Maintenance Services - Clarke Aquatic Services**

Mr. Eckert stated the Aquatic Maintenance Contract with Clarke and said that it was for a 3-year term for \$57,000 annually. He also said that the budget for it was at \$32,430, so that was \$24,570 over what they budgeted for, but that when they were going through the budgeting process, it was before the issue with the Hydrilla, so that had to be added into the cost.

On MOTION by Mr. Brown, seconded by Mr. Gecewicz, with all in favor on behalf of the Poinciana West CDD, the Aquatic Pond Maintenance Services Agreement with Clarke Aquatic Services, was approved.

### **ii. Aquatic Midge Control Services - Clarke Environmental Services**

Mr. Eckert summarized that the Aquatic Midge Control Contract was for \$21,999 per year, and the budget was for \$32,000, so they were under budget by \$10,000. He pointed out that midge control is something that they have to look at throughout the year and they might end up adding an additional pond or two, which would result in an increase in price.

On MOTION by Mr. Vento, seconded by Mr. Gecewicz, with all in favor on behalf of the Poinciana West CDD, the Aquatic Midge Control Services Agreement with Clarke Environmental Services, was approved.

Mr. Eckert stated that Poinciana West now owned all of the ponds within the CDD with the exception of Ponds 19A and 19B in the northern section of the Poinciana West CDD, but they do anticipate that they will be taking ownership of those ponds in the next twelve months. He said that they would be talking to Avatar in terms of the maintenance costs for those to get them through to the next budget cycle.

Mr. Flint added that the Hydrilla treatment cost was discussed in the previous meeting, but that today, they were just bringing back the formal contract.

Mr. Case asked if anyone had a question about the agreements presented, and a Supervisor asked why Poinciana West was at \$611 per pond per month if Poinciana was at \$547. Mr. Eckert responded that each contract that is formed is based on acreage of the pond, so a pond that is twice as big as another is going to have a higher cost.

## **TENTH ORDER OF BUSINESS**

### **Supervisor's Requests**

#### **A. Poinciana CDD**

Mr. Stellfox said that everything that they are doing up until this point is just preparing to be able to float the bonds, but if they don't do it at some point in time, they are going to end up being behind.

Mr. Land pointed out that comments have been made about how Taylor Morrison doesn't have a club plan, that they turn their amenities over to the community, and as a possibility Taylor Morrison may come in and give us the amenities at no cost. He said that if you go and look at other Taylor Morrison communities, they are a lot smaller in lots and number of homes than Solivita. The amenities that they have are nowhere near as complex in detail as these amenities. He said that Taylor Morrison has around fifteen communities around Poinciana, and they have a number of other communities around Tampa, Sarasota, and Naples. He explained that their business model is to put communities around urban areas. He said that he would not be comparing Taylor Morrison to Solivita and that it wasn't a necessarily a good or bad thing, but that it was a different business model. He concluded that he wouldn't expect Taylor Morrison to

come and hand out free buildings. He also wanted to say that the purchase and sale agreement that they have may not be the best one that they have had, but it is the agreement in place. He said it gives them roughly \$11 million to facilitate an addition of new amenities and it may be better than other alternatives.

Mr. Lane said that he takes offense when someone suggests that they are trying to do something that would hurt the resident's way of living, and finds it disrespectful to the entire Board. He said that the Board is there to take care of the residents, not to impede on them, and that the residents came to Poinciana to live that lifestyle. He said that bad-mouthing AV Homes is the wrong thing to do because they have done a lot of good for the community, and they deserve respect for that.

### **B. Poinciana West CDD**

Mr. Brown started by welcoming Mr. Brunhofer from Taylor Morrison, and said that there had been a lot of concern that they would be getting amenities straight from Taylor Morrison, but he said that the one good thing that has come from it is that they all agree that it's best that they own the amenities. He said that part of the excitement that has come from this issue is that they have two slates of candidates now, and that both of them deserve respect. He added that the other thing that he hoped was put to rest for Brenda Taylor and Michael Luddy's concerns about additional legal costs because it is not giving them any more liability and their fee cannot go up. He said that is the reason that he thinks they should move forward with the bond validation so that if it ever does come to fruition, it goes forward.

Mr. Vento started off by saying that he loves the community and has loved living in it for several years, and that since being on the Board, he had not done any posts until recently. He said that it did not address anything about the Board, but that it did address the fact that they should all just be neighbors and treat each other with respect. He added that they have really gotten out of control after getting a private message from someone in Solivita in response to his post that said, "It's really good you are putting all of your energy into this, because pretty soon you are going to be in a pine box."

He then explained that things are getting out of hand and to say things like "this is the political environment that we live in, so they should get used to it" is not right. He said that we are neighbors and human beings, and that there should be respect given to everyone in the



community. He added that he knows that there is not one person in this battle that is all right or that is all wrong, and the agreement may not be perfect but that it is the one that is in place and there is no such thing as perfect. He said that he would also like to thank Mr. Gary Shullaw from AV Home's Corporate Counsel for coming to the meetings and explaining the circumstances because it is very important to clarify things, and he also thanked the Taylor Morrison representatives for their time.

He said that on July 16, 2018, AV Homes put out a document that addressed the misinterpretations of the court cases and the things that are going on with the transaction and sent out emails so that everyone had access to it, and he didn't think that they would put the document out there in writing and not let Taylor Morrison know. He said that they are just dealing with process issues that do not add to the cost, and then they can choose to move forward—but if they couldn't, the presentation that Mr. Eckert gave earlier would come back into play. He then talked about the contract price for the amenities, totaling in \$72.9 million, saying that it was 7.6% of the total cost that Taylor Morrison was going to pay AV. Therefore, because of that percentage, the CDD would not be getting the amenities for free. He also said that the reference to the price was based on 30 years of profit, but that AV Homes' reference was not, so he asked residents to be careful about spreading incorrect information.

Mr. Case thanked the audience for their decency and understanding of the information that was presented.

## **ELEVENTH ORDER OF BUSINESS**

### **General Audience Comments**

Ms. Diane Jorio (549 Tapatio Lane) asked if the Board followed Robert's Rules, and Mr. Eckert replied that they decided they would not when they adopted rules and procedures not requiring Robert's Rules.

Mr. Case added that they try to be more casual in their meetings to make it more comfortable, and Ms. Jorio asked if they still followed the same type of agenda, and they answered yes. Ms. Jorio said that she had been at the August 15, 2018 meeting, they had on the agenda the Supervisor's Requests, then the General Audience Comments came and no one spoke, so instead of the adjournment, she said that Mr. Stellfox "went on a tirade," and she felt that it was completely out of order because of the amount of contempt that he held at that moment. She asked why the Attorney or the Chairman did not call him out, and that she and



other residents were called out of order when she went to complain and there was a threat for the Sheriff to be called. Mr. Eckert responded that they could address her concerns during the staff reports, but she asked Mr. Stellfox to publicly apologize to Lita for treating her the way that he did. Mr. Stellfox said that he would apologize to the residents and that his actions were not that of a tirade, and Mr. Flint interjected by saying that the minutes included in the current agenda were from the previous joint meeting, and not from the one on August 15, 2018. Ms. Jorio stated that she too had been the victim of threatening messages from people in the community, and added that she has remained silent before, but she will not stand for it now and still demanded an apology to Lita. Mr. Stellfox did not give an apology.

Ms. Barbara Ford (417 Treviso Drive) stated that she had submitted several questions to the Board as she was instructed at the last meeting, and two days prior to the current meeting she received a two-pound UPS package from the Board's attorneys in response to her questions. She said that she wanted to present to the Board a few major areas of concerns, such as expenses for maintenance and repair, future interest rates, cost of construction for any future assets or legal matter. She asked if the Board felt that it was prudent to proceed at this time. The resident stated she has asked questions in the past, and she was referred to websites and her questions were not answered.

Ms. Luther gave Solivita praise for being a great community and gave Taylor Morrison her blessing and said that they have a very good rating and high reputation. She asked the Board what protections the residents had if they went against the HOA and complained that their membership prices were too high, and she also asked if they were going to change the amenities as far as the character of a 55 over community. Mr. Eckert answered the second question by saying there was nothing that could be done because of the way the federal government looks at it and the CDD would not jeopardize it by changing it. Mr. Flint commented that they would answer her other question during the staff reports.

A resident commented that Mr. Land took time on that Sunday to come out to his residence to see the conditions that that part of the community was in as far as midges and mosquitos. He said that Mr. Land made a report and shared it with him, but they never heard anything after that about treating the midge and mosquito issue. He also said that he wrote an email asking that one of two solar panels be replaced between his home and his neighbor's home, and he got a response saying that he would check with Mr. Flint to see if it was possible,

but he never got any response after that. He asked that his questions be answered during the meeting. Mr. Land said that he would answer those questions during staff reports.

Mr. Bill Young stated that he had the same issue with the delaying of the midge issue, and that Mr. Land had come out and did a report. Mr. Land got back to him saying that they would come out and spray to try and take care of the issue, but nothing followed. Mr. Land responded to Mr. Young and stated that he could not answer on something that the HOA was going to do and that they could do whatever they wanted to the pond from a CDD perspective, but there is no real solution to the midge issue. Mr. Young added that the issue came up a year ago after constantly asking for help, and the budget was approved to take care of the midges, but nothing was done. Mr. Land responded and told him that they could try all they wanted to fix it, but there is not cure.

A resident said that he bought his house 12 years ago in a real estate bubble, and added that around the country and Florida houses have recovered, but his was not one of them because he is down about 15% to 20% in value. He said that the total value of the homes in Solivita is just over \$1 billion, and the negative impact of all of the lawsuits and delays is about 10%. He also said that these delays were debilitating the residents' property value, and asked what would happen if the CDD could not make the purchase. He summed up his comment by saying that the CDD should just make the purchase because it was affecting the values of the homes within the CDD.

Mr. Baron stated that his taxes had doubled from a few years ago because he changed over to a single-family residence, and he asked if the new bonds go through would he be on the hook for 2 ERU for the bond purchase also. Mr. Eckert responded that it would be looked at as one assessment and one amenity.

Mr. Lawrence Kelley (211 Anastasia Drive) asked to confirm that the amenities did not include the golf courses, and the Board said that he was correct. He then asked what was preventing the golf courses from turning into developments. A Supervisor added that if and when the developers did decide to sell lots, they would have to pay the bond fee. Mr. Kelley said that it did not help at all, and the Board Member responded that they had no control over what the developer does.

Mr. Donovan Brown (687 Glendora Drive) made a statement involving his support towards AV Homes and purchasing the amenities from the developer, and said that he strives to

make the community better every day by starting an organization called “Solivita United” to improve the atmosphere. He ended by thanking everyone for their efforts.

Mr. Terrance Guay (1319 Bonita Canyon Drive) reflected on his past time at Solivita, saying it was the best decision that he and his wife ever made, but he added that the business deal at stake will impact all of the residents. He said that he did a lot of research and found that a purchase and sale agreement requires the buyers to fully fund and construct new amenities, even though the new amenities will benefit AV Homes as much as it will the CDD. He added that according to his findings, AV Homes should be paying at least half of the cost of new construction, per their involvement in the agreement. He also said that he met with the former lifestyle manager to look over historical amenity’s budgets, and he was told that they were not very accurate because the amenities budget had not balanced since the beginning of the Solivita operations. He was also told that AV Homes annually subsidized the budget from the club fees that they had collected as property, and that the most recent budgets have consistently been around \$300,000 or more. He added that they would not have the club fees as profit since the club fee will be dedicated to paying for the bond levies on their property. He then said that he has noticed the aging amenities and therefore the cost will presumably keep rising and said that even though it was promised that the cost of amenity-oriented factors would not rise because they said it would go down, he believed that the operations and maintenance fees would continue to rise as a result of the aging of the facilities. He went on to talk about the original contract that included the specification of the sales price set at \$73,700,000 and a capped bond funding of \$90,000,000, and when he questioned the numbers at the time of the original signing, he was told that there would be adjustments in the numbers because of interest rate fluctuation. He said that once the rates fluctuated, AV Homes did not budge on the price of the \$73,700,000, but with the price of the higher bond cap, the deal could still be done. Subsequently, the bond cap was revised to \$202,000,000. He ended by saying that he respected everyone in the deal.

Mr. Gecewicz stated that even though he had not been at the agreement hearing when the contract was signed, he was at every Board Meeting after that to get caught up on it, and said that extensive negotiations had taken place because of all of the Board Members and Mr. Eckert and his team. He added that those negotiations have added more of a positive influence than a negative one, even though people have tended to focus on the negative. Mr. Vento also addressed the issue of the management fee under construction of the new amenities where AV came to one

Board Meeting and made a change to that fee. He corrected the fee and said that the change was not a 5.5% fee, but that it was a personnel rental where the estimated cost was \$50,000 instead of \$550,000, with \$500,000 of that funding available for the new amenities. He added that it was in the Q&A if anyone wanted to refer to it.

Mr. Guay thanked him for the update, and said that he tried to look at the different numbers in the Q&A as Mr. Vento did, but asked if there could be a definitive list made to clarify those numbers because it would help the residents in seeing what the actual price would be, and said that all of his comments were meant to have total respect to anyone in the room.

Mr. Eckert wanted to clarify that the contract said not to exceed \$50,000 for a personnel leasing.

Ms. Denise Blaine (494 Mayfair Drive) stated said that she had a thought while this discussion occurred that when she had sold her house in Miami, she had asked that Board how much her house was worth and she said that they had to negotiate a different price because it did not appraise for what she felt it was worth, ending in her accepting the offer for less than previously expected. She said that she was hoping that there would be some type of negotiation involved in the current purchase from Taylor Morrison. She added that she was for the bond issue, but that she was not for the price that they had to pay, so she asked if the negotiation aspect was still there to lower the price and bond issue.

Mr. Case said that there are a lot of areas that need to be addressed before closing the deal, but with outstanding litigation, it's difficult to address those areas. He reiterated that they do have a long way to go before the closing. He also said that people were saying that all the amenities had been defined, and therefore that was the end result, but he corrected that and said that it was not true because they went through only one iteration of what the amenity should be like and it was likely that that would change. He assured the residents that there was a lot to be dealt with and it would be sorted out and it will be a while before everything is finalized.

Another Supervisor added that as Mr. Vento said before, there had been 22 changes to the purchase and sale agreement that netted out several million dollars of changes and that even though it was an ongoing process, it has been mostly successful and they are not done yet.

Mr. Joseph Ewing (812 San Rafael Street) stated that he was in support of the amenity purchase and the work that the Board Members have done. He said that as one of the residents had previously mentioned the Solivita United Club, he was also a member of that organization

and they had spent a number of hours at the Farmer's Market in an attempt to educate people about the agreement and answer any questions. They also started a petition to see if people supported the purchase or not that got over 1600 signatures of people supporting the deal, so the Board was not alone.

Ms. Cherry Brown (687 Glendora Drive) stated that she also backs the Supervisor's decisions and gave her gratitude for the hard work put in to the amenities purchase. She encouraged the residents to read through the new Q&A because it answered several questions and solidified a lot of the misinformation that was spreading.

Ms. Luther stated that she was for the HOA moving forward with the bond, but that she wanted to encourage the Board to negotiate and possibly get more money put in a reserve for the roads and road replacement because she had belonged to another community where they had to put out \$4,000 of their own money to get roads replaced because they had no funding.

Mr. Eckert clarified that the roads are owned by the HOA and the CDD has no control of the roads, and a Supervisor added that there is already reserve funding for the roads within Solivita.

Ms. Patricia Schmid (772 San Rafael Street) thanked the CDD Supervisors, but especially thanked Mr. Vento for bringing up the points he made regarding the net year because it was important for everyone to know that AV Homes is not so hard to deal with. She added that when she and her husband moved to Solivita in 2005, she lost \$150,000 in one of the homes that she sold within Solivita because of the recession, but AV Homes kept fighting. She said that the residents should be thankful that they were not like other subdivisions in Central Florida that had to file bankruptcies with other builders and had liens put against their properties. She pointed out that no home in Solivita ever had a lien put against their property because AV Homes held on through that hard time.

Ms. Cindy Clouser (440 Bel Air Way) stated that she thought that putting the information in Reflections was a great idea because there are many residents that didn't know how to get to the websites. She also asked if there was a way that the Board could tell people to look up their tax documents to see if they lived in the Poinciana CDD or Poinciana West CDD because it would help with voting in November. Mr. Gecewicz responded that residents in Phases 1 through 6 are in Poinciana, and Phase 7 and above is Poinciana West, and Mr. Eckert confirmed that was correct.

Mr. Neil Riggs (249 Bay Drive) stated that he was one of the people that put on shows in the theatre in Solivita, and he said that he understood that the theatre will only hold 600 seats, and he believed it would be much too small. Mr. Land responded that nothing was set in stone because they first have to see how much money they have, but added that the resident could come to the next iteration and said that it would be a good idea for him to become a part of the resident committee. The resident thanked the Board for doing a great job.

A resident asked why the Board has refused to get a certified appraisal for the amenities so that the residents know the value of the property that they were dealing with, and asked that that answer be put into the Q&A section of the agenda.

A resident said that she asked her AV Homes realtor representative what would happen when AV Homes builds out, and they said that when they are at 90% built out, they would be turned over. The Board Members told her that it was part of the HOA.

Ms. Maureen Clancy (99 Auburn Drive) stated that she had only been at Solivita for a year, and she did not understand they needed another pool when they already had 14 and why they were getting more amenities that they already had. She also asked who picked the people on the Board, to which Mr. Flint answered that the residents voted for them and that he would answer questions under staff reports.

## **TWELFTH ORDER OF BUSINESS**

### **Other Business**

#### **A. Poinciana CDD**

Hearing none, the next item is followed.

#### **B. Poinciana West CDD**

Hearing none, the next item is followed.

## **THIRTEENTH ORDER OF BUSINESS**

### **Staff Reports**

#### **A. Attorney**

Mr. Eckert stated that as far as the anticipated timeline, there were two things that would be impediments to issuing bonds, and those two things were going through a bond validation process and the class action. He said that there was a procedural hearing at the end of October to talk about what will be involved in the bond validation trial when it gets scheduled, so he did not



think that the bond validation trial will be until after the first of the year when all of the holidays are over. He clarified that nothing would be happening in October and November in terms of the selling of the bonds. He said that even though the Districts are not a party to the class action law suit, some of the issues that are in the class action can affect the District's ability to market the bonds because bond holders want to know that when they invest in a community, that there is no litigation that is pending that could have any impact on their investment. He summed up that nothing dramatic would be happening in the next 60 days. He then added that bond validation does not require them to issue bonds and he also addressed the issue that people had with the price of the agreement by saying that no matter how much they pay, they still have to go through a bond validation procedure to issue the bonds for those amounts. He said that it would not make sense to stop the process at its current point.

Mr. Eckert also addressed the statement that there was a government bond, confirming that it was not a government bond. He explained the process by saying that they would be issuing the bond and it is bought by institutional investors, and added that it is a tax-exempt bond because they can get a lower interest rate from the investors.

He then stated that in terms of the public access issue, the Board has already gone through a hearing where they set the non-resident user fee, which came out to be \$4,000. So, it was already in place. He also said that there is a statistic that shows non-residents do not use amenities even when the price has been lower.

A Supervisor added that there were 60 CDDs across Florida that had lower fees, and there was only one where there was only with about five or six people come in to use the swimming pool, but that was it.

Mr. Brown added that the resident who was concerned that the government could overturn that. Mr. Eckert said that his opinion was the decision that the Board made with coming up with the \$4,000 was not arbitrary and it was well-reasoned, therefore they would not have recommended it if it was not supported by Florida law.

Mr. Eckert also said that there have been a lot of comments about "Nextdoor" and that "Nextdoor" is not run by the Districts and they have no input on it. He added that he has told the Board that social media postings by Board Members is a terrible way of governing because it creates the potential for a Sunshine Law violation and the first member that posts something about the CDD is the only one who gets to post and no one else can respond. He said that it

creates a bad dynamic for the Board when one member can take all of the oxygen out of the room and no one can respond to it, so he recommended not using it for that purpose at all. He stated that social media is the main reason there are so many arguments between Board Members and residents.

Mr. Eckert then talked about the golf course issue, saying that there is a whole process that they have to go through with the County to rezone lands for different uses, and there is a lot of public input. He did add that the CDD bond investors do not like golf courses, so if there was one within the deal there would most likely be a higher interest rate on the bonds and also paying higher assessments.

Mr. Eckert also said that the \$102 million that was floating around was part of the bond validation and is the amount that they are asking the Board if they can issue up to that amount, so it was not a contract amount with AV Homes.

Mr. Gecewicz added that it was done so that they wouldn't have to go through all the expense that of getting another bond issue. Mr. Eckert agreed and said that they sold \$95 million in bonds, and 5 years from now, if they wanted to build a new facility, they could go do a \$2 million bond issue and would not have to go back to the court.

Mr. Eckert also addressed the concern about the negotiations, saying that they were ongoing and would be with Latham, Shuker, Eden & Beaudine, Jan Carpenter's firm, which is a capable firm that he thought the residents would be pleased with.

Mr. Eckert also addressed the question of who picked the Board, and answered that it is entirely comprised of residents of Solivita. In the beginning of the community, it was comprised of employees from Avatar. He said that that was how the Statute worked; once they get to 6 years and 250 voters, it started to transition to resident control. He said that the current Board Members were either appointed by other Board Members or they went through the general election process. Mr. Flint added that there were two Boards present with 5 members each, and there are two females that were absent from the Board Meeting, so there are women represented on both Boards. He said that they have to go through similar processes as County officials to qualify to run for the seats. He said that there are 3 seats up for election on the Poinciana Board, and two on the Poinciana West Board, and those are elected just like any other County officials.

A Supervisor stated that he was confused about a comment that one resident mentioned that there were sanctions approved by the court against the people that initiated the class action.



Mr. Eckert clarified that in the first validation case, there were multiple attempts by the attorneys for Brenda Taylor and Bill Mann to subpoena and get documents and depositions of Avatar representatives. But the last time that it was requested, the courts had an order saying they could not do that. He said that this led to a dispute involving the attorney for Brenda Taylor and Bill Mann, and Avatar and AV Homes where AV Homes believes that the judge issued sanctions in an amount to be determined later against the legal counsel for Taylor and Mann. He said that Taylor and Mann attorneys say that there were no sanctions ordered, and clarified that the District is not involved in it and there has not been a final decision in the matter.

Mr. Eckert concluded the Attorney's Report.

### **C. Engineer**

Ms. Leo said that she did not have anything that would require Board action, but that she might chime in during the Field Manager's Report because of a couple of aspects that would be addressed.

### **D. District Manager**

#### **i. Action Items List**

Mr. Flint said that they had a full Field Manager Report, but based on the length of the Agenda, they shortened it. He said that he did have Alan Scheerer, Clayton Smith, and Clarke at the meeting because of the issue with midge control. He also said that at the last Board Meeting it was approved for them to move the middle aerator from the east side of the lake to the west side where they have had most of the issues. He also said that they ordered two additional aerators that will be installed on the North end and in the middle, but that they were still waiting on the delivery of those. He added that they haven't decided on the final location, but that a Board Member should be appointed to reiterate to the residents the final location of the aerators, and Mr. Brown was asked to be the one to carry that through.

A Supervisor asked if Craig could address what will happen with Massey, and Craig said that Massey would come back with a report on what they are going to do to the homes, starting with pressure-washing and then coming back with a treatment schedule and provide the information to the Board by the end of the week. He also said that AV Homes would like to take care of it, and the Supervisor said that he appreciated that AV was stepping up.

One resident asked when the aerators would be coming in, and Mr. Flint said that he would get a tracking number for him and an estimated delivery. He also said that he understood that they have to get the whole pond, but that in the years that he has asked for help the only complaints have come from the end of the street he lives on. He said he didn't understand why, if the midges and spiders were crowding at the South end of the pond, they couldn't take the two aerators and put them where there is a real problem. Mr. Flint said that aerators are not instant relief, and he said that that might be true, but if they brought them over there they could see relief within weeks. Mr. Flint said that Bill would work with him on that.

Mr. Hector Ramirez (316 New River Drive) stated that he couldn't even see out of his backyard because of all the midges, but that it was part of living in Florida. A Supervisor asked him if he had put his complaint into Clarke, and he said that he had not.

#### **FOURTEENTH ORDER OF BUSINESS**

**Next Meeting Date – October 17, 2018**

Mr. Flint clarified that there was an understanding that the Boards did intend to cancel the September 19, 2018 meeting.

Mr. Eckert suggested canceling the October meeting if there were no agenda items to discuss. Mr. Zimbardi and Mr. Case agreed.

##### **A. Poinciana CDD**

On MOTION by Mr. Land, seconded by Mr. Lane, with all in favor on behalf of the Poinciana CDD, the meeting scheduled for September 19, 2018 at 11:00 a.m. in the ballroom, was cancelled, and the October 17, 2018 meeting at 11:00 was tentatively cancelled.

##### **B. Poinciana West CDD**

On MOTION by Mr. Gecewicz, seconded by Mr. Brown, with all in favor on behalf of the Poinciana West CDD, the meeting scheduled for September 19, 2018 at 12:30 p.m. in the ballroom, was cancelled, and the October 17, 2018 meeting at 12:30 p.m. was tentatively cancelled.

#### **FIFTEENTH ORDER OF BUSINESS**

**Adjournment**

##### **A. Poinciana CDD**

On MOTION by Mr. Land, seconded by Mr. Lane, with all in favor on behalf of the Poinciana CDD, the joint meeting was adjourned.

**B. Poinciana West CDD**

On MOTION by Mr. Gecewicz, seconded by Mr. Brown, with all in favor on behalf of the Poinciana West CDD, the joint meeting was adjourned.

**Poinciana CDD**

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman

**Poinciana West CDD**

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman