

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

The continued joint meeting of the Board of Supervisors of Poinciana Community Development District and Poinciana West Community Development District held on Thursday, July 28, 2016 at 6:00 p.m. at the Starlite Ballroom, 384 Village Drive, Poinciana, Florida.

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

Robert Zimbardi	Chairman
David Lane	Vice Chairman
LeRue "Skip" Stellfox	Assistant Secretary
Richard W. Kellogg	Assistant Secretary

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

Charles W. Case III	Chairman
Bill T. Brown	Assistant Secretary
Sidney Rosenberg	Assistant Secretary

Also present were:

Gary Moyer	District Manager
Michael Eckert	District Counsel
Lindsay Whelan	District Counsel
Representative	District Engineer's Office

The following is a summary of the actions taken at the July 28, 2016 continued joint meeting of the Poinciana CDD and the Poinciana West CDD Board of Supervisors.

FIRST ORDER OF BUSINESS

Call to Order and Roll Call

A. Poinciana CDD

Mr. Zimbardi called the Poinciana CDD roll call.

B. Poinciana West CDD

Mr. Case called the Poinciana West CDD roll call.

SECOND ORDER OF BUSINESS

Pledge of Allegiance

The Pledge of Allegiance was recited.

THIRD ORDER OF BUSINESS

Audience Comments

- A. Poinciana CDD**
- B. Poinciana West CDD**

- Mr. Martin Kessler had commented on the HOA and asked why the CDD is here.

FOURTH ORDER OF BUSINESS

Matters Related to the Proposed Amenities Acquisition

A. Discussion Regarding Inspection Report

- Mr. Eckert noted the Inspection Report is on the CDD website. The Board had been provided a copy of that immediately before the last meeting.
- We used that report as a basis for the valuation report. He suggested there will be questions on that report from time to time.
- Mr. Zimbardi reviewed the report and thought they did a good job. The remainder of the Board agreed.

B. Presentation of Valuation Report and Capital Reserve Analysis for Amenities

- Mr. Scott Harder of the Environmental Financial Group (EFG) gave a presentation which included slides on the Amenity Asset Valuation Report.
- Evaluation is not defined by original cost or replacement cost. Value is unique to Poinciana CDD. Amenity value is intrinsically linked to Poinciana residential market.
- EFG objectives include determination of available capital funds; quantification of renewal and replacement needs and cash reserves, estimation of amenity acquisition value and estimation of the required assessment bond amount.
- Available funds were discussed. There are 5,590 planned units for Solivita. The fee per unit will be based on everyone's 2016 club membership fees with the intent being to not exceed the current amount of such fees.
- Annual revenue available for capital is \$5,437,212. Average bond interest rate is 3.75%.
- Bond term would be 30 years. Total bond capacity is \$96,941,386.
- Mr. Harder also discussed the renewal and replacement estimates for the amenity assets. Some of your assets will have to be renewed multiple times during the 30 year period bringing a total necessary asset reserve funding to \$1,103,056 annually.
- The structure of the report is designed to work within the framework of what you have now.
- Total estimated costs for new amenities funded by an assessment bond would be \$11,185,543.

- Mr. Harder indicated that the initial calculation of the acquisition value, which is not the same as the purchase price for the amenities, is \$58,665,187, which reflects total annual revenue available for capital of \$96,941,386 less the construction cost for new amenities of \$11,185,543 less the need to fund an asset reserve account for renewal and replacement of assets of \$1,103,056 over 30 years and less other issuance and financing costs of \$7,424,001. A bond sizing of \$77,274,731 would be necessary to yield such proceeds although it was noted that the anticipated purchase price range would likely be between \$58 million and \$81 million.
- Mr. Eckert noted the CDD Boards received this presentation on Tuesday. AV Homes also received this presentation on Tuesday. If you want staff to proceed, the estimated purchase price needs to be understood further before proceeding further. AV Homes is here today, but they also only had one day and a half to digest this information. Mr. Iorio may want to make some comments as well.
- The Boards had questions regarding the presentation made by EFG.
- Mr. Iorio discussed at length the EFG report, noting some items were flawed, in particular the renewal and replacement amounts.
- Mr. Eckert stated we have seen the Valuation Report and heard the presentation from AV on the concerns they have. The next step is to choose to direct staff to sit with AV to iron out some of the issues. In your contract with EFG you have a Phase II of that contract. If you want staff to sit down with EFG to work out some of these issues, I think EFG would be very valuable with that process in running numbers. Before we get to that point of you giving us that direction, I know the Board wanted to give an opportunity for audience comments, now would be the appropriate time to do that. Audience comments have a three minute limitation. It is time for comments, not questions or answers.

Audience Comments:

- Resident commented the Boards need to get the best possible price.
- Mr. Martin Kessler commented on the report and contract negotiations.
- A resident commented on the actual purchase price. What if AV Homes decides in 2-3 years from now to walk away and they did not complete 800 homes? Has anyone ever reviewed the books to see the numbers?

There being no further business,

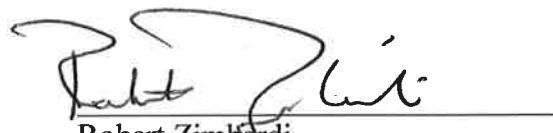
On MOTION by Mr. Kellogg seconded by Mr. Lane with all in favor the meeting was adjourned.

B. Poinciana West CDD

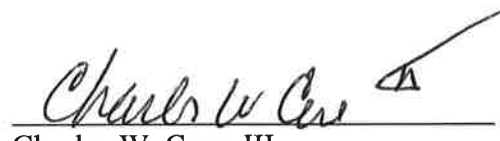
There being no further business,

On MOTION by Mr. Brown seconded by Mr. Rosenberg with all in favor the meeting was adjourned.


Gary L. Moyer
Secretary


Robert Zimbardi
Chairman, Poinciana CDD


Gary L. Moyer
Secretary


Charles W. Case, III
Chairman, Poinciana West CDD