

Joint Statement of the Poinciana CDD and Poinciana West CDD
Regarding the Impact of Motions to Contest the Amenity Sale Bond Validation and the Filing of
a Class Action Lawsuit Filed on the Sale of the Solivita Amenities

As you're likely aware, since the fall of 2015, the Boards of Supervisors of the Poinciana CDD and Poinciana West CDD ("Boards") have been working hard toward the acquisition (and renovation) of the existing Solivita amenities, as well as the construction of a new Performing Arts Center and a new Wellness Center. The Boards were set to accomplish this at a cost that did not exceed the Club Membership Fee that homeowners are currently obligated to pay to the Club for just the existing amenities, and at an amount that would be fixed rather than increase annually as they currently do. In essence, the Districts intended to deliver additional, diverse amenities at the same cost or less than Solivita residents currently pay in Club Membership Fees. The Boards believe this is a great opportunity to improve the quality and value of the Solivita experience for all residents.

As part of the process, and as required by Florida law, the Boards filed a bond validation case in the Polk County Circuit Court. Two Solivita residents – Brenda Taylor and William Mann – hired attorneys to contest the District's bond validation case, which is a prerequisite to the purchase of the existing amenities and to the construction of the new amenities planned to be built. Another resident – Martin Kessler - has contested the bond validation case without an attorney.

On February 10, 2017, Taylor and Mann filed a motion to dismiss the District's bond validation complaint and their motion was denied by the Court. Defendants Taylor and Mann also served voluminous discovery requests on Avatar Properties, Inc. and the Court determined that their attempted discovery was not appropriate in a bond validation case. The trial on the bond validation case is set for June 14-16, 2017 and discovery of the Districts and the Defendants is presently ongoing.

In a separate legal action, on April 26, 2017, three residents of Solivita - Brenda Taylor, William Mann and Norman Gundel – filed a class action lawsuit against AV Homes, Inc. and Avatar Properties, Inc. attacking the validity of the Club Plan. This class action lawsuit is very disappointing to the Districts as it appears that it will have the effect of indirectly attacking the bond validation case. Despite one or more of the residents suing the developer having made prior statements that their intent was not to "kill the amenities deal," that in fact may be the result of the filing of this lawsuit.

Because of this class action lawsuit, the Poinciana CDD will experience a significant delay in its ability to market and sell the bonds needed to raise the funds to purchase the existing amenity facilities and to build the new Performing Arts Center and new Wellness Center, if it is able to sell them at all. The delay caused by this lawsuit could extend from several months to as long as many years, which is very unfortunate for the community. In fact, a consequence of the filing of

this class action lawsuit may very well remove any incentive for the developer to continue with this deal, given that the majority of the homes planned for Solivita have already been constructed and sold to residents.

The Boards also feel this transaction was the best chance that the community had to have new amenities built within Solivita, especially at no additional (or less) cost than the residents currently pay in their Club Membership Fee.

The Boards wish they could share better news with the community. The Boards worked diligently to try to secure resident ownership and oversight of the existing amenities and to bring a new Performing Arts Center and new Wellness Center to the Solivita community at no additional cost to the residents, but are currently being prevented from doing so due to the filing of these actions. However, the Boards are committed to continue to work toward a positive outcome relative to this transaction.

Bob Zimbardi, Chairman of the Poinciana CDD

Charlie Case, Chairman of the Poinciana West CDD