



APV Board Brief 2016 Budget

Several Association of Poinciana Villages Board members have been approached with questions about items in the 2016 Association Budget. We hope this APV Board Brief will provide answers on this issue.

Why have many delinquent accounts been turned over to collection agencies?

From 2008-2012, under the previous management team for the Association of Poinciana Villages, the collections policy and practice was to write off an accumulated \$5.4 million in uncollected debt with little or no attempt to recover those funds. In 2013 (before FirstService Residential), one third of households (33%) were not current with dues representing 7,298 of the 22,035 billable accounts.

The collections process is never easy for either side of the issue, however, in order to run a solvent HOA, it is an issue that must be addressed. The APV Board made the bold decision to sell off the older and uncollectable delinquencies, which has dramatically improved the overall financial health of our community. The collections situation at APV has improved significantly since 2013 with \$2.6 million of cash received from all collection efforts including the use of collection agencies. The percentage of delinquent accounts has been cut nearly by half from 33% to 18%, and as of July 31, 2015, 4,730 of the 26,532 households in APV are not current with their dues for a total of \$3.4 million owed APV.

When an individual buys a home in an HOA, they automatically become a member and are required by law to pay the homeowners association fees. FirstService Residential employees follow-up on all unpaid fees, however, after a substantial period of time if fees go uncollected, it is turned over to a third party collection agency. The APV Board chose Association Capital Recovery (ACR) and 1st One Hundred to handle these long-term situations in the most compassionate and feasible manner possible.

At the October 13 Board meeting, the APV Board voted to turn over additional delinquent accounts to 1st One Hundred. What does this mean?

One of the collection agencies that has been working with the Association of Poinciana Villages to collect delinquent association fees is 1st One Hundred. At the October 13, APV Board of Directors meeting, they made a presentation to the Board to pay APV \$1.2 million to pursue an additional 1,000+ delinquent accounts. The properties in question are vacant lots or homes owned by absentee-owners whose tenants may or may not be paying their rent and/or their homeowner's association fees, a practice called rent-stripping. These basically abandoned properties open the community up to potential squatters and non-development. 1st One Hundred would rehabilitate and repair homes as well as work with a builder to build on the vacant lots, thus infusing APV with additional economic development opportunities. The Board approved their offer.

Why is there such a significant management fee for FirstService Residential?

FirstService Residential actually charges APV a nominal fee considering the comprehensive scope of work they provide to manage the day-to-day activities of the largest homeowners association in the United States. FirstService Residential provides comprehensive, customized and value-added HOA management services to achieve APV's short-term and long-term goals. The \$5,000 monthly fee is a decrease from 2015's budgeted fees.

Why is there a significant increase in expenses for legal fees year to date?

The increase of \$65,000 in legal fees year to date relates directly to a lawsuit filed against three board members to recover \$1.6 million association funds that were transferred without approval of the majority of the APV Board and files and office equipment that had been removed after hours from the administration offices in a dispute over how the community's finances were being managed. The association won the lawsuit and a judge ordered the money, equipment and files returned. The significant increase in bank service charges year to date also relates to the funds transfer. Though budgeted for \$18,700, actual costs have been \$49,034 to date.

Why is there a significant increase in fees for public relations?

Patterson/Bach Communications provides comprehensive communications services to APV throughout the year. Their services include media relations, issues management, digital support of the website and mobile app, creating and managing stories in the Poinciana Pioneer, attending, covering and taking photographs at community meetings and events, collateral development and production. With the addition of the new facilities, new collateral will be developed for the Community Activity Campus.

What is the status of the new Activity Center/Community Pool and Fitness Center?

Opening soon, the new APV Community Activity Campus is a \$4.1 million renovation and development that includes a new Activity Center with a community recreation pool, expansion of the APV Fitness Center and renovation of the APV Community Center.

Construction commenced in February on the more than 8,000-square-foot APV Activity Center with a community recreation pool of approximately 185,000 gallons of water surrounded by a pool deck to accommodate up to 250 people. The pool area features lounge chairs, umbrellas, a nearby concession stand, a toddler splash pad playground and locker areas.

The expansion at the APV Fitness Center (formerly the Recreation Center) includes a registration area, office, an open exercise area for classes like Zumba, fitness equipment including treadmills and free weights a new outdoor basketball court and plans for a future tennis court.

Enhancements to the existing APV Community Center and the APV Fitness Center gym are planned for 2016.

These planned upgrades are part of the long-range enhancement program throughout APV that has included new soccer fields and upgraded parks. These amenities further distinguish APV as a community that provides something for everyone.

Why was the project delayed?

It is opening a little later than expected due to unanticipated permitting issues involving the fence, the sidewalk and landscaping.

What was the process to choose the construction company?

There was an open bid process that was open to firms within Poinciana and members of the APV Board approved the subcontractors.