

# The POA BULLETIN

The Property Owners' Association of The Villages

Issue 31.05

Champion of Residents' Rights Since 1975

May, 2005

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# CDDs - The Good, The Bad, and The Ugly

CDDs (Community Development Districts) are special purpose taxing and residential development districts created in 1980 through passage of Chapter 190, Florida State Statutes.

The purpose of the Chapter 190 law was and is to promote housing development through use of tax-free bonds that developers use to lower the cost of homes in these residential communities. Developers issue bonds to pay for initial infrastructure (clearing, grading, sewers, roads, water supply, utilities, etc.). The original construction bonds are assigned to the CDD's initial residents and eventually paid off by residents over periods of 10-30 years.

The main advantage of CDDs is that housing is initially less expensive since major development costs are deferred and are financed through the use of tax-free bonds. However, the main disadvantage of CDDs is that housing costs are inflated over time as the bonds need to be repaid by residents. Common property owned by CDDs is tax-exempt as government-owned property.

**Concept Can Work Well** - In general, the concept works well and the goal of promoting residential housing development is usually achieved.

Developers like the Chapter 190 law because they are able to offer housing at a lower initial cost than would otherwise be the case. Thus, risk is reduced and costs are conveniently shifted to residents. This cost-shifting maneuver is sometimes not recognized as such by residents. There are also incentives for developers to build attractive common facilities because developers recognize that a ready (and some would say "captive") market customer exists to eventually purchase the common facilities.

County governments like the Chapter 190 law because developments that might otherwise not be built are in fact built because of the tax incentives and pricing advantages. Property tax revenues are eventually higher than would otherwise be the case since the developments are, in fact, built.

Residents like the Chapter 190 law because the initial buy-in cost of a house often appears lower than otherwise would be the case. This is because initial infrastructure and facilities costs are deferred and not part of the initial house purchase price.

Furthermore, residents frequently do not realize that attractive common facilities are not owned initially by a CDD development and will have to be purchased eventually by the residents from the developer, often at inflated prices, thus increasing house prices.

In most cases, residential CDDs are successful. The initial government of supervisors appointed by the developer will eventually

give way to those elected by the residents. Residents will then have the final word on all operating issues and any further development of the community. Residents will also have the opportunity to replace the CDD form of government with a municipal form of government at a special election several years into the life of the CDD. In these many ways, the CDD format can function well over the years.

**Concept Often Does Not Work Well** - Unfortunately, developers have sometimes perverted the concept of the Chapter 190 law and turned it to their advantage at the expense of the residents.

How do they do this?

First, developers maintain control of the major decision-making mechanism in CDDs through unusual maneuvers and formation of special CDD districts. These maneuvers allow developers to effectively make all the major decisions in the CDDs, often for their own advantage. Residents are not allowed to make these major decisions.

Second, developers appoint their own hand-picked board supervisors on these special CDD boards. These supervisors are often friends, business associates, or employees of the developer. Residents never have the opportunity to elect these supervisors who make all the major decisions, mostly at the direction of and often for the benefit of the developer.

Third, developers appoint administrators, without regard for the wishes of residents, who represent developer views and who often ignore the needs and interests of residents.

Fourth, if a developer's initial plans for CDD revenues do not eventually materialize, residents may be assessed further for operating expenses. For example, several CDDs in Florida, expecting integrated golf course revenues to pay for substantial CDD operating expenses, had recourse against residents when optimistic golf revenue plans failed to materialize.

Fifth, developers use special appraisal techniques, approved and accepted by their hand-picked boards, to sell common properties back to the residents in the CDDs, often at grossly inflated prices. Residents may initially buy into the development not realizing that common properties are not owned by the development, and that they, the residents, will have to eventually buy back these facilities at inflated prices. Some residents complain that they paid a higher price for their lot and house believing that the cost of common property was built into the higher prices. Then they feel like they are forced to pay again to purchase common property a second time.

Sixth, a variety of lawyers, accountants, consultants, etc., often work for combinations of developers, county governments, CDD boards, etc., in ways that suggest conflict-of-interest problems. However, the Chapter 190 law effectively exempts these operatives from state conflict-of-interest laws. The losers here are often residents who end up on the wrong side of the conflict-of-interest issue and have no

advocate for their interests.

**Orlando Sentinel Articles** - The Orlando Sentinel published an award-winning series of articles on CDD problems in October, 2000. (These are still available on the Orlando Sentinel web site in the archives section for a small fee.) The key article in the series was entitled "Top Dollar For Plain Old Stuff." It explained the series of deals here in The Villages from 1996 to 1999 involving an \$84 million payment for \$8.8 in real property.

The \$8.8 million value was determined by appraisers in Lake and Sumter counties. An "income-approach" appraisal method, however, was used rather than a "market-based" appraisal technique for the sale transaction. The Sentinel said that the economic consultant who devised the appraisal technique worked for both The Villages developer (seller) and the VCCDD (buyer) in this transaction.

Tax-free bonds valued at \$84 million were issued to make the payment to the developer. These bonds will be repaid over 20-30 years from the "maintenance fees" paid by residents. Although it was not certain that monthly maintenance fees could be used for debt service for the purchase of common properties, the purchase was approved by CDD supervisors hand-picked by the developer. Residents had no say about whether to accept the deal or assume the debt that they are obligated to repay. Many residents now view this as an example of "Taxation Without Representation."

The Sentinel also pointed out that the University of Florida urban planning professor, who wrote some of the original 1980 law, said that the goals of the law are still worthwhile; but that some of the abuses by developers suggest that major portions of the law need to be completely revised.

Furthermore, a Volusia County attorney, who is both a lawyer and a developer, has said that CDDs are a means of "legalized land fraud."

**Summary** - In summary, CDDs can be a worthwhile form of local government with many advantages for the residents. However, some developers have taken advantage of the system and pervert the concept for their own advantage.

Residents in CDDs need to ask questions, be involved, and study how their government works. Often these CDD problems flourish because residents are apathetic and literally allow the problems to persist due to their "I don't want to get involved" attitude. Apathy is the fuel that can turn CDDs into resident rip-offs.

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Thanks to Mr. Jan Bergemann, President of Cyber Citizens For Justice, Inc., (CCFJ) for his input on this article.

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## Sexual Offenders In Central Florida

The state of Florida maintains an on-line database of registered sexual predators and offenders listed by county and/or zip code.

An examination of this database shows a total of 80 registered sexual predators/offenders living in and around The Villages.

Within the 32159 and the 32162 zip codes live a total of 9 sexual predators/offenders with addresses in The Villages.

In these two zip codes, there were another 14 individuals living close to The Villages. An additional 5 live in Oxford, 33 in Summerfield, and 19 in Wildwood.

These listings can be easily accessed by clicking on this link: [http://www3.fdle.state.fl.us/sexual\\_predators](http://www3.fdle.state.fl.us/sexual_predators). Once into the database, click on the button to Search the Sexual Predator/Offender database. Then enter either your zip code or your county to see a listing with pictures of all sexual predators/offenders in that area. You can click on any person to see a more detailed information listing and a bigger picture.

Villagers are urged to go to this web site and view the pictures and addresses of these sexual predators/offenders. Some of the individuals listed with addresses outside of The Villages may also work here in The Villages.

It is important to be familiar with these individuals. If you have grandchildren visiting on occasion and have a listed sexual offender close-by, you need to be on guard. Study the pictures in detail so that you have the information you need to protect your family.

This article is now listed on the POA web site under the "Important Newspaper Articles" button. It is also listed under the "Bulletin" button for this May, 2005, issue.

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Below is the text of a letter sent in early April by the POA president to the directors of LRMC regarding the Villages Regional Hospital:

Dear LRMC Director:

The April, 2005, issue of the POA Bulletin is enclosed.

Please note the first page story on the resignation of Mr. Wooten from the LRMC board. We at the POA view his departure as a positive step toward resolving the expansion issue for the Villages Regional Hospital. We are hopeful that the board will now be able to move forward and start the expansion. We believe that LRMC is able to proceed with the financing on its own account and without the hospital tax.

Please also remember the Bulletin story from last month regarding the unused LRMC hospital facility on the east side of highway 27/441. We think that facility can and should be used as an urgent care facility to take the load off the emergency room at TVRH. We would urge the board to consider making that happen.

I have also enclosed a copy of the newly-printed POA brochure. This may serve to explain the goals, objectives, and operations of the POA in greater detail. Please contact me directly if you have any questions or comments.

Sincerely,  
Joe Gorman  
President

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## Shortsighted Development

With the announcement of the super Wal-Mart being built on the western edge of The Villages on highway 466, we now see how shortsighted it was to place the two new schools on highway 466.

The highway appears destined to be a major commercial thoroughfare with a variety of businesses including banks, restaurants, supermarkets, strip malls, gas stations, drug stores, etc., up and down the highway.

Traffic around every one of these businesses will have to observe the bottleneck of school speed zones and daily school bus runs during the week.

Wouldn't it have been better if the schools had been placed on some of the more rural land north of highway 466?

Then we would have had more opportunities to build attractive business buildings up and down highway 466. And, these business buildings would be property-tax-payers, not tax-exempt schools.

Well, what's done is done. But, let's learn from this experience. Tax-exempt operations should not go onto prime real estate property where tax-paying businesses can be placed.

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## **Sumter Landing Common Property Sales to Begin**

The Sumter Landing Community Development District (SLCDD) just announced plans to issue \$275 million in bonds to purchase common facilities in the portion of The Villages south of highway 466. This includes residential CDDs 5, 6, 7, and 8.

The proceeds of the bonds will allow the SLCDD to purchase from The Villages developer a variety of assets including two water utilities and various recreational facilities.

Best bets for the recreational facilities to be purchased include the Pimlico Recreation center, with its three executive golf courses, various guard and entry stations, various pumping stations, several postal stations, etc.

The SLCDD supervisors, all business associates, employees, or friends of the developer, will make the final decision in this transaction with the developer.

Residents will not be able to approve the transaction or vote to accept the debt repayment for which they will be obligated.

The bonds will be repaid out of the monthly maintenance fee that should be used for maintenance and administration expenses.

Similar transactions north of highway 466 in the VCCDD administration area have amounted to over \$400 million since 1992.



About 60% of the Monthly Amenity Fees paid by residents in the VCCDD area north of highway 466 is now used for debt service rather than maintenance and administration.

The estimate is that these transaction in the SLCDD area will eventually top \$1 billion.

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## The VHA Corner

The VHA has a bulletin board in the Paradise Center on the west wall of the auditorium building. A newspaper headline displayed there says: "Remember to Register to Vote."

This is admirable, patriotic advice. Too bad the VHA doesn't practice what it preaches.

Take, for example, the election of the president of the VHA. If you are a member of the VHA, you can't directly vote for the president. The president is selected/appointed by the at-large members of the board of directors and the membership has no say in the matter.

It doesn't seem that it would be worthwhile for the membership to register to vote here since the VHA hierarchy doesn't trust the membership to elect its president.

Take another example, the election in The Villages of the supervisors of the central district CDDs, the VCCDD and the SLCDD. Residents of The Villages are not allowed to elect the supervisors who make all of the big money decisions in The Villages. Actually, these supervisors are in effect appointed by the developer of The Villages and Villages residents have no say in the matter.

It doesn't seem that it would be worthwhile for Villages residents to register to vote for these supervisors either when they would not be allowed to vote for them. Villagers can register to vote for the president of the U. S., the Florida governor, and U.S. senators and representatives. But, they can't register to vote for the VCCDD or the SLCDD officials.

The state of Florida does not allow convicted felons to vote in elections. The Villages does not allow its residents to vote in VCCDD or SLCDD elections. Isn't The Villages treating residents just like felons on this issue?

If the VHA really believed in Residents' Rights and was interested in



standing for the best interests of residents, it would allow its full membership to vote for its officers (as does the POA) and it would join the POA in calling for the popular election of the VCCDD and SLCCD supervisors.

So, it seems like we have more hypocrisy from the VHA on this matter of voting. Perhaps it should take down the piece of paper on the Paradise Center bulletin board. It obviously doesn't believe that patriotic rhetoric.

This is really too bad - the VHA could be a respected and significant force in the effort to promote Residents' Rights in The Villages - too bad it isn't.

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## **Google POA Google VHA**

The internet search engine Google is amazing in what it can find.

If you go to the Google main page and type in "VHA Villages Florida" you will get search results in a flash.

Guess what we got when we went looking for articles on the VHA:

The first two entries listed past POA Bulletin articles that mentioned the VHA. There were no articles in the top ten results for the VHA per se - only POA source references.

It looks like Google is saying that if you want information about the VHA, you have to go to the POA Bulletin.

If you were wondering what a search for "POA Villages Florida" returns, it shows that four of the top ten returns actually reference the POA (no reference to the VHA). And, the main page of the POA web site, [poa4us.org](http://poa4us.org), is identified.

Looks like Google really knows what it is talking about!

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# What Residents Want

The POA Bulletin lists ideas submitted by residents describing what they would like to see in The Villages. This is your opportunity to tell us what you want. This could be a new feature or amenity; or a fix-up; or whatever.

Just send us a note via email or snail mail. Please include your name in case we have to verify your comments, but we won't publish names in these short paragraphs of wants.

We can't guarantee results; but, we can at least publicize these various issues and wants.

New this month:

**4. Traffic Light** - We badly need a traffic light at the intersection of Morse Blvd. and San Marino Drive.

Carry forward from previous Bulletins:

**1. Path To Wal-Mart** - We need a cart path established that would allow Villagers to go to Wal-Mart by golf cart.

**2. Christmas Parade** - Please bring back the Christmas Parade on the Spanish Springs Square.

**3. Post Offices** - Please get auxiliary post office stations in Southern Trace area and the Mulberry Grove Shopping Center where packages could be mailed.

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## POA Memberships

POA members should have received the 2005 membership renewal letter by now. We would ask all members to respond with their renewals if they are satisfied with how the POA officers and directors are pursuing Residents' Rights on your behalf.

You can either use the form enclosed with the renewal letter or the form in this issue of the Bulletin on page 7. Be sure to include your

email address, if you have one, as we hope to use this for future communications.

Memberships run annually from January 1st to December 31st. Dues are \$6.00 per household and cover all residents in the household. Any additional support you can provide for your POA will be greatly appreciated.

If you enclose a stamped, self-addressed envelope with your renewal form and check, we will mail your card back to you. If you don't enclose a stamped, self-addressed envelope, we will hold your card for pick-up at one of our monthly membership meetings.

Remember that you need your 2005 card to take advantage of various discounts in our Discount Partner Program (see the Bulletin's page 6 or the POA web site for details).

Our Bulletin printing and distribution expenses will increase by about \$3,000-\$5,000 this year as we expand our distribution into the newer areas of Marion and Sumter Counties. So, it is vitally important for you to support our activities on your behalf. This is really important and we need your support.

Thanks again for your assistance and support for your POA.

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## **Residents Want The Christmas Parade**

Last month we reported an informal survey of about 260 Villagers regarding their interest in returning the annual Lions Christmas Parade to the Spanish Springs town square.

That initial survey was done in three small groups totaling 260 Villagers. This month the impromptu survey was done in an additional five groups totaling another 631 Villagers.

When the 891 grand total Villagers were asked if they supported the return of the Lions Christmas Parade and the Christmas decorations displayed in previous years, all 891 people responded "yes." Not one voted "no" or "bah humbug" in the entire group.

There is no doubt that Villagers want the Christmas Parade returned this year. The 2005 Christmas Parade should start in The Spanish Springs Town Square and join with Sumter Landing in true Christmas spirit.

Actually, we were encouraged to hear at an April VCCDD meeting that Mr. Pete Wahl was planning to talk with the Lions Club in the hopes of bringing back the Christmas Parade. Sounds good! OK, Mr. Wahl, Get It Done, Bring Back Our Christmas Parade!

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## CSI - The Villages

A new television show has debuted and is called "CSI - The Villages." In the premier episode, the CSI team investigates the theft of five versions of the "Gone With the Wind" book from the lobby of the Savannah Center. Extensive forensic, pathology, and geriatric evidence was obtained from various tables and bookshelves in the lobby. The CSI team is promising an extensive investigation and is working with the FBI on fingerprint analysis.

In the meantime, the VCCDD decided to capitalize on the fact that the resident's computer facility is located in the Savannah Center. A computer terminal was set up outside the facility's room and was programmed to display the entire GWTW book in large type format for the reading pleasure of the residents. Unfortunately, the computer was stolen on the first day it was available.

**April Fool's Revisited (Don't Believe Any of This)**

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## Cheers and Jeers

**Cheers** - To Don Lynn and his army of AARP tax advisors who did such a great job of helping Villagers during this last tax season. Thanks, Don -- you and your staff are super heroes for helping Villagers with taxes.

**Jeers** - To the SLCDD supervisors for planning to spend \$275 million to purchase common property from the developer without the

approval of residents. Shame! Shame! Why not have a referendum on these purchases like we used to have back home?

**Jeers/Cheers** - To the golf division for hole #6 on Pelican executive golf course. Gollieeee, that's a difficult hole!!

**Jeers** - To The Villages Regional Hospital for not yet using the potential Urgent Care Center on the east side of highway 441/27. What does it take to make the point that the west side ER is inundated with minor or questionable emergencies that could easily be treated in an urgent care facility in the east side building?

**Cheers** - To the "Chicago" play production in the Concert Series at the Savannah Center. That was top-notch. We need more performances like that.

**Jeers** - To the El Santiago restaurant for high prices and disappointing food. A lunchtime burger with ice tea and a tip can cost \$10.00. And, burger patties look to be several hours old and buns are stale. Restaurants in The Villages should have learned the lesson of not taking residents for granted.

**Cheers** - To the POA for its new brochure about its goals and activities. Call for a copy.

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## Chula Vista Club Is Closed

The Chula Vista Club, popular with many residents over the last twelve years, has been closed by its operator.

The club had provided a place for Villagers to eat, dance and to have a drink or two in a relaxing atmosphere and to meet many friendly people.

The long-time rumor has been that the developer decided to increase the lease charge for the club to an unrealistic level, thus forcing it out of business.

This looks like the same thing that happened to the Silverlake Club - charge higher rents, force it out of business, convert it into a pool hall, then sell the building to the VCCDD at an inflated price.

Why has the Chula Vista Club closed? Will it open again? Will the Chula Vista Club, like the Silver Lake Club, be closed forever as a club we all knew?

The POA certainly believes the VCCDD and the developer owe residents an answer as to what did happen and what will happen to the Chula Vista club.

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## **The POA Needs Your Help In Selling Bulletin Ads**

We still have the position open for an advertising manager to help sell advertising for the POA Bulletin. This is a part-time position with a generous commission. You can work your own hours contacting local businesses about advertising in the Bulletin. Previous ad selling experience would be helpful but not necessary. Please call Joe Gorman (259-0999) for details about how you can help the POA and also make some money for yourself.

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## **THE POA HAS SPEAKERS AVAILABLE FOR CLUB AND ORGANIZATION MEETINGS**

If your group or organization is looking for a speaker at one of your meetings, why not consider having a POA speaker in for a 15 minute presentation on the POA, its mission and goals, and the Residents' Bill of Rights.

This is a good opportunity to learn more about the POA and how it represents the best interests of residents.

Our standard speaker fee of one cup of coffee (or a donut) will apply. Call Joe Gorman at 259-0999 for details.

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## Mother's Day

Contrary to popular belief, Mother's Day was not conceived and fine-tuned in the boardroom of Hallmark. The earliest tributes to mothers date back to the annual spring festival the Greeks dedicated to Rhea, the mother of many deities, and to the offerings ancient Romans made to their Great Mother of Gods, Cybele. Christians celebrated this festival on the fourth Sunday in Lent in honor of Mary, mother of Christ. In England this holiday was expanded to include all mothers and was called Mothering Sunday.

In the United States, Mother's Day started nearly 150 years ago, when Anna Jarvis, an Appalachian homemaker, organized a day to raise awareness of poor health conditions in her community, a cause she believed would be best advocated by mothers. She called it "Mother's Work Day."

Fifteen years later, Julia Ward Howe, a Boston poet, pacifist, suffragist, and author of the lyrics to the "Battle Hymn of the Republic," organized a day encouraging mothers to rally for peace, since she believed they bore the loss of human life more harshly than anyone else.

In 1905 when Anna Jarvis died, her daughter, also named Anna, began a campaign to memorialize the life work of her mother. Legend has it that young Anna remembered a Sunday school lesson that her mother gave in which she said, "I hope and pray that someone, sometime, will found a memorial mother's day. There are many days for men, but none for mothers."

Anna began to lobby prominent businessmen like John Wannamaker, and politicians including Presidents Taft and Roosevelt to support her campaign to create a special day to honor mothers. At one of the first services organized to celebrate Anna's mother in 1908, at her church in West Virginia, Anna handed out her mother's favorite flower, the white carnation. Five years later, the House of Representatives adopted a resolution calling for officials of the federal government to wear white carnations on Mother's Day. In 1914 Anna's hard work paid off when Woodrow Wilson signed a bill recognizing Mother's Day as a national holiday.

At first, people observed Mother's Day by attending church, writing letters to their mothers, and eventually, by sending cards, presents, and flowers. With the increasing gift-giving activity associated with Mother's Day, Anna Jarvis became enraged. She believed that the day's sentiment was being sacrificed at the expense of greed and



profit. In 1923 she filed a lawsuit to stop a Mother's Day festival, and was even arrested for disturbing the peace at a convention selling carnations on Mother's Day. Before her death in 1948, Jarvis is said to have confessed that she regretted ever starting the mother's day tradition.

Despite Jarvis's misgivings, Mother's Day has flourished in the United States. In fact, the second Sunday of May has become the most popular day of the year to dine out, and telephone lines record their highest traffic, as sons and daughters everywhere take advantage of this day to honor and to express appreciation of their mothers.

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## **Pick Up Unclaimed Bulletins in Driveways**

If you see that the POA Bulletin and either the Lady Lake Magazine or the Village Spectator, enclosed in a single plastic bag, are delivered but left on the driveway or the lawn of an unoccupied house, or where people are away for a few days, please be a good neighbor and remove these from the driveway or the lawn. Either dispose of these papers or hold them for your neighbor's return.

Papers left for several days in a driveway might signal an unoccupied house. Our delivery service tries to avoid tossing the papers on these driveways, but it is not always evident which houses are unoccupied.

So, please help us avoid these situations. Thanks in advance for your help on this.

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**The POA  
PO BOX 1657  
Lady Lake, FL 32158-1657**

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