

Property Owners' Association of The Villages

CHAMPIONS OF RESIDENTS' RIGHTS SINCE 1975

BULLETIN



Vol. II No. VII

January 2001

PRESIDENT'S THOUGHTS

The following are the Property Owners' Association of the Villages Mission Statement and Objectives:

MISSION STATEMENT

PROPERTY OWNERS' ASSOCIATION OF THE VILLAGES

- The Property Owner's Association of the Villages (POA) is an organization devoted to the interests and needs of residents of the Villages.
- Specific attention is focused on housing, community, neighborhood, and government issues.
- The POA serves Villages residents through research, analysis, education, representation, advocacy, and political action.
- The POA was founded in 1975 as an independent organization. Membership is open to all residents of the Villages.

OBJECTIVES

PROPERTY OWNERS ASSOCIATION OF THE VILLAGES

- * Changes to State law Chapt. #190 that created CDDs.
 - Resident Approval of Major Spending
 - Revised Appraisal System for Purchase of Facilities
 - Conflict-of-Interest - Consultants, Commissioners, Lawyers, Developers
 - District Manager Review and Retention
 - Develop Competitive Bidding Guidelines for Purchase of Products and Services
- * Silver Haired Legislators
 - Support and Promote the Following Bills Submitted to State Legislators for Passage Into Law
 - HB-83 (Real Property Tax Reform)
 - HB-93 (Amend Chapt. #190 - CDDs)
 - Amend Chapt. #190 (CDDs)

The POA wishes everyone a healthy, happy, and prosperous New Year



- * Monthly CDD Maintenance Fees
 - Publicize Split of Fees Between Maintenance, Bonds, etc.
- * Promote objectivity in the news reported by the Villages Newspaper, TV Station, and Radio Station
- * CHIPS (Concerned Homeowners in Partnership, Inc.)
 - Work In Close Cooperation for full disclosure and explanation of monthly fees
- * Coordinate POA Activities With Any Other Relevant Outside Groups Addressing Homeowner Rights, Interests, and Issues.

We are in the beginning of a new century and the beginning of a new year, and the POA is beginning a new, active, aggressive path to fulfill our motto, "Champions of Residents Right". We invite all residents who agree with our stated objectives to join us. We meet every 3rd Wednesday of the month at the Paradise Rec Center at 7:00 PM. Hope to see you at our next meeting - Wednesday, January 17, 2001

- Tom Poss

Thank you, Lord, for sparing the entire Florida coastline during the last hurricane season.

But, Lord, we have another problem. We need rain badly, lots and lots of rain. Our water levels are way below normal - we are in the midst of a drought. Can you help us again?

A LITTLE PRAYER TO ST. CHAD

The following is a reprint from the Nov. 19th editorial section of the St. Petersburg Times:

"What with all the fussing and fighting and filing of lawsuits by both the Gore and Bush campaigns, with all the uncertainty over who actually won the blessed election, surely it's time to appeal to a higher power - St. Chad himself.

This is not made up: St. Chad was a 17th century Saxon bishop. He was, according the Venerable Bede, a prodigiously fellow, educated at the monastery of Lindisfarne in the north of England. St. Chad traveled to Ireland to commune with St. Egbert (saints are generally happier hanging out with each other) and check out the Guinness in local pubs (okay, that part's made up). In the year 666, Chad was called back to England and was elected to the Bishopric of York, which was an extremely big deal in those days.

Now here's where the story gets scarily relevant: St. Wilfrid suddenly showed up from France, charging electoral procedural irregularities (this is really true, honest, you can look it up). St. Theodorus, the archbishop of Canterbury and thus the head guy for the English church, declared the See of York for St. Wilfrid. St. Chad conceded gracefully, saying, 'I willingly resign this charge, having never though myself worthy of it, but which, however unworthy, I submitted to undertake in obedience.'

St. Theodorus was so impressed with Chad's, sportsmanship, he overturned his original decision and awarded York to him. Chad was duly inaugurated (or consecrated, as they called it in those days) and Wilfrid retired to a monastery where he played golf (or the 17th century equivalent thereof) and baptized heathen Vikings.

St. Chad obviously never saw a butterfly ballot or punch-card ballot, and he probably wouldn't be thrilled to share a name with a little piece of paper designed to be popped out and discarded. But maybe Al Gore and George W. Bush ought to say a little prayer to him anyway as the courts of Florida figure out the profundities and lineaments of all those chads - hanging, dangling, three-quarter, dimpled or pregnant."

Good-bye 2000 Hello 2001

WHAT'S WRONG WITH THE LAW THAT SET UP THE CDDs?

The legislation that set up Community Development Districts (CDD) in 1980 is known as the Section 190 law. The CDDs in The Villages operate under this law.

The recent series of articles in the Orlando Sentinel pointed out several problems with this law that adversely affect residents in communities like The Villages. And, your POA has identified these problems as Priorities in our program to represent the best interests of residents of The Villages and to make our community better for all of us.

So, in summary, these are the problems with the Section 190 law that the POA thinks should be addressed:

1. Resident Approval - Section 190 allows a developer to sell community facilities to the CDD for inflated prices without approval of the residents who will pay off the related debt over up to 30 years. In the case of The Villages, it is estimated that residents are obligated (thus far) to pay off bonds amounting to over \$200 million for such items as executive golf courses, guard shacks, swimming pools, recreational facilities, retention ponds, landscaping, etc. Residents can rightly ask why they are being forced to pay off bonds used to buy these facilities without their approval. Especially since the value of these items was supposedly included in the higher property prices paid originally by residents. The POA feels that this is a form of taxation without representation. The POA believes that residents should have the opportunity to vote "yes" or "no" on whether to buy these facilities when they are offered to the CDD for resident payoff.

2. Appraisal System - For property sold to the CDDs, the Section 190 law allows for appraisals using an "income approach" technique that greatly inflates the value of the property. The beneficiary of this inflated appraisal system is the developer. In the case of The Villages, The Orlando Sentinel estimated that property with a market value of about \$8.8 million was sold by the Villages developer to the Villages CDDs for \$84 million. The POA favors using a "market price" or "comparable value" appraisal technique. Techniques like these are used extensively in commercial transactions. These represent a much more equitable valuation approach on an "arms-length" basis.

3. Conflict Of Interest - Florida state law specifically exempts a variety of advisors, consultants, board members, stockholders, and employees of a developer from any conflict of interest in their dealings with the developer regarding CDD business. The Orlando Sentinel article suggested that this exclusion often allows decisions to be made that compromise the best interests of residents because of the cozy relationship between

advisors to and developers of CDDs. The POA thinks that this Conflict Of Interest exemption should be eliminated in favor of a strict Code of Conduct that would ensure arm's length transactions in the conduct of district business.

4. District Manager Retention - District Managers in the various CDDs serve with the approval and direct support of the CDD's developer. The problem here is that these managers can often accommodate the developer more so than the interests of the residents that they are suppose to serve. The POA thinks that CDD District Managers are like town mayors in many respects. And, a sensible way to ensure that town mayors serve the best interests of town residents is to have the incumbent mayor run for election on a periodic basis. The POA thinks that any incumbent CDD District Manager, in his or her position for three or more years, should stand for either a retention vote or election vote whenever any CDD supervisor election is held in the overall CDD district. The precedents for this are that mayors are elected, elected state government officials are subject to term limits, and even state court judges are subject to periodic retention votes. This would ensure that CDD District Managers serve the best interests of residents and that they also strive to be professional, accessible, friendly, responsive, and unbiased.

5. Competitive Bidding - The Section 190 law now allows for contract awards without competitive bidding for purchase of products or services up to \$150,000. The POA thinks this is a mistake because of the potential for cozy arrangements between developers and favored suppliers. The POA favors a requirement for competitive bidding for any purchase of products or services over \$10,000 in the aggregate. This is a typical provision in many other local government codes. Conflict of Interest provisions and Code of Conduct provisions favored by the POA should also apply.

6. Amenity Fees - The current practice in some CDDs is to use Amenity Fees for maintenance, debt service, promotion, etc. The POA has estimated that roughly half of the monthly \$100.00 or so Amenity Fee charged residents in The Villages goes for maintenance with the majority of the remainder going for debt service. The POA favors legislation requiring that any fees charged residents in a CDD be explained in detail, be used only for the stated purpose, and be voted on for approval by residents.

7. Tax and Voting Reform - Currently, land and the improvements on land are taxed at varying rates. This allows developers of CDDs unusual discretion in the development of CDD land at the expense of the rights of existing residents. The POA supports legislative initiatives by the Silver Hair Legislature to increase tax rates on the value

of land and concurrently reduce tax rates on the value of improvements. Then voting in district elections and property taxes should be based on the value of land holdings.

Summary - The Section 190 law that set up the CDDs is a thoughtful and far-reaching effort by the Florida state legislature. The legislature should be applauded for this law that enabled our beautiful community here in The Villages to be built. The Villages developer should also be complimented for his use of the Section 190 law to make the dream come to fruition. However, as good as the Section 190 law is in enabling the promise of the CDDs, we still need to fix some of the unforeseen problems that threaten to spoil the results. The POA asks for the support of its members in its efforts to advocate these changes to appropriate government officials.

- Tom Poss -

YEAR 2000

The first year in the new century - year 2000 - what a year that was! Remember all the doomsday forecasts. Computers would not be able to handle the new date - communications wouldn't work - we would run out of food - there would be riots and violence. Of course, none of that happened. Computers hardly hiccuped.

Several events put Florida in the limelight of the entire world. First, the long drawn out custody battle for Elian Gonzalez. The little Cuban boy found adrift in the ocean. The courts finally settled the issue and Elian went back to Cuba with his father.

The second event, the Presidential election, polarized the country and every country in the world watched with amazement. Florida would be the state that determined who our next president would be. Because of the closeness of the vote, Florida law demanded a recount which gave one party a razor thin victory. This started a crazy go-around -- machine recounts, hand recounts, chads (1,2,3 hanging), dimples (pregnant, etc). It took six weeks of haggling but a winner was finally declared.

The most profound element of this whole mess was that it was "peaceful". Many egos were damaged, angry voices shouted, BUT, no one was injured, there were no tanks and armed soldiers in the streets. Again, we showed the world how our democracy works. I am proud to be an American and a Floridian.

- Carol Kope

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SUPPORT FOR SILVER HAIRED LEGISLATURE'S PROPOSED BILLS

We urgently ask all Villages and all Florida residents to write to their state legislators asking them to sponsor two bills prepared by the Silver Haired Legislature, at their legislative session in Tallahassee last October and submitted to the State Legislature for approval. The bills: HB83, Real Property Reform and HB93, Amend Chapter 190 - both bills have a direct impact on all Florida residents. The Center for the Study of Economics, experts on tax reform, have asked their subscribers to lobby their legislators on these bills and the whole Florida membership of the Silver Haired Legislature has been asked to do the same.

Residents are asked to write to their elected officials in support of these two proposals. A short letter or post card could state that the writer supports HB83 and HB93 and also urges the government official to give his or her support to these two bills. Two local officials to contact are:

The Honorable Anna Cowin
POB 490238
Leesburg, FL 34749

The Honorable Hugh Gibson
916 Avenida Central
The Village Green, Lady Lake, FL 32159

HB-83

REAL PROPERTY TAX REFORM

WHEREAS, the Ad Valorem real is a legalized combination of two entirely different taxes, (on value of land and on value of improvements), which have opposite economic effects; and,

WHEREAS, the value of land is entirely a function of demand created by economic growth and development, it is uniquely, in origin, a public revenue entirely; and,

WHEREAS, a tax on the value of land cannot be shifted or passed on to tenants or customer, it can only capitalize in lower land prices and drive land into higher economic use which curtails anti-economic land speculation, slum generation, leap frog development, urban sprawl and related costly social and environmental problems; and,

WHEREAS, taxes on the value of man-made improvements discourage improvements and may be shifted or passed on to tenants in higher rents or to customers in higher prices, it is in the public interest to promote non-inflationary full employment and tax fairness;

NOW, THEREFORE, BE IT RESOLVED THAT, taxing jurisdictions shall gradually increase tax rates on the value of land and concurrently reduce tax rates on the value of improvements each year as far as may be permitted by the total revenue budgetary requirements of the Jurisdiction.
Submitted by Ted Morris, Area 3

Rational for Real Property Reform

Economists from the time of Adam Smith, including eight recent Nobel laureates, have recommended that economic rent, as measured by land values, should be the first if not the only source of public revenue for the following reasons:

A tax on land values is the only tax that perfectly satisfies all accepted canons of taxation, and the only one that promotes non-inflationary full employment. All other taxes depress production, raise prices, and unemployment. They tax earned incomes of labor and capital. The tax is easy to administer, cannot be evaded, and has no harmful side effects. The higher land value tax permits lower tax rates on the value of buildings and

other improvements thus reducing net tax burdens on homeowners and businesses. Hence, it is politically quite acceptable.

Land value taxes, discourage land hoarding, land speculation, slums, leapfrog development, urban sprawl, and consequent costly social and environmental problems. Higher land value taxes and lower taxes on improvements make investments in capital production comparatively more attraction. Capital is both a product and a tool of labor, but land exists in fixed amount whether it is taxed much or little; nobody needs to be paid merely for owning it.

Official government statistics covering many years of actual experience in Meiji Japan, Australia, New Zealand, Africa, Canada, and Pennsylvania uniformly show that the more that land is taxed and the less that improvements are taxed, the greater is the rate of economic progress.

Connecticut has recently passed enabling legislation for progressive tax reform, and Maryland and several other states are considering it as the most cost-effective way to promote general prosperity.

-Ted Morris

HB-93

AMEND CHAPTER 190-COMMUNITY DEVELOPMENT DISTRICTS

WHEREAS, Chapter 190 as commonly applied by large tract developers to optimize their profit and freedom of action, sometimes at the expense of homeowners in the district; and,

WHEREAS, an imbalance of economic and political power between the homeowners as a group and the developer is contrary to American principles of government, equity, and *quid pro quo* transactions; and,

WHEREAS, this defacto politico-economic system more resembles a colonial Dutch patroon manor than a democratic institution, and is characterized by paternalistic exploitation on the one hand, and passive resentment or antipathy on the other it is common knowledge that Chapter 190 needs to be amended to make it consonant with the principles of the originating state government:

NOW THEREFORE, BE IT RESOLVED that landowners whose financial contributions, by whatever name, support



C.D.D. governments shall have effective control over these governments and their expenditures through their elected representatives. Each owner of land, whether developed or undeveloped, in the district shall annually be assessed to pay financially according to the amount of land that he owns, and his vote in electing officers of the district shall also be based upon the extent of his land holdings. This resolution is based on two premises: one, that it was not the purpose of Chapter 190 to favor one class, developer, over another, homeowner; and, two, the interests of both classes, and the benefits they receive by actions of the district government are directly proportionate to the amount of land they own.

Submitted by Rep. Ted Morris
Endorsed by Sen. Frank Renner, Sen. Winthrop Shook, Rep. Russell Day, Rep. Tom Poss

A Brief Critique of Chapter 190

Chapter 190 promotes and legalizes huge wind-fall profits for developers at public expense, particularly at the expense of homeowners in the district, who finance the infra-structure and other improvements that greatly enhance the value of land. Very little of this wind-fall profit, which is a pure economic rent, is recaptured in taxes on the developer for the public good.

The developer through his control of CDD governments, directs the expenditure of monies collected from homeowners. The homeowners pay the fiddler, so to speak, but the developer calls the tune. Thus, we have an egregious case of taxation without representation - something historically abhorrent to all Americans. Any reform, at the very least, should equalize, between homeowners and developers, the financial burden of providing infrastructure and other improvements intended for common use. All monies paid in to the CDD governments should be at a common rate for the amount of land owned, whether developed or undeveloped, because the value of all sites is increased as the margin of development extends through the district.

- Ted Morris

**PROPERTY OWNERS ASSOCIATION
MEMBERSHIP FORM**
P.O. BOX 1657 LADY LAKE, FLORIDA 32159

Completion of this form constitutes acknowledgement of the P.O.A. as your representative

NAME(S) _____

ADDRESS _____

VILLAGE/VILLA: _____

COUNTY _____ PHONE: _____

NEW -RENEWAL DATE: _____

ANNUAL DUES: \$6.00

Donation: \$ _____

Due to the overhead of the Bulletin (P.O.A. Paper) any contributions above the amount of membership will be appreciated.

SCHEDULED CDD MEETINGS

All CDD & VCCDD Meetings are held at the Savannah Center.

VCCDD - Villages Community Center Development District - last Friday of the month.

CDD#1 - Meets on the last Friday of the month.

CDD#2 - Meets on the first Friday of the month.

CDD#3 - Meets on the first Friday of the month.

CDD#4 -

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The P.O.A. Bulletin

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Articles are the opinion of the writer and must be signed. Articles may be edited for length, grammar and clarity. Mail Box letters must be signed by the writer, thus, giving the Bulletin permission to print the letter with signature. These letters will be edited only for inflammatory language.

Advertising: Call 750-5469 or mail to PO Box 1657, Lady Lake, FL, 32159

P.O.A. MEETINGS

Board of Directors - 7:00 PM

1st Tuesday of the Month

Charlie Chaplin Rm - Paradise Center

(all POA members welcomed)

General Meeting - 7:00 PM

3rd Wednesday of the Month

Paradise Recreation Center

Refreshments Served

(ALL RESIDENTS WELCOMED)



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**JANUARY 17 - POA
GENERAL MEMBERSHIP
MEETING**

Meeting scheduled for Wednesday,
January 17th in the Paradise Recreation Center
at 7:00 pm.

COME AND JOIN US
ALL RESIDENTS WELCOME
REFRESHMENTS SERVED

HAVE YOU PAID YOUR 2001 DUES?



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