

The Amenity Fee

This video is the 3rd of what was going to be a 3-video series that I started last year. After going over the information and the common questions about the Amenity Fee I've decided to split the Amenity Fee information into two videos. The first, this one, will cover the fundamentals of what it is and where it goes, and the second will cover some of the questions associated with the Amenity Fee.

You'll find links to my previous Bond and Maintenance Assessment videos in the upper right corner of this video and in the description of this video on my YouTube page. You can also find them by browsing the list of videos I've produced on YouTube.

Also included in the video description is a link to the Districtgov.org website where you can find the current and next year's Amenity budgets.

This video has been on the back burner for a while and has undergone several rewrites while there. With the new Amenity Budget being submitted recently, it seemed appropriate to knock the dust off and talk about this important subject.

How do I know so much about the Amenity and other budgets? I've reviewed and studied them for over 6 years now and I'm pretty sure I understand them better than most and nearly as well as some of the district staff.

Why have I spent so much time and effort on this? Because I love living here in The Villages and I think it's very important to understand the how's and why's of how our community works. Call it being OCD or a personality defect, it's just who I am. I also feel it's critical to be as accurate and as correct as possible when I speak on a subject, and that sometimes takes a lot of digging.

As you can see, I've added some views of the current construction work going on here in The Villages and I'll show them as I discuss the Amenity Fee.

There is also a bit of a surprise later in the video where I'll try to give away something of value, but more on that later.

Many things happened in the last year that put this video on the back burner, the hot summer weather and the recent African sand storm have freed up a little time so I thought I would go back to this topic.

Webster's dictionary defines "amenity" as: *something that helps to provide comfort, convenience, or enjoyment.*

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Without a doubt our amenity package here in The Villages provides all of these and plays second to none.

So what are the “Amenities” here in The Villages?

Some are easy:

Regional Recreation Centers

Village Recreation Centers

Neighborhood Recreation areas

Pickleball, tennis, and basketball courts

Bodhi and corn hole courts

Swimming pools

Executive golf courses

Outdoor recreation and fitness areas and equipment

Dog parks

Archery Ranges

Air gun ranges

Most of the park like areas scattered throughout The Villages

And may other things

There are some other things covered by Amenity Fee that most don't realize:

The gate house and traffic control gates

The mail stations (part of the Neighborhood Rec Centers)

Community Watch

The Public Safety Department Supplement

Upkeep of landscaping around the all amenity facilities

Utilities for the amenities, including heating the over 80 pools year-round.

Payment of the bonds for the purchase of the amenities from the developer in 2016 (bonds) for the SLAD

Administrative costs

Insurance

Recreation center and other amenity repair and replacement costs, some of these are current and recurring costs and some of it is money saved in preparation for eventual replacement.

Communications costs

The odd man out in the amenity world is the fitness centers at 5 of the recreation centers,

these are all self-funded and self-sufficient, but they are operated alongside the rest of the amenities, which helps both achieve additional cost savings through economies of scale.

Things that are NOT amenities, contrary to what many people may think.

Polo grounds

Cart paths and bridges

The wildlife preserves, natural areas, and some of the parklike areas, these fall back to the individual districts or the Project Wide Fund so these are then paid by the annual property maintenance assessments.

Championship golf courses, their clubhouses, restaurants, pools, tennis courts, and other facilities (these are a private business enterprise), privately owned, and designed to make money for their owner. They are not amenities.

The town squares

The shopping and commercial areas

The nightly entertainment in the squares (when it happens again)

Katie Belles and the Hacienda Hills County club

The Sharon W. Rose performing arts center

The Villages Regional Hospital and other medical facilities

The Brownwood hotel

Figuring out who owns what and what is and isn't an amenity can be a difficult thing at times for many people.

The first thing to understand about your Amenity Fee is that, even though we all pay our Amenity Fee with our monthly water bill, there are 3 different destinations for the money depending on where you live.

If you live north of CR466 then the funds end up in the Recreation Amenities Division budget or the RAD fund.

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If you live between CR466 and SR44 the funds go to the Sumter Landing Amenity Division budget or the SLAD fund.

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And finally, if you live south of SR44 the developer is paid these funds.

Why this convoluted arrangement?

It has to do with who actually owns the amenities and the contracts.

North of CR466 the VCCDD owns the properties and contacts, South of CR466 they are owned by the SLCDD, and south of SR44 the developer owns all the amenities and their contracts.

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First, we'll talk about the one that has the heckles raised on some of your necks.

YES, The Developer gets paid the amenity fees from the homes south of SR44. They own these amenity properties and either directly or indirectly pay for their operations and maintenance.

Some items they pay directly such as for maintenance and repairs to the Recreation Centers south of SR44, it's their building and they are responsible for them.

Some items are paid indirectly, through the SLCDD to the SLAD fund. This is things like the staffing and operating supplies for the Recreation Centers and the Golf courses south of SR44.

This arrangement actually works to all of our favor:

For the Developer the operations are basically outsourced to the Recreation department and they don't have to worry about them. They can focus on their main business of building residential and commercial properties.

For the residents this gives us reduced average overhead costs for staffing and the greater head count gives the Recreation Department greater flexibility with staffing and the ability to move people around for events.

The developer also pays for the standard Community Watch services in the areas south of SR44. Additionally, they are paying for extra community watch services to patrol the construction areas and model homes. The construction and home watch are not a part of the amenity budget, rather, it is part their construction budget. In other words, the residents do not pay for this service, the developer does.

Because the amenities south of SR44 are privately owned the developer has to also pay property taxes on the land and buildings, just like the rest of us have to do with our homes.

Let's also not forget that these amenities are also a business unit for the Developer and one would expect them, like any business, to want to make a profit in their business, so yes, the developer probably does make a profit on owning the amenities. They only earn this profit from the amenity fee paid south of SR44, not the northern areas.

Profit is not a dirty or evil word, it's the word and the reality that ultimately enabled each and every one of us living here in The Villages to achieve that goal.

How much the profit is, is not anyone's business but the developer and is not subject to public disclosure.

Remember also that until a home is sold they do receive a dime in amenity fees from any unsold home, but the cost for things like staffing and maintenance does not change so they have to pay these costs no matter what. Let's translate that, until most of the homes are sold in an area, they don't make a cent of profit from the Amenity Fee. If you look at listing of homes for sale on The Villages website, there's a lot of inventory that isn't paying an Amenity Fee yet that they have to cover operating costs for.

The vast majority of the Amenity Fee budget is centered north of SR44 in the RAD and SLAD budgets. For the sake of discussion in this video I'm going to lump them together as one in the discussion. You can get the individual budgets for both amenity districts from the districtgov.org web site.

Every home pays a monthly Amenity Fee, the amount paid each month depends on several factors:

The date of home purchase

The prevailing or prevalent rate at the time of purchase

And

Annual Consumer Price Index adjustments

Taking all the homes in The Villages into consideration this works an average monthly fee of about \$154 for the last fiscal year. This average is actually a little low because not all the new homes start paying the Amenity Fee the very first month of the fiscal year.

There's been a lot of discussion and debate about the Deferral Rate that was eliminated last year. I'll save full discussion on this topic for the next video. What is important to realize at this point is that the Deferral Rate accomplished its original purpose of trying to equalize the different rates being paid for the Amenity Fee. Currently there are only about 20 homes with a monthly Amenity Fee less than \$140.

Let's take a look at the income side of the Amenity Budget first.

This is the list of all the accounts and sources of income.

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There is a considerable amount of funds held in the reserves that normally return a substantial return on investment, for the current year these are all zero because of all the uncertainty. Last year this was about \$514 thousand.

As I said, the majority of the budget income comes from the monthly Amenity Fee we all pay, nearly \$113 Million or nearly 92%.

The Developer pays about \$535 thousand for Recreation Fees, \$946 thousand for Golf services,

just over \$866 thousand for Community Watch services,

This totals over \$2.7 million dollars up from \$1.4 million last year, or about 2.36% of the total amenity income budget.

Remember, the rest of the costs like maintenance they pay directly.

The remainder of the funding comes from,

Executive Golf trail, cart and green fees \$3.5 million,

And another \$3.5+ million from Recreation events, rental income, and other miscellaneous income sources. Of this \$1.3 million was also pulled from Repair and Replacement funds for work occurring this year.

\$7.1 million was added to Working Capital this year and last year \$3.64 million was added. This actually shows up as a negative number in the income side of the budget. This number fluctuates from year to year.

Think of Working Capital as the extra money you keep in a checking account, a bit of a cushion in case something comes up or income is delayed.

The goal is to maintain 3 to 4 months of expected operating expenses in the Working Capital fund. That's between \$30 and \$40 million dollars in working capital. The amount added and taken from Working Capital varies greatly from year to year depending on the costs to be incurred.

The total NET income is over \$115.4 million for the next fiscal year.

Again, the combined budgets income is about \$115.4 million. That's a lot of money!

The big question is, where does it all go?

Here's the list:

as you can see it divided up a lot of ways,

so let me simplify this even further.

I'll divide all these up into a few major categories.

The biggest piece of the pie goes to pay for the VCCDD and SLCDD expense of purchasing the amenities and income contracts for the Developer, about \$35.4 million goes to pay the bonds that were used for the purchase. This paid to the bond holders, not the developer, they were paid in full in 2016 for the amenities.

Don't confuse this with the bonds on your home, it is totally different and not the bonds you are paying.

Also, contrary to what many believe, the residents do not own the amenities, they are owned by the two government bodies of the VCCDD and SLCDD, or the developer south of SR44.

Perhaps the most important expenditure is the \$3.29 Million that we will add to the public safety budget next year.

This supplements the monies receive from the county to run the fire stations. Each month \$4.08 of each home's Amenity Fee is allocated to this line item in the budget. The Villages residents want a higher level of service and response, and this pays for it.

Unlike may other costs, this higher level of service is easily quantified. Our firefighters have 4 ½ minute average response time to a call.

How does this help?

In The Villages, the heart attack survival rate 6 to 7 times the national average due in part to this higher level of service.

Is that worth 13 cents a day, I, and I think most others will agree, it is.

We save \$5.35 million in the Repair and Replacement funds for repair and replacement of the amenities, think savings account. If the Deferral rate had not been removed these savings would have been consumed to balance the budget in the next few years.

Next is capital projects or improvements with a budget of just over \$2.81 million

\$7.9 million goes to fund Community Watch

Administrative costs account for about \$11 million

The cost to operate the executive course is just under \$4.2 million

The expense for operating of the Recreation Centers, pools, and other general recreation activities at \$13.5 million.

Utilities will cost about \$5.1 million next year

Landscaping costs are about \$4.6 million, it's a lot of locations and it takes a lot work to keep everything looking this good.

And the maintenance and upkeep cost of all the amenities is about \$22.2 million.

And lastly, about \$894 thousand for the communication and marketing package costs, this would include the Rec News publication every week as well as

The district.gov website

The Villages Recreation and Parks Department Digital Billboard

The Villages Recreation and Parks Recreation Bulletin Boards

The District Weekly Newsletter & E-Notifications

Advertising in The Villages Daily Sun

WVLG Radio, AM, FM, Live Streaming and advertising

The Villages App

The Villages Community Calendar.

MaxGalaxy (2018) Recreation Management Software

I'll delve more into this item in the next video.

As you can see, there are a lot of things that the Amenity Fee pays for. All directly or indirectly contribute to the overall lifestyle here in The Villages.

Again, these are some big numbers!

But remember, there are nearly 60,000 homes and over 120,000 people living here. All of whom came here for the lifestyle that our amenities help provide.

One last note of great importance:

The district office Budget and Finance departments have their work cut out for them, there are 74 revenue sources I've shown here and 63 expenditure budgets they need to track, and that's actually doubled because there are two amenity budgets – the SLAD and the RAD budgets. That's on top of the other 20 budgets and hundreds of accounts they have to maintain for the various Districts. The Finance Director, Anne Hochsprung, and Budget Director Barbara Kays, and their staffs are hugely under appreciated by residents for all the work that they do each year.

To Anne, Barbra, and your staffs, Thank you all so much for the hard work you do every day.

That the Amenity Fee and budget, I hope this has been information and useful for you.

It's a lot of information and a lot of money we're dealing with for a very important part of what makes up The Villages lifestyle.

In Florida, all the public records and meetings are required by law to be open to the public, if you don't believe what I'm putting out here you are free to review that records and policies for yourself. Your starting place will be the districtgov.org website.

In the next video I'm going to cover the following questions:

Questions (Video 4)

\$10,000 giveaway

The Deferral Rate

The developer is making a windfall profit off of the amenity increase and removal of the deferral rate.

3 Ways to increase your amenity fee

AAC vs PWAC, and why there no AAC South of CR 466

Rec News

Why was there a big jump in the rec news cost for north of CR 466

Town square entertainment

The Lofts

The Developer's involvement in amenities

The developer has forgotten about the north end and is only interested in making money in the southern end of The Villages.

The developer isn't building

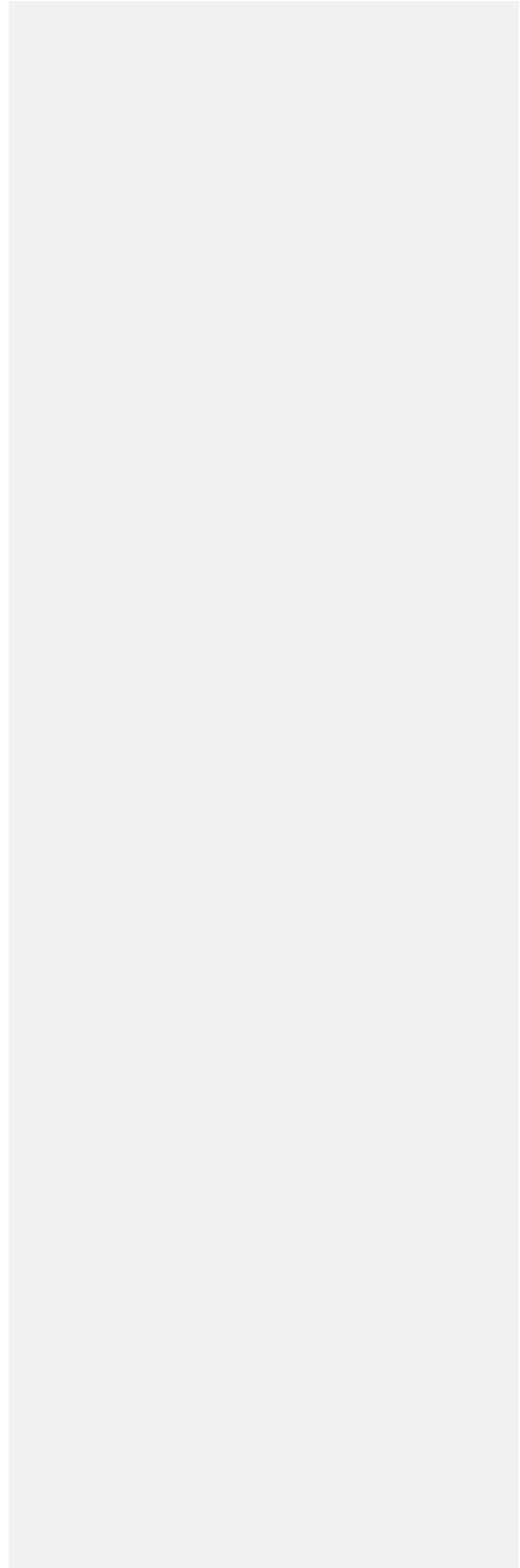
Amenities first like they did

under Harold Schwartz and

Gary Morse

it's just the kids are greedy!

Why don't we get a refund on the amenity fee since they were closed for the COVID19 outbreak.



Part 2 of the 3rd part of a 3 parts series talking about the fees that we as residents pay as a part of home ownership here in The Villages. I've only scratched the surface of the 60+ budgets, hundreds of expense and funding accounts, and the over \$382 million these accounts and budgets represent. All of this is a necessary part of making the Villages the community that it is. I've not touched on the county government and taxes levied by them and how that impacts the Villages, I'll save that discussion for another time.

I've received a lot of complaints about the commercial that appear while watching my videos, this is all YouTube, I have a little control on when adds appear but no control over what is shown. This is just how YouTube's business model works and how they make money.

As you can already see, the screen is showing you what is happening on the construction front here in The Villages. The text describes what is being shown. It does make things little more difficult to follow so after you watch and listen to the video mute the volume, put on some classical or light jazz music and watch it again to get the rest of the information you've missed.

I'm going to say some things in this video will upset a few people. Some will disagree with me, that's fine, it's a free county, you're entitled to your own opinion,

even if is wrong.

Some will accuse me of not knowing what I'm talking about, I've spent a lot of time researching and studying the information I put out to you and work hard at making it as accurate as is humanly possible.

Some will even go so far as to say that I'm on the developer's payroll doing these videos.

This one is completely False. I am not in any way compensated by the developer for my work or my videos. I've been doing drone videos of the villages since Hurricane Irma hit Florida, about 3 years now, and for the last 2 I've been at odds on multiple occasions with the developer over what I show, when I show it, and what I say. To put a little icing on the cake, or maybe it's gasoline on the fire, I've been on the CDD10 board and the PWAC for the last 6 years and have challenged anything and everything that I didn't see as in the best interest of the residents or that may have favored the developer over the residents in some way.

Does the Villages know who I am, you bet they do. If they have a naughty and nice list, I'm pretty sure I'm in the running for a top 10 spot on the naughty list. So be it.

As of today, I've only met one member of the senior management team, the family if you will, of The Villages. I met Ryan McCabe in January of 2019 after several phone calls and discussed the content of my videos and how the Villages felt it may be negatively impacting them.

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While I don't always agree with what and how the developer does things, for the most part they do things better than any other construction company I've ever seen. I was a project manager working in the construction industry for nearly 20 years before retiring 2 years ago. Had I worked for a company this well run I probably wouldn't have retired early. But then, I'm now enjoying the heck out of retirement here in The Villages so there's a silver lining for every cloud.

I looking at most things pragmatically and from a business view point, unlike many living here in the bubble I have not forgotten how the real world works and I don't despise someone making an

honest profit. I don't gain anything by taking a stand one way or another with The developer, so I simply try to give you the available facts.

Enough of this.

Let's start with the topic many of you are here for, MONEY.

In my last video I told you I wanted to give away \$10,000. \$1,000 to 10 individuals. And that's exactly what I am going to try to do.

Why am I doing this? A little background:

Early last year the AAC and the PWAC decided to remove the deferral rate from the Amenity Fee we all pay.

So Many were enraged!

Over and over again I heard people say or write in some online forum or website that they were told their amenity fee would never go over \$155, they were promised this and that's one of the reasons why they bought here.

Harold Schwartz would have never let this happen!!!

I heard this at the joint meetings of the AAC and PWAC when this was discussed.

I read the outrage all over this on Facebook

There was an avalanche of complaints and comments on Talk of The Village

How does this really affect us? Well starting last October, the deferral rate went away and for those of you who were at the \$155 deferral rate, you had about a 3% CPI adjustment.

Your amenity fee would go up to \$159.65 per month this first year. \$55.80 total for the year.

For 10 people I'm going to pay you this CPI adjustment difference, \$55.80 or whatever it happens to be for your property on October 1st.

Next year your amenity fee with the CPI adjustment might go up to \$164.44, another \$113.28 for the year over the deferral rate. For these same 10 people I'm going to again pay you the difference again.

And I going to keep doing this each year until I've paid each of these 10 people a total of \$1000. How long this takes actually depends on the CPI adjustment made each year.

My wife thinks I'm absolutely insane to do this. I've told her my business is picking up, I've got it covered. I hope I'm right.

Here's all you have to do to be one of these 10 lucky people.

Provide me with a copy of the legal document between you and The Villages that guarantees you will NEVER pay an Amenity Fee greater than the \$155 deferral rate. This can be in your deed restriction, or an addendum to your deed restrictions, or some other document in your home closing paperwork. It just needs to be legal contract document.

That's it. Simple as that.

When you have the document, scan it or take a picture of it with your digital camera and email it along with your contact information to 10K@goldwingnut.com

You have until September 15th 2020 to send me the documents.

On October 1st 2020 I'll announce the winners and give them their first checks.

Of course there are some additional rules and terms to this that you have to agree to, you can see all the terms on my website at www.GoldWingnut.com/10K, I've put a link to them in the description below of this video.

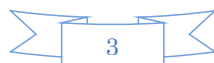
Why am I doing this? Because I believe that, we as the residents, need to be treated fairly and all parties must live up to the agreements they've signed and agreed to. If we have to take legal action to make this happen, then these are the first documents needed for me to pursue this action.

Now some of you may say you don't have a document that says this but that you were told this by your realtor. That would be an agreement between you and the realtor and not The Villages, you need to discuss this with your realtor, it's not eligible to win the \$1000 giveaway.

Or you maybe have an email or other document between you and another 3rd party where this may be stated. Again, if it's not a legal document between you and The Villages, it's not eligible, you'll need to take the issue up with that party.

So that's it, that's how I'm going to try to give away \$10,000.

Gather your documents, read the terms and rules of the giveaway, and then email me your documents at 10K@goldwingnut.com. On October 1st I'll start writing the checks.



Now let's get started with the questions and comments from the last video

First Up, The Deferral Rate.

What is it and why did we have it.

It was established on July 15th 2010 by the VCCDD upon recommendation of the AAC

On May 17th 2012 the SLCDD adopted a similar resolution for all areas south of CR466.

So why did they do this? Mainly to equalize the Amenity Fee being paid by residents. There were literally hundreds of different rates in effect at the time due to the different rates in effect at the time of home purchase and the annual CPI adjustments that are calculated monthly and applied to these rates. Setting a cap, the deferral rate, on these rates would allow most of these rates to equalize at the \$155 mark. This was a 1 year resolution and could be canceled at any time.

As finances were good for the AAC and VCCDD after the lawsuit settlement, this would be good for all the residents, and most importantly it would simplify accounting and tracking of amenity rates.

For the early residents south of CR466 this seemed unfair and SLCDD implemented the deferral rate to even the playing field.

Think about this for just a minute, this was a huge step for the SLCDD. Remember, these are all Land Owner Elected supervisors with the developer being the primary land owner. Also, at this time the developer owned and operated all the amenities south of CR466. These supervisors just told their boss, they can't raise the rates for the amenities that you owned.

When the deferral rate was established south of CR466, the PWAC was still 14 months away from being created on July 17th 2013.

4 years after the deferral rate had been established Villages wide, in the late summer of 2016, the developer made the decision to sell its interest in the amenities between CR466 and SR44. The reasons for this were never officially announced but two things seem most logical 1) they wanted or needed to focus on their core business of developing land and building homes and 2) the sale would provide a quick infusion of cash and a recovery of their investments in the amenities to help fuel the growth we are now seeing south of SR44.

The SLCDD purchased the amenity assets and contracts, the contracts being the resident's monthly amenity fee payments. This is an important fact to remember.

The SLCDD owns the amenities, not the numbered residential districts, and not the residents.

Because the amenities are now owned by a governmental body their finances and budgets are now open for public view. Under the developer these numbers were private and privileged information.

A few months later, on May 18th 2017 the SLCDD directed the oversight of the SLAD fund be given to the PWAC. They didn't have to do this, but they did, giving the PWAC a charter nearly identical to the AAC's, and effectively giving control of the Amenities to the residents.

While the developer may have been able to come up with a large sum of cash in an emergency or to replace a major asset, the SLCDD did not have this ability for the SLAD fund. The SLAD fund's R&R budget was initially funded as a part of the sale of the Amenities, and while sufficient for the

immediate and short term needs it was always known that additional reserves would need to be accumulated for long term needs.

The Amenity R&R reserves receive \$2.25M each year from the SLAD fund budget to fund these reserves. The reserves now sit at about \$20M.

As costs go up every year for everything from electricity to labor, the building of the R&R reserves could not be sustained on the fixed income budget established by the Deferral Rate. The projections showed that sometime in early 2023 the income and expenses would be equal and there would be no funds to put into the R&R reserves. By the beginning of the 2024 fiscal year it would be necessary to use R&R funds to balance the budget and sustain the same level of service and amenities. The Deferral Rate had done its job and it was time for it to end.

In March and April of 2019 joint meetings were held with the AAC and the PWAC and it was decided that the Deferral Rate resolution would not be renewed, the fiscal impact was no longer sustainable.

While I've focused on the SLAD fund and it's finances, the same budgetary impacts hold true for the RAD fund, the number are just a little different.

Next up:

The Developer's making a windfall profit off of the amenity increase and removal of the deferral rate.

As I discussed in the last video, the developer only receives the revenues from the Amenity Fee from homes south of SR44. Their costs are fixed just like north of SR44. The big difference is that while they're paying the bills for the Amenities south of SR44 not all the homes are sold, so they don't have a full revenue stream yet. In other words, they're not making any money yet.

If we look back at the budgets the same pieces of the pie affect the developer as it does the SLAD and RAD budgets. The big difference is that they don't have a bond. Out of this piece of the pie comes their profit and taxes. Taxes in the form of income taxes and property taxes. If you look at the property taxes on just the Fenney rec center, it take the amenity fees of 18 homes for a full year just to pay the property tax bill, how may more does it take to run and maintain it? Who knows. And don't forget they saw the same 25% property tax increase the rest of us did. That was a nearly \$4300 increase in just this one piece of property.

Yes the developer owns many companies and some of these companies are under contract to provide services to SLAD and RAD. These are fixed contracts for services that have either been enforce since the amenity purchase by the SLAD or that were competitively bid after the purchase. Imagine if your bank came to you and said You just got a pay raise, we're going to raise your mortgage payment and what you owe us. Sorry it doesn't work that way with these contracts either.

Yes, the developer will now see CPI adjustments on the revenues they receive for Amenity Fees south of SR44, but that's it.

Don't forget also that the developer built and paid for the amenities south of SR44 and is hoping at some point to make back the money invested in those amenities, that money also comes from the Amenity Fee. So it will likely be many years before they actually make a profit off the amenity fee.

I think I've covered the topic of

The Developer's involvement in the Amenities.

Since I've been talking about the AAC and the PWAC, let take a look at the next question:

AAC vs. PWAC, Why there's no AAC south of CR466

The AAC, it was established as a part of the settlement of a lawsuit in 2008, the details of this suit are irrelevant at this point beyond establishing the AAC.

PWAC was established by the SLCDD to get resident input and involvement in the operations of the Project Wide agreement and fund. It wasn't until 2017 it took on responsibilities for amenities.

The AAC is landowner elected, that mean that there is only 1 vote per house on election day.

PWAC is make up of Supervisors elected by qualified electorates, registered voters, to serve on the CDD Boards. The boards choose one member and an alternate to serve on the PWAC. There is direct representation of the residents on the PWAC.

The AAC only oversees the RAD and doesn't need input from their parent CDDs. The CDDs don't have input into the Amenities.

PWAC has 2 functions, the Project Wide responsibilities and the amenities of the SLAD. While these responsibilities could be split up and another committee formed, it would prove to only add extra administrative costs. Giving these additional responsibilities to the PWAC was a smart economic choice.

The resolutions creating the AAC and PWAC are nearly identical. Two significant differences exist, one committee has an authority position give to it in the lawsuit settlement and the other is an advisory role. The other difference is because PWAC is an advisory role, if there is a disagreement between the PWAC and the SLCDD then a joint meeting is held to resolve the differences.

Why wasn't the PWAC give Authority? Easy, neither the PWAC nor the residential CDDs have any ownership of the Amenities. Would you give someone without ownership and repercussions complete control over how you spend your social security check and retirement funds, of course not. You might higher a bookkeeper or an advisor to manage your money, but you'd never give up control of your money completely. Neither will the SLCDD.

Since PWAC is on an advisory role in the Amenity Fund, SLCDD doesn't need to follow the decisions of the PWAC.

SLCDD has never overridden a PWAC decision, and likely never will.

I try to stick to the facts but this is my opinion:

The establishment of the PWAC was a move by the SLCDD to isolate itself from backlash if something goes wrong. For example, if District Property Management came to the PWAC and said one of the rec centers needed the roof repaired and PWAC makes the decision to delay the repairs until the next year. SLCDD will most likely follow the decisions of the PWAC. 6 months passes and the roof caves in, the finger pointing starts, SLCDD can say we followed the recommendations of PWAC, it wasn't our fault. Now PWAC has to answer for the delays.

Of course the SLCDD can override any decision made by the PWAC, but, and this is my opinion once again, they can only do it a few times, or maybe even only once, and then the PWAC becomes impotent and need not exist. Everything would then rest on the shoulders of the SLCDD, something they probably don't really want.

The current arrangement works and the roll PWAC has over amenities is a positive one and one that SLCDD was under no obligation to provide, but they did.

A lot's been said in the last few months about the PWAC and the Project Wide fund, much of what I've seen has been one sided and very misleading. I touched on these briefly in the Maintenance Assessment video and have decided to do another video in the near future going into more detail on both of these.

One of the common comments I heard with the deferral rate was going to be abolished was that this gave the developer or PWAC or the AAC a free hand to raise the rate however much they want. This is completely untrue, there are only 3 ways to raise the amenity fee, and they are all listed in your deed restrictions. I call these

The CPI creep

The Reset

And

The Gimme

If you read your deed restrictions, you'll see all of these laid out.

The CPI creep is what we are most familiar with, every year a small adjustment is made based on the Consumer Price Index. The CPI probably isn't the best choice of index for this purpose and usually comes up short every year, but it's what's stipulated so we work with it.

The Reset helps to overcome the shortfalls of the CPI, when you sell your house the new owner pays the current Prevailing Rate for the Amenity Fee, they don't inherit your old rate. This normally results in an increase in the Amenity Fee collected for a property and helps to bring the budget to a cash flow positive position.

Then there's the Gimme,

Gimme more or something new, OK, if 50% of the homeowners want it, then the amenity fee will go up to cover the cost.

That's it, that's the only ways they can be raised. As you can see, the Amenity Fee is pretty much locked in and controlled.

There's a lot of words in the Deed Restrictions about this but that's what it says in a nutshell. I've read over 60 different deed restrictions for units throughout The Villages going all the way back to the original sections of The Villages and it's been basically the same for 35 years.

If you don't have your deed restrictions handy you can go to districtgov.org website under the Departments and select community standards. Click on "Download your declarations and restrictions" and you'll find your listed on that page.

I want to touch on the Town Square Entertainment now.

This entertainment is not an amenity, but it is a great part of the lifestyle here in The Villages.

How is this funded, well half of the money comes from the Sumter County Tourism Development Council, about \$120,000. The other half comes from The Villages, this is the developer, its many companies, and the merchants that lease property from them at the town squares.

It does not come from the Amenity Fee or any other resident funded fund.

Why do they do this?

Well for the developer and the merchants it helps to bring in business from both the residents and non-residents alike.

For the county, they estimate that this town square entertainment is responsible for 20,000+ room nights. If you stay in a hotel or other accommodations for less than 6 months then there is a 2% tourism tax levied on the rental paid. If you're doing a short term rental of a house in The Villages then you landlord is paying this tax out of the money they receive from you.

For the county, this is a lot of money raised. It doesn't just include the room tax but also additional general revenue taxes from restaurants, gas station, and other businesses that people will visit while in Sumter County.

The money spent on the town square entertainment is only a portion of the over \$600,000 raised each year through the taxes.

In my opinion, this is a pretty good deal for all.

The Lofts at Brownwood is the newest fly in the ointment when it comes to amenities.

Phase 1 of The Lofts opened last month and has started renting unit.

The amenities, pool, rec center, etc. are owned by the developer and no different than the other amenities south of SR44. The developer will collect the fee and reimburses the actual costs incurred to the SLAD each month.

As far a impact goes, we're talking about 250 units diluted into over 14,000 homes between CR466A and SR44, about a 2% increase in the number of residents. Of course, there may be a slight surge in usage initially when a new resident moves in, we were all like that when we first moved to the Villages, but it subsides quickly.

Even golf won't be impacted with any significant increase. There are about 10,000 tee times a day available on just the 42 executive courses. Not everyone from the lofts will pay golf everyday. Just look at your own neighborhood or circle of friends and count how few actually are playing golf on a given day.

The Lofts is not an issue to be concerned about.

This is one of my favorites.

The developer has forgotten about the north end and is only interested in making money in the southern end of The Villages.

First off, The Villages, the developer, is a business and if you remember the way things work outside the bubble, businesses need to make money to survive.

The developer is in the business of building homes and selling them, to attract sales they build amenities, commercial areas, and other things to attract their customs.

If something makes them money, they feed it and keep it healthy. If it loses money, they close it and build anew to make something that is profitable. This is what is happening with Kattie Belles and the Hacienda Country club, they weren't profitable, they're now gone, to be replaced with something new.

The developer is done building houses at the north end of the villages, there's nothing in it for them. All the amenities belong to the VCCDD and CDDs are responsible for the rest of the operations and maintenance.

Remember, you bought a house, you didn't buy a rich uncle who was going to take care of your every want and need until you die. Check your closing documents, you got everything you paid for.

Remember, if you want something new there's always the Gimme clause in your contract, if you can get 50% of the residents to agree, you can have it, but you'll also have to pay for it.

I wouldn't say the developer has forgotten about the north end of the villages, but I would say the just about everything north of SR44 is not on their radar to invest new money in, there's no profit in it.

They don't owe any of us a thing.

I'll say it again, profit is not a dirty word, it's a reality of how the world works. There is a very special place for a business that isn't focused on profit.

Bankruptcy Court.

How about this one?

The developer isn't building Amenities first like they did under Harold Schwartz and Gary Morse, it's just the kids are greedy!

First don't confuse amenities with for profit business like grocery stores, shopping areas, and championship golf courses. An amenity swimming pool or rec center can sit empty all day and not go out of business. These businesses must have enough traffic and people spending money in them to keep the lights on, they are not charities. "If you build it, they will come" is not a winning business plan.

If you look at the amenities south of SR44 there are actually more amenities, true amenities, per home than anywhere else in The Villages. Not only more, but new and different amenities. Take the River Bend rec center, there is not another Village recreation center in the community that can match what is at this location.

Could the work on Magnolia Plaza been started sooner, perhaps yes, but then it's easy for me and everyone else to say that, because it's not our money at risk.

When Mr. Schwartz and Mr. Morse were involved things basically moved south at a steady pace and it was much easier build and make profitable the non-amenity as homes flowed towards and around them. And they didn't come overnight either, they were all progressively built. In the 6 years I've lived in The Villages a dozen new business have opened on CR466, new business have opened in the Colony and Pinellas plaza, the Walmart Neighborhood marked and surrounding businesses have opened, and the commercial areas next to Brownwood and the Rohan Rec Center have opened. Why, because that's where the customers were. There are finally enough customers south of the turnpike to support a commercial area and it is coming along quickly.

As far as being greedy, from what I see happening in the new areas more money is being spent on amenities and preservation areas and less homes being built to recover these cost than has previously been done. I see a long-term business strategy that will work for may years to come. I'll say it again, Profit, is not a dirty word.

Let me talk about the Recreation News now.

\$893,500 dollars is budgeted for communications, yes the rec news is a part of this cost, but only a part.

In the part that's referred to by most as the Rec News there's also

radio and television advertisement for recreation events

There's the districtgov.org website and the e-notification system

The Villages App

Printing of information

And a host of other things.

All these together come up to about \$790,00 of the total \$893,500 budget for communication.

Why do we even need it? It's the primary communication channel available to us that can reach nearly 100% of the population of the villages, assuming they can read. Communication of the recreation activities drives participation and utilization, without these the buildings and equipment that are the amenities diminish in value. What value is a rec center if it sits empty. Remember, it's the value of the amenities that the bond holders bought, and they expect that value to be protected, there is a responsibility to do this. The value the residents find in the amenities also affects the value of the community and their home values.

Are there other means of communications that will work without the printed pages, absolutely.

Many have suggested a touch screen kiosk at each rec center, good idea, we'll need about 100 to put one in each rec center and have a few extras for spares and special events. They start at about \$3,000 each. Remember there's a lot more to these than just an iPad. There's the backend software licensing for each unit that has to be accounted for also. And you're going to need several people to manage that software and information. If you walk into a rec center you'll want to see what's happening there first, and if the aerobics class you wanted to attend is full you'll expect to be able to find quickly where the next nearest call is being held. There's a mountain of data that would need to

be maintained, and that takes people, skilled people, and they don't come cheap. So \$300,000+ for the hardware and software, and guess what, it will have a lifecycle of about 3 years and then it will all have to be replaced or upgraded, more money, again.

The current Villages App is thin at best on functions and feature. Using it to replace the paper version of the rec news would be a significant investment in time and effort. Would you be happy with a pdf version of the rec news to read on your phone, probably not. You would probably want interactive features like I just described for the kiosk plus things like alarms to notify you when your glass fusion class is coming up or maybe when it was canceled when the instructor gets sick. There are a lot of features that are possible, but they all cost money and take a lot of labor to develop and deliver.

Yes, these are possible alternatives and there are many more. But what about the current costs for the paper edition. Why does it cost so much.

The first thing to look at is not the actual printing on paper, but the behind the scenes production work. Managing the data and keeping it up to date for over a hundred facilities and thousands of groups is a full-time process. You'll have to have someone to handle data entry and be familiar with database administration. How much would someone like this be paid, \$30,000 a year, they won't be around long, \$50,000, that might get us a person with the skills needed. Don't forget this is just their labor, the cost of the employee to the employer is more, I'll be conservative here and assume it only costs about \$75,000 a year to employ this person. You'll also need at least 2 others working in design, layout, review, and to support the other work involved with the contract. Assuming that one person is the senior person and may make a little more, so we're talking about \$250,000 in labor leaving just over \$500,000 for production, distribution, and other contract deliverables, even less if you have highly skilled people on staff.

Some have suggested a limited distribution to just the rec center, OK, the labor costs don't change for production, but the cost per copy will increase due to the lack of volume. So you might save half of the total cost for producing a paper copy.

Some say to put it on the internet and save all the money. Again, there is a cost for production and processing of the information, that won't change. Some don't realize, the internet isn't free, it's paid for by the content providers and the advertisers.

As I said at the beginning, the ads are how YouTube pays the bills.

As this is a government body distributing it, there are no advertisers and the cost is bared by the district government and amenity funds.

One good thing here is that of the \$790,000 the developer is picking out about \$155,000 of this cost for the areas south of SR44.

Yes, there are alternative delivery methods but they will all cost about the same or even more to deliver. Efforts are in the works to develop these alternate delivery methods. For now, the paper is method is the most cost effective with the greatest reach.

So why did the AAC see a steep increase in the cost of the Communications costs in 2017. Simple, the developer had been giving the AAC a good deal on the cost and had never bothered to increase the cost over time. The cost information had not been public before because, again, the developer is a privately owned company and had no cause to open their books for a public audit. Once the amenity purchase was completed in November of 2016 the contract cost for the communications package had to be reconciled with the actual distribution quantities and cost. Had the cost distribution remained

unchanged, the areas south of CR466 would have been carrying a disproportionate amount of the cost.

In other words, contrary to popular misinformation, the cost for the rec news didn't go up, the bargain pricing the areas north of CR466 ended, and they had to pair their fair share.

The rec news will be a contentious issue for the foreseeable future, some don't read it and should have to pay for it. We'll you're not purchasing amenities piecemeal, it's a package deal. I don't play pickle ball, why should I have to pay for the maintenance of the courts? It's a package deal.

And

Why don't we get a refund on the amenity fee since most of the things were closed due to the COVID19 outbreak?

Let's start again with the overall budget. Things like the utilities, landscaping, maintenance, utilities, public safety, community watch and the other items in the budget didn't stop needing to be addressed. The pools still needed to be maintained, and you just can't turn off the lights and air-conditioning at a rec center and go home for 3 months, thanks to our wonderful Florida weather you'd come back to a massive mold problem that would cost millions to remedy.

And let's not forget the Bonds needing to be paid, I'm sure no one would have liked their retirement funds to stop paying them during this crazy time. The Bond investors also certainly want to be paid.

While the rec centers have been closed to the public, they still have been staffed and they have been undergoing additional cleaning and some deferred maintenance has been addressed.

Yes, there have been some reductions in cost for consumable items like pickle balls, paper towels, and toilet paper, but the extra cleaning efforts alone have more than consumed these savings.

All things being equal, perhaps we should go back and calculate the exact costs and savings that have been incurred do to the COVID19 outbreak, if there's a savings, sure, then give everyone a dollar or two reduction in their next Amenity Fee billing, but if there's a cost increase, are you also willing to pay the additional costs in your next bill, I think not.

So that's my answers and response to some of frequent comments and questions about the amenities. As was said before, for some of you,

A FEW GOOD MEN

Don't forget, I'm trying to give away \$10,000. Dig up your proof that you were guaranteed not to ever pay more than \$155/month for your amenity fee and send a copy of it to 10K@goldwingnut.com you have until September 15th 2020 to enter and win. I'll start writing checks on October 1st!

Total budgets: 382,466,607