

WHAT ARE BONDS AND CCD FEES ?

Development Districts of The Villages

We're pleased that you have chosen The Villages as your retirement hometown. The Villages' developer has taken steps to ensure that The Villages Lifestyle shall continue forever, and has created community development districts, units of special purpose local government, to make sure that the Lifestyle of The Villages is maintained in perpetuity. The information in this brochure will help you to understand what the districts are, how they operate and how they are paid for. If you have more questions, the District Office conducts informational sessions each week that are open to anyone wishing to attend. Please feel free to attend a session if you wish.

What are Community Development Districts?

Community Development Districts (or CDD'S) are special purpose local governments created to provide citizens many of the beneficial services which **might otherwise be provided by a town or a county** The operating costs of CDD's are paid for by taxes, assessments or fees that the District charges for services provided. In the Village Center District, operating costs are paid for by contractual fees charged for water and sewer services plus the contracted amenity fees agreed to by residents of The Villages.

By contrast, Village Community District No.1 provides and maintains the roads and transportation paths, storm water systems and structures, curb and gutter and street lights. The costs of building and maintaining this infrastructure are paid for by assessments, a **once-a-year charge which appears on the residents' annual property tax bill**. Village Community Development Districts No. 2 Thru No. 10 also use the same methodology.

Why use Community Development Districts to provide services?

There are three basic reasons that the Community Development District method was chosen to deliver services to Village residents.

First, as special purpose governments, the Districts' existence is perpetual. This permanence assures individuals purchasing property within the District that the common areas and the infrastructure within the District will continue to be well maintained and that their property values will be protected.

Secondly, because the CDD is a public entity savings, can be realized which are passed on to **property owners within the District. CDD's pay no sales tax on goods and services** which automatically saves 6%. As a form of special purpose government, CDD's can also finance with **tax exempt bond issues at reduced interest rates**. District Governments have the flexibility to team up with other governmental units to form purchasing blocks which can negotiate lower costs for many needed material supplies. In addition, Florida law requires all service contracts to be put out for bid, thereby assuring the lowest possible costs for services needed to maintain facilities and other common areas.

The final reason that CDD's are being utilized is that they exist solely to provide services. By contrast, the developer's role and expertise is buying and selling property building business activities and managing a wide array of commercial activities. As public entities, the Districts exist solely to ensure that the service levels which helped make The Villages attractive to you are maintained perpetually at a fair and reasonable cost.

How are assessments determined?

There are two different types of assessments: infrastructure assessments (for the construction of infrastructure) **BOND** and maintenance assessments (which pay for the cost of maintaining that which has been built.) **CDD**

The infrastructure assessment (**BOND**) is determined by prorating the debt per acre in the District multiplied by the number of acres in your subdivision and then divided by the number of lots in your subdivision.

For example, if the infrastructure construction costs \$5,000,000, there are 1,000 acres in the District, your unit has 50 acres and there are 200 lots in the unit, your assessment would be \$5,000,000 divided by 1,000 acres, times 50 acres, divided by 200 lots, or \$1,250. Since the District doesn't have \$5,000,000 in cash, it sells bonds (borrows money) to fund construction of the infrastructure. The debt is allocated to each lot as explained above and will appear each year on the tax bill until the bond issue is paid. The balance of the infrastructure assessment can be paid in full at any time during the life of the bond assessment to save bond interest charges.

Maintenance assessments (**CDD's**)are charged to each lot using the same formula as the infrastructure assessment. Maintenance budgets and established a Board of Supervisors during its annual budget process. The assessment can go up or down each year depending on the level of services needed and the cost of the bids solicited to perform those services. If the Board needs to increase maintenance services, costs may go up somewhat. If services are decreased, maintenance Assessments may go down as well.