

IRS has taken no action on audit of VCCDD's bonds

During a previous Our Place column, I provided residents with a history of the Districts and information regarding the Internal Revenue Service (IRS) audit of the Village Center Community Development District's (VCCDD) Series 2003A and 2003B Recreational Revenue Bonds.

As explained in that column, which can be viewed on our Web site at districtgov.org, the District has received three Form 5701 Notices of Proposed Issues. The notices state the observations of an IRS agent and ask the District to provide our input as to whether we agree or disagree with the information provided.

Due to the importance of this issue, rampant rumors, misinformation and resident concerns, I promised to update residents as further developments occurred.

Although there has been no official action taken by the IRS, correspondence received from the investigating IRS agent has been the subject of news stories and an opinion column in the Orlando Sentinel newspaper and its affiliates. The news stories and column were fueled by two letters and, has again, raised concern on the part of residents as to what is happening regarding this issue.

I need to reiterate that there has been no determination by



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the IRS. The letters offer one agent's opinions and his proposed offer of settlement, should the District wish to conclude the matter at this time. The settlement offer promulgated by the agent was submitted to the District prior to IRS senior management's approval.

Since my last column and the latest correspondence from the IRS agent, the District's legal counsel has been communicating with the IRS and we have been advised of a development. The legal and financial issues are being referred to the IRS legal counsel and technical staff to review the agent's and the District's analysis. In other words, the IRS agent's inquires and, in some cases, preliminary positions are being reviewed at another level to determine if such positions are supported within the IRS by more than one agent's opinion. This is important to the District as our attorneys have provided a comprehensive response we believe answers and addresses the issues that have been raised. Once the appropriate IRS personnel have conducted their review, we will

be meeting with IRS representatives to discuss the matter further. So, as you can see, we are still in the "process" of addressing the Form 5701 notices.

Please be assured, our legal counsel team will continue to address the IRS issues in the best interest of the District and believe the District's actions were within the legal framework required to issue the tax exempt bonds in question. We remain confident that, just as in 2003, this inquiry will reach a positive conclusion. While I appreciate and respect journalists and the importance of their profession, having received a degree in journalism myself, I also know this type of complicated issue is best served through thoughtful and deliberative discourse between the IRS and the District based on fact and law. So, please count on receiving updates in this Our Place column and to receive the facts pertaining to this and many other issues.

Unfortunately, there are rumors making their way throughout the community and creating unwarranted fears. Although I can not address all the rumors, the one that is most disturbing floats the possibility that an adverse ruling would somehow result in increased amenity fees or assessments. That is absolutely false. Neither amenity fees, nor resident assessments could be increased for such a purpose.

As a result of the IRS issue, we are gaining more readership of the Our Place column and there are more residents checking in on our Web site, districtgov.org, and the What's Happening section of the Web site. These are very important tools for us to communicate with you on all issues pertaining to the Districts.

A perfect example of the Web site's importance is the help it provided after the tremendous amount of misunderstanding and rumors that were associated with the recent Guest Pass proposals and the Medical Support Group Policy change. These issues became the subject of a broad and widespread e-mail campaign on both sides of the issues.

I have to admit that while I, District Staff and members of the Amenity Authority Committee (AAC) were trying to keep up with the rumor mill, the e-mails were coming faster than we could respond. Fortunately, we were referring residents to the Web site and those who took the time to read factual information and talk to us understood the issue. While not everyone will agree with every decision made by local government, it is important to understand past practice, current policy, proposed policy and the logic behind Board actions.

District staff is committed to

improving the communication link through the Web site to make sure all issues being addressed, such as the Guest Policy, are fully and factually explained. Please take a minute to browse districtgov.org, and if there is anything you would like to see on the site, just let us know.

So, the next time you receive an e-mail regarding an action of any of the District Boards or the AAC, please take a minute to review the Web site information before becoming upset or passing on an e-mail that may not be accurate. And don't forget our Customer Service number, 753-4508, if you would like to speak to any District staff members about any issue or rumors you need clarified.

And finally, I received another e-mail from a resident about the walker and golf cart use of the transportation paths. As she requested, here is your reminder that walkers, golf carts and bicyclists have equal use of the paths. Courtesy and respect to each other is important for your safety and happiness!

That's it for this week. There will be important information next week in this column regarding irrigation rules and an explanation of boil water alerts. Don't miss it! See you next time, here, at Our Place.

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