



## Review of the Award-Winning Orlando Sentinel Articles About Community Development Districts (CDDs)

The Orlando Sentinel published an award-winning series of articles about Community Development Districts (CDDs) in October, 2000. The POA Bulletin has referred to these several times in a variety of articles since then.

Perhaps the most notable facts uncovered in the Sentinel articles were:

(1) The supervisors of The Villages VCCDD purchased property valued at \$8.8 million (recreation facilities, landscaping, drainage ponds, etc.) for \$84 million from the developer of The Villages,

(2) The VCCDD supervisors were appointed by the developer,

(3) No market-based appraisal of the property was done to justify the \$80 million premium paid.

For residents new to The Villages, or those that may have missed these important articles at the time, the POA presents a summary and review of the articles as follows:

(1) **Top Dollar For Plain Old Stuff** - Published by the Orlando Sentinel October 15, 2000. This is the key article in the series. It details the series of deals in The Villages from 1996 to 1999 involving a \$84 million payment for \$8.8 in property values as determined by appraisers in Lake and Sumter counties. The income-approach appraisal method used by the Fishkind consulting group is mentioned. The Sentinel said that Fishkind worked for both The Villages developer (seller) and the VCCDD (buyer) in this transaction. Tax-fee bonds valued at \$94 million were issued to make the payment to the developer. This will be repaid over 20 years from the "recreational fees" paid by residents. Resident have no real say in how these "public" facilities are managed.

(2) **It Takes a Village To Raise a Fortune** - Published October 15, 2000. A private land developer gets \$84 million for a collection of land and buildings worth just a tenth of that amount. The developer controlled the public board spending the money. In fact, all five members of the board (VCCDD) are

employees or business associates of the developer. The people who ultimately foot the bill had no say in the transaction. The U of F professor who helped draft the law that set up the CDDs called some of the cases documented by the Sentinel's articles "abuses that cry out for an overhaul of the system." There are at least 116 community development districts (CDDs) in Florida. Developers control the decision-making boards for at least the first six years before popular elections begin. Many consultants work both sides of the fence: for the districts, the developers, and/or the county boards. As a reform, the U of F professor suggested shifting control from appointed boards to elected officials and requiring that all bond debt be built into the price of a home rather than strung out for decades.

(3) **Playing By Their Own Rules** - Published October 15, 2000. A review of CDD records from around the state turned up cases of developer-appointed public officials casting votes or signing deals that would be conflicts of interests in conventional governments. But the Legislature has exempted them from regular rules. Abuses mentioned include: "Deals - With Themselves," "Road: \$50,000 an Acre," "Top Dollar For Bottom Land," "Bonds For Ponds," "Questionable Checks," "Base Land Values Zoom," and "Contract to Wife's Firm."

(4) **Villages "Government" Makes Fortune** - Published November 5, 2000. Explains again the \$84 million transaction for \$8.8 million in property in The Villages. Much of the property that was bought - retention ponds, landscaped cul-de-sac parks, entry gates, clubhouses, and swimming pools - would usually be deemed common property and dedicated to a city or homeowners association in a conventional development. Gary L. Moyer, manager of The Villages government, says the transaction is value neutral to residents. Potential conflicts of interests on the part of various consultants

involved are mentioned. A Volusia County developer and attorney familiar with these issues says that CDDs are a means "for legalized land fraud."

(5) **Series Hits Nerve for Villages Residents** - Published October 17, 2000. Reaction among Villages residents to the Sentinel articles. Dozens of readers shared their varied opinions about the districts.

(6) **Islands of Luxury** - Published October 18, 2000. Analysis of a variety of other CDDs in Florida. Good points, bad points, resident's opinions, etc.

(7) **Country Lawyer Helps Build New City** - Published October 17, 2000. Explains background and activities of Randall Thornton, Sumter County attorney and advisor to CDDs throughout the state. The Orlando Sentinel first raised questions in 1998 about a potential conflict between Thornton's two roles in Sumter county as part-time country attorney and attorney for the development districts. Thornton was paid \$204,460 in fees related to 13 separate Villages bond deals between 1992 and 1999. Thornton denies any conflict. The start of The Villages in the early 1970s by Harold Schwartz and Thornton's role are also described.

(8) **Players in the Shadows, People in the Dark** - Published October 16, 2000. Details on how the main advisors and consultants got involved with CDDs. Featured are: Gary L. Moyer, manager of many Florida CDDs; Doug Sealy, investment banker with expertise in tax-free bonds; Hank Fishkind, income-approach appraiser; William Tyler, attorney with expertise in "dirt" bonds; and others.

(9) **Lake Official Found a Future at The Villages** - Published October 17, 2000. Explains how Pete Wahl, then Lake county Administrator, recommended approval and scheduled a commissioner's vote to approve some of the initial VCCDD organizational actions in 1995. Wahl did not disclose that he would take the VCCDD's administrator job just a week later. Some county officials reacted to this potential conflict of interests and the manner in which Wahl scheduled the vote. At that time, Wahl had lost support of a majority of the commissioners and was scheduled to leave his Administrator position shortly after the vote.

*continued on page 2*

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**(10) Five Resident Who Refused to Buckle Under** - Published October 16, 2000. Stories of five resident across Florida who refused to be intimidated by big developers on CDD issues. One of the profiles is about Russ Day, a resident of The Villages. He unsuccessfully tried in 1995 to prevent The Village's developer from selling recreational facilities to the VCCDD and using resident's monthly amenity fees to pay off bonds.

**(11) Pockets of Rebellion Emerge Here, There** - Published October 16, 2000. Residents fight developers and consultant in many of the 116 CDDs across Florida over surprise fees, inadequate disclosure, extra charges, etc. Many sales personnel are not well versed on CDD arrangements and sometimes give misleading information.

**Summary** - Residents are urged to review these article for valuable background information. Limited copies are available from the POA or from the Orlando Sentinel web site at [www.orlandosentinel.com](http://www.orlandosentinel.com).

-- Tom Poss --

**CHIP looking for support for changing law**

Concerned Homeowners in Partnership, Inc. (CHIP) is dedicated to safeguarding the rights of homeowners in deed restricted communities. It arose out of a need for fair treatment for true representation, for the homeowner's voice in the communities, for honest disclosure.

Most deed-restricted communities in Florida, or in this area of Florida, have homeowners associations, which are involved with addressing the needs of the communities that those HOAs serve. These have been compared by a local legislator to "little governments."

One would hope that the "little governments" addressing community issues and needs would be representative of the community. Sadly, however, this is not always the case.

Residents in some communities discover that, despite there being provisions for a homeowners association, the community is really controlled by the developer or a managing company. And that entity frequently disregards the concerns of the homeowners. Calls go unanswered. Promises are made but not kept.

Upset homeowners who entrench themselves in the developer's office or on the work site are assured that issues will be dealt with, and reassured, and reassured, and reassured, until it is obvious that there is no intention of addressing the issue, that the person has been given lip service only.

Residents in other communities that have a homeowners association in place discover that it is controlled by the management or by the developer, and too frequently those residents are faced with the same frustrations as those with no working homeowners association.

The little government, in the above situations, turns out to be a dictatorship in actuality. It is run by a profit-driven developer, who, for the most part, gives the homeowners lip service or no service at all. The covenants and deed restrictions

of these communities can often be changed at the will of the developer - to the horror of the homeowners who have absolutely no say in the rules that control their community.

Homeowners in these situations look forward to takeover, thinking that at that time the control of the community will be theirs. But will that truly be the case? Could it be the homeowners won't have complete control over their community?

A few communities, with eyes on their takeover of the community, then find the developer adding phase upon phase to the original plat. Takeover becomes more and more distant, beyond the lifetimes of many of the residents.

Another concern of homeowners in these developer-controlled communities is that their homeowners association is limited to cultural, social and recreational activities, not to management of the community at all. These homeowners then ask the question: does Florida law governing homeowners associations pertain to my association if it is limited to only cultural, social, and recreational involvement?

These are but a few of the conditions why CHIP was organized. CHIP wants to make a difference. In order to do that CHIP needs your input. CHIP needs your membership.

Numbers talk to the legislators. So CHIP needs you. If you are a resident in a deed-restricted community. Together we can make the deed-restricted community what it was intended to be a community that works together to protect the value of its properties and its standard of living.

To join CHIP, or if you have a question or a concern, call Fanny Vail at 291-9495 (or email me at [Fannyvail@cs.com](mailto:Fannyvail@cs.com)). Or you can call CHIP President, Buddy Catledge, at 861-1288 (or e-mail him at [BCATFL@aol.com](mailto:BCATFL@aol.com)). Or you can ask any of our other directors. CHIP wants to hear from you!

*(A reprint from South Marion Citizen, dated July 13, 2001, written & authorized for reprint by Fanny Vail).*

**FREE HEALTH INSURANCE COUNSELING AND ASSISTANCE OFFERED TO ELDERS IN THE VILLAGES**

Elders and their caregivers who are trying to understand Medicare and other health insurance programs may receive help from volunteer counselors who provide information and assistance to residents of The Villages in Lake, Sumter, and Marion Counties.

The Desi Arnaz/Lucille Ball Room in the Paradise Center is a counseling site for the Department of Elder Affairs' award-winning SHINE (Serving Health Insurance Needs of Elders) program, which helps empower elders to make informed decisions about their health insurance.

Counseling sessions will be offered on the first Friday of each month from 4:00 to 6:00 p.m. Additional counseling sessions are offered at the Senior Center in Leesburg 1211 N Penn, on the first and third Tuesday of each month from 9:00 am until Noon, except for August 21<sup>st</sup>.

During the sessions, specially trained volunteers offer assistance with Medicare, Medicaid, long-term care and other health insurance issues by providing information, answering questions, and helping to resolve

problems. SHINE services are free, unbiased, and confidential. Last year, the SHINE network of over 500 volunteers provided assistance to more than 91,000 clients statewide.

SHINE is part of a nationwide network of state health insurance programs (SHIP) funded through grants from the Center for Medicare & Medicaid Services (CMS), formerly called the Health Care Financing Administration (HCFA), the federal agency that oversees Medicare.

"The Department of Elder Affairs is very proud of its SHINE Program", said Secretary Gema Hernandez, who points out the number of awards SHINE has received, including the HCFA Beneficiary Services Award of Merit, The Florida Golden Choices Award, J.C. Penny Community Services Award and the Davis Productivity Award.

The SHINE program can also be reached by calling the local Elder Helpline at 1-800-963-5337 - Harold Barnes--

**SOMETHING TO THINK ABOUT**

I have been told that none of our amenities is being used for the entertainment on the Village Square. If that be the case, where does the funding come from to provide the chairs and Neighborhood Watch? I know it is a great plus for the sales department and business to have this on going activity, but as residents should we have to support it even if amounts to pennies of our amenities?

On Thursday the 21<sup>st</sup> of June, my wife and I decided to visit the Town Square. In a short while we found two chairs to our liking. Within 20 minutes, a lady proceeded to accumulate five chairs and announced she was saving them for her and her family who comes regularly from Oxford. In the two hours we were there, I did not see any of the five purchase anything. I have NO problem with this other than hogging five of the residents chairs! My suggestion would be - have two colors of chairs i.e.: green for residents and their guests and white for Non-resident. Alternatively, have admittance to the Gazebo area with proper Villages ID only!

Visitors and potential buyers could be issued special passes as is required for other Amenities-Pools, golf courses, etc.

Small signs in the entertainment seating area stating that this is a non-smoking area! This restriction is not being observed and no one wants to enforce it. I suggest that each time the entertainment starts a set, they announce that the Gazebo area is a non-smoking area and ask smokers to refrain from smoking in this area.

I do not mean to sound anti-social, but if any part of our amenities go for any cost, regardless of how small, to provide entertainment or any other functions that the general public may participate without cost is not fair to the amenity payee.

*Submitted by: Richard & Margaret Kilgore*

## FLOWERS AND WEEDS

The idea of publishing a Flowers and Weeds column is a good one. However, the column cannot duck the hard issues that should be mentioned. So, the POA will address this problem with its own Flowers and Weeds column. We will not avoid the hard issues. We ask readers to submit material for future columns.

**WEEDS** - To the Village Center Recreation Department for how it handled the recent sell-out of tickets to the Broadway Show Series. The department knew how popular these shows would be - yet, it offered the tickets to non-residents at the same time the tickets were offered to residents of The Villages. The result - non-residents helped grab all the tickets. Thus, some residents were denied tickets. Why doesn't the department restrict sales to residents only for the first week, or so, before sales are opened up to non-residents? And, what about snow-birds who weren't given a chance because the tickets were sold during the summer? Isn't anyone in the recreation department thinking about how to do these things right?

**FLOWERS** - To the Lady Lake police officer checking cars parked in the handicapped section of the Publix parking lot for the handicapped sticker. Thanks for keeping everybody honest on this important issue.

**WEEDS** - To the new owners of the Silver Lake Club for the changes they have made. Residents used to love to go there for drinks, meals, entertainment - but, no more. The "new look" of the Club just isn't working. And, it smells like an enormous ash tray. Too bad - they have ruined a good thing. How many times do we have to say it: the old formula worked well - it didn't have to be changed.

**FLOWERS** - To Tom Poss, president of the POA, for finding and publicizing the idea of the free prescription program available to residents. Many of us are saving hundreds of dollars a month through this program. Contact Tom at 750-5469 for additional details or ask him at our monthly meetings.

**WEEDS** - To the maintenance worker of the golf course maintenance company spreading that blueish-green liquid on hole #6 at Hilltop golf course in late June. He was in one of those big lawn tractors with the spreader-sprayer attachment. He drove hard and fast across the green which was wet from recent rains and not draining very well. He left heavy tire marks and squished-up mud across the center of the green. Those greens are in lousy enough shape as it is without unthinking maintenance workers damaging them further. Why does the Golf Division tolerate this kind of sloppy, shoddy work?

**WEEDS** - To the developer of The Villages for putting up that monstrosity of a building on the west side of the downtown square. The size and height of that building are totally out of character with the architectural themes already established for the downtown area. Why didn't the developer give us residents an opportunity to voice an opinion on the plans for that building? It is our community - we should have a say on something this important.

**FLOWERS** - To the construction companies that got the work on highway 27/441 done in reasonable time with a minimum of fuss and inconvenience. Same praise for the work done on the Enrique and Cazaras gates as well as the new San Marino and Morse Blvd. intersection. Now, please finish the 27/441 job and remove the cones so we can enjoy the boulevard cruise.

**WEEDS** - To the lawn maintenance department of The Villages for letting the grass behind The Palms golf course starter shack grow to over knee-high length in early July before cutting it. Then the cut grass just laid there all over the place like fresh-cut hay, rotting and looking terrible. Knee-high may be good for corn in July, but not for grass. Is this evidence of The Villages' latest cost-cutting effort ... or just sloppy work?

**FLOWERS** - To Mother Nature (and her boss) for the return of rains that are ending the drought. We are not out of the woods yet, but we seem to be on our way. Thanks.

**CLARIFICATION** - Last month this column commented on the maintenance of the golf courses in The Villages compared to that of the Baseline golf course. The point should have been made that it was the executive courses in The Villages that were the focus of that comment. Consider this: two greens at Mira Mesa, one at Chula Vista, and at least three Hilltop greens that should be, are not in usable condition. Many other executive greens are in usable but lousy condition. It looks like The Villages golf division is letting these courses run-down to unacceptable condition. Why is it that every year we get the same excuses and stale explanations about the poor condition of the golf courses and the annual resuscitation efforts? And ... the problems are never fully solved!

-Publius -

### WHY?

I am a resident of Lady Lake, living in the Silverlake sub division. I am proud to be a resident of a town that had the vision more than fourteen years ago to annex a small community called, Orange Blossom Gardens. The town of Lady Lake helped the area with its infrastructure, roads, sewer, etc., by underwriting the bonds to build these facilities. It was the vote of the people that allowed the annexation, but some residents decided to stay in the county. As the

community continued to grow and cross 27/441 the town of Lady Lake continued to help with the bonds for growth. The town continued to grow in Lake County. The residents decided that to cross Hwy 27/441 there had to be a safety measure, the Property Owners Association perceived the need of an overpass. The Property Owners Association started a petition and acquired over four thousand signatures of persons in favor of having an overpass. This then triggered the VHA into surmising that the overpass was a great conception. The DOT approved the overpass, thanks to the Property Owners Association's petition.

The Developer decided to build into Sumter County, the town of Oxford was not interested in the development as part of their town. The developer then went to CDD #1, with a special assessment because the expansion was in another county it could not be part of the town of Lady Lake, without approval from both counties, the town of Lady Lake and the State.

The developer decided to change the name of the subdivision from Orange Blossom Gardens to the Villages, with out a vote or input from the people. Now there are three more CDD's and probably more to come in the area called the Villages.

Now, remember, Lady Lake only covers the area of Lake County in the Villages. At one time there was a vote to leave Lady Lake and become a community unto itself the residents turned this down decidedly.

Lady Lake is a community with elected commissioners, voted in by the residents of Lady Lake, where residents have a voice at meetings. Residents are heard in any democracy. A town that has worked for their residents who decided to help the area now called the Villages to come into existence and grow. A town that listens to the people and lets them speak.

Your VCCDD is a front for the developer, you have no vote on who represents you or what they do in all its existence. The developer is never there.

The developers, proposed budget of which covers the geographical area never shows income or expenses of this area.

Lady Lakes budget does show income and expenses. Lady Lake has a subdivision called the Villages, Let's not forget this. We still live in a democracy. -C.M. Harvey-

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

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

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