

The POA BULLETIN

The Property Owners' Association of The Villages

Issue 31.09 Champion of Residents' Rights Since 1975

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Developer Stonewalls On Lopez \$164,000 Bill

The regularly scheduled meeting of CDD#4 on August 5th, the first Friday of the month, took up the question of the cost of the sinkhole repair in a Nancy

Lopez golf course pond. The meeting was attended by an overflow crowd of more than 100 concerned residents in a standing-room-only meeting that lasted over 2 hours.

The ownership of the pond was clarified. The original thought was that the developer had transferred ownership of the pond to residents years ago before any residents were living in the CDD. It was clarified by the district's attorney that the developer has retained ownership of the pond.

However, the developer demanded and got an agreement with the original CDD supervisors, who were appointed by the developer, giving the developer an indemnification and hold harmless agreement for any costs relating to the operation or maintenance of the pond for its storm water runoff and retention functions. This is the basis for the \$164,000 repair bill being charged to CDD#4 residents.

CDD#4 supervisors asked the developer to shoulder some of the expense. The developer then calculated that the Nancy Lopez golf course accounts for 10.77% of the storm water runoff that is handled by the pond. Therefore, 10.77% of the original estimate of \$145,000 yielded the \$15,600 offered by the developer to the district. The developer reasoned that the other 89.23% of the storm water runoff was attributable to runoff from the surrounding residential areas.

Coming out of the August 5th meeting was the realization that there are several other functions performed by the pond. Many of the benefits of these other functions accrue to the developer and should be the basis for a higher dollar contribution to the total repair bill.

First, as already mentioned, is the storm water runoff function as calculated by the developer to be 10.77% for the benefit of the developer; the rest for the benefit of CDD#4.

Second, the pond also performs as a reservoir for holding water to be used for irrigation of the golf course and surrounding district property on Buena Vista Blvd. It is hard to estimate the percentage for the developer versus the district, but let's say 80% of this benefit accrues to the developer and 20% accrues to the residents of CDD#4.

Third, the pond also performs a function as a water hazard on the golf course, adding to the enjoyment of golfers and enhancing the value of the golf course. A full 100% of the value of this function accrues to the developer; none of the value of this function accrues to CDD#4.

Finally, the pond is a water feature that has figured prominently in the lot upgrade charge that residents paid to get these choice lots on a golf course. Lot upgrade charges for a golf course lot with a water view feature were probably in a \$75,000 to \$100,000 range. 100% of this benefit accrued to the developer and none to CDD#4 property. A good portion of this upgrade charge should be earmarked by the developer for maintaining the beauty of the golf course water feature. The developer cannot charge an upgrade of up to \$100,000 a lot and then just walk away from the responsibility to maintain what residents paid for.

Taking these four functions and just averaging the developer's versus the residents' share of the repair costs shows 73% for the developer and 27% for CDD#4 residents. Against the bill of \$164,000, the developer's share should be \$120,000; the residents' share should be \$44,000.

The developer's contribution thus far is \$15,600. The supervisors of CDD#4 are going back to the developer asking for an additional contribution to recognize the developer's full financial responsibility. Hopefully, the developer will acknowledge the full \$120,000 claim and act responsibly for the best interests of residents.

One final point: residents certainly were taken advantage of by the original supervisors appointed by the developer. These supervisors agreed to the developer's scheme to transfer responsibility for the pond repairs to the residents. The POA believes that this was not an arm's length transaction done in good faith. And, the POA believes this was a clear conflict of interests, notwithstanding what the chapter 190 law says. We further believe that the residents, plain and simple, were duped and betrayed by the developer.

This is disgraceful conduct on the part of the developer. There is a right thing to do here - we hope the developer sees the light, sooner rather than later.

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VCCDD To Acquire Mulberry Grove and Other Assets for \$0

The VCCDD recently announced the last of the common property transfers by the developer to the VCCDD. This one involves the Mulberry Grove recreation center and a variety of miscellaneous properties in the VCCDD administration area north of highway 466. This completes these common property transfers in the VCCDD administration area.

The property assets in this deal are valued in total at \$9.4 million, including the Mulberry Grove Recreation Center (valued at \$6.8 million), The Villages Woodshop on Rolling Acres road (\$0.9 million), the Calumet, Summerhill, and Rio Grande recreation centers (\$1.2 million total), the old driving range on the east side of highway 441 (\$0.3 million), and other miscellaneous assets (\$0.2 million). Over 30 acres of land were included in the transaction and valued at \$30,000 per acre.

Additional financial assets, the last 700 or so amenity fee contracts, are also included.

This deal is unusual in the sense that it is planned to be a non-cash transaction. In the past these deals have been done at what appeared to be inflated cash prices for the assets transferred by the developer to the VCCDD.

For example, the previous deal was announced in mid-2004 (see the July, 2004, Bulletin in the archives section of the POA web site). That was a \$47 million deal for the Amberwood and Oakleigh golf courses, the Chatham,

Saddlebrook, and Springdale Recreation Centers, two postal stations, four entry gate/security facilities, etc. The net property transferred at the time was valued at \$8.2 million. The present value of 3,120 amenity contracts accounted for the remainder of the deal price.

It is unusual to see these developer to VCCDD deals done on a non-cash basis.

Why?

The developer uses these transactions to harvest profit out of The Villages common property by charging a high price on the sale to the central district of the common property and amenity fee contracts.

The reason a non-cash transaction is so unusual and necessary in this situation is that there is no debt-service capability left in the amenity fees paid by residents for the next 25-30 years to allow payment of any additional money to the developer.

All the debt-servicing capability for the next 25-30 years was sopped up in the last transaction done in mid-2004.

So, with no ability to get paid an inflated sales price by the VCCDD, the POA thinks the developer just decided to give these assets to the VCCDD in this non-cash transaction.

Why would the developer do this?

The developer wanted to finalize his involvement with properties north of highway 466, concentrate on the developments south of highway 466, and eliminate the property tax obligation and the operating expenses of carrying these assets. Besides, the developer has already made a bundle on the previous sales.

Over the years, the developer has sold all common properties north of highway 466 to the VCCDD in transactions totaling over \$500 million. Actually, with utility companies and original construction bonds thrown in, the total approaches \$1 billion.

The POA believes that, going back to day one, the developer should have done most of these transfers of common properties to the VCCDD on a non-cash basis.

Why? Because the developer effectively recouped all the development expenses by pricing our lots and houses at higher prices when we first bought into The Villages. We think that houses in The Villages are routinely priced at about one-quarter to one-third more than would be the case if these houses were built outside The Villages.

So, we have effectively paid for all the common property at least once when we originally bought into The Villages and paid higher prices to the developer. (It is interesting to note that at least in Lake County, the property appraiser agrees with this assessment and, thus, does not tax common property of The Villages. The reasoning here is that the county effectively realizes the tax revenues on higher property tax values of resident homes.)

Eventually, we buy back the same properties all over again by having about 60% of our monthly amenity fees (in the VCCDD administration area north of

highway 466) used to buy these properties a second time.

In many other communities, the developer recoups original development and common property expenses by pricing the lots and houses higher than would otherwise be the case. Then, at build-out, the developer gives common property to residents at no charge.

But, that doesn't happen in The Villages.

Here, we pay twice for the common properties - at least we have in the VCCDD administration area north of highway 466. For residents in the SLCDD administration area south of highway 466, it is just beginning....

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Villages Hospital Expansion Set

Finally, a decision to proceed with the hospital expansion. This is very good news.

The current plans provide for the addition of three floors to the hospital along with an expanded emergency department, a new intensive care unit, two additional operating rooms and a special procedures/cardiac catheterization laboratory. The plans also include the expansion of ancillary departments to support the additional services and beds. Each floor will accommodate approximately 50 beds. Two of the floors will be outfitted in this expansion; the third floor will remain empty until the hospital is able to pay for the full outfitting of furniture and fixtures at some later date.

The estimated cost of the project is \$65 million which does not include financing costs. The target date for the start of the expansion program is December of this year and the estimated completion date is December 2007. The plans and timeline are subject to regulatory approvals and the completion of financing.

We are disappointed that the initial expansion previously discussed, for an additional 180 beds for \$100 million, is not being pursued at this time. However, this expansion is a very positive step and should be applauded.

With the growth of The Villages and the surrounding tri-county area, a hospital of 160 or 210 beds may still be undersized over the next 5-10 years. We would urge LRMC, the parent of The Villages Regional Hospital, to carefully monitor demand and not delay if further expansion is indicated. Let's not get into another capacity squeeze like we are now going through with what is "our hospital."

Harold Schwartz Was a Good Guy

It is amazing how many people remember Harold Schwarz from the good old days when Harold lived on the east side. He used to walk around after dinner and meet and greet the residents. "How are we doing?" he used to ask residents on his daily walk around. "How can we make your life in The Villages better?" was another familiar question he would often ask.

Harold was a fine gentleman. His vision built The Villages as the premier over-55 adult community anywhere around here and maybe in the whole U.S.

Boy, we sure do miss him. We miss his smile. We miss his concern for residents. We miss his pride in the best retirement community ever. And, we miss his values.

Well, that was then ... and this is now.

What do we have now?

We have the Morse family.

That includes the children and grandchildren of Harold Schwartz.

So, how does the Morse family stack up against the standards and values set by Harold Schwartz?

Not very well, we are afraid to say.

Oh, sure, they build The Villages into the superstar that it is now. We have to take our hats off to the family's business acumen. The product is great. The facilities are great. The lifestyle is great. The activities are great. The whole concept is great. Let's give the family credit for that.

But, there are those little points that give you pause for thought and really rub you the wrong way.

Like that check for \$15,600 that the developer tried to pawn off on CDD#4 supervisors for the pond sinkhole repair on the developer's Nancy Lopez golf course. The developer should be paying more like \$120,000. Doesn't it really irritate you that the developer would be so cheap in dealing with residents?

Then there is the situation with The Villages Regional Hospital. After Harold Schwartz personally set the objective of "building a hospital here," the needed expansion almost never happened over funding problems in LRMC. With Harold's personal commitment to the hospital, wouldn't you think that the Morse family would want to help solve the main problem, the financing? One little word from the Morse family to its own bank, Citizen's First Bank, and a major part of

the financing problem could have been solved with either backing or a guarantee from the Morse family.

Why the family turned a deaf ear to the needs of the hospital is amazing.

And, the family foundation even wanted 20% off the top of the Hospital District Tax. Go ahead and tax the residents to give money to one of the wealthiest families in the state! How crass!

Then there is the matter of the Chula Vista Restaurant. The developer owns the Chula Vista building and has leased it out over the years to various restaurant operators. The restaurant was extremely popular. But, we think, the developer's corporation forced its demise without making a serious attempt to either help it financially or find a new operator. What would it have taken to help it financially? Maybe \$25,000 a year? Harold would have spend that in an instant to assure that a popular feature of The Villages was there for the residents.

What the developer and the family need is a little more community and civic responsibility. The family is good at the business side - now it needs to be good at the community and civic responsibility side.

Harold would have recognized this point immediately. And, we would all be better off for his insight, vision, and good judgment.

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Villages Developer Sales and Profits

A variety of home builder magazines have recently focused on The Villages. We have posted on the POA website under the Important Newspaper Articles section a very interesting article from Big Builder magazine. This article, entitled "It Takes a Village" is worthwhile reading for all Villagers.

Additional information from the internet shows that the developer of The Villages, the Morse family corporation known as The Villages of Lake-Sumter, Inc., posted sales of \$948 million in 2004 with net income of \$141 million (14.9% of sales). Sales increased 42% from the year earlier period. Unit sales amounted to 3,955 (329 per month, or roughly 10 per day).

Employees of the developer in 2004 totaled 2,289, down 16% from 2,732 in the year earlier period due to restructuring of the golf business and the sale of restaurants.

Based on the sales of 3,955 units in 2004, The Villages is the fastest growing master planned community in the U. S.

Sales in 2003 were reported at \$668 million, a 44% increase from the year

before.

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The House Fire In Marion County

It is apparent that something is very wrong with the fire service in Marion County after the recent fire. A lightning strike set fire to a home. It appears that it took Marion County firefighters 28 minutes after the first call to get water on the fire. This is unacceptable.

The POA calls for a full investigation of the situation. And the organization to conduct the investigation in The Villages should be CDD#4. We think the supervisors of CDD#4 will dig into details, get to the bottom of the problem, and make recommendations.

Some of the newspaper articles mentioned that firefighting equipment was tied up on other calls. The POA thinks that the whole process whereby firefighting equipment is dispatched to what may be either a medical or a crime emergency needs to be reevaluated. And, the cooperative agreements with other fire districts should be re-thought. Furthermore, if there is a fire in The Villages section of Marion County, it makes no sense to route the call to Ocala when we have close-by firefighting capabilities within The Villages. This whole firefighting issue is convoluted and needs to be straightened out.

On another related topic, The Villages Daily Sun should be commended for its coverage of the fire and the resident meetings afterwards. In days gone by, the Sun would have covered these stories, if at all, with small articles buried somewhere inside the paper. Now, it covered these stories with multiple front page articles over several days that certainly were not flattering to The Villages. But, residents have a need to know on important issues like this. Maybe the Sun is turning the corner to more reliable journalism that recognizes its ethical responsibilities to this community. We hope so - time will tell.

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The Chula Vista Pool

A rumor spread in July and August that the Chula Vista pool was being converted from an adult pool into a family pool. Several residents contacted the POA voicing their opposition to this idea. We also know of a petition signed by over 500 residents in the Chula Vista area against any conversion plan.

The president of the POA sent the email printed below to the district staff and the chairman of the VCCDD. A response was received from Mr. John Rohan saying that the conversion of the Chula Vista pool to a family pool was talked about, but the VCCDD had already decided against doing it.

So, the Chula Vista pool will remain an adult pool. For the record, we reprint the correspondence below.

First, the email from the POA president to the district staff:

This is in regard to the Chula Vista pool and the possibility of changing it from an adult pool into a family pool.

I talked to John Rohan recently about this and voiced the concern of the Property Owners' Association about this change. I mentioned that many of our members have contacted us stating their opposition to this change. You may have already learned about the petition of over 500 residents asking that the Chula Vista pool be retained as an adult pool.

At the very least, the POA would ask that this question be put to a vote of nearby residents. The district is already surveying CDD#3 residents about the potential of repairing and/or upgrading the local golf cart paths. So, there is a precedent for a survey of residents on an important issue. Also, the Saddlebrook pool was voted by residents to be an adult pool, so there is also precedent for having an adult pool in a large recreation center.

We would also like to make the point that big decisions like this in our community should not be made without resident input. Residents are most unhappy when decisions like this are made in secret and then announced in the paper when it is too late for residents to voice their opinions. We would ask that the district consult with residents on any big decisions that affect our community in terms of lifestyle, facilities, amenities, rules, etc. Changes that affect our community should not be made in a vacuum that excludes residents.

The POA would be happy to act as an intermediate in these consultations and assist the central district however possible. But even if the POA is not asked to play a role, we would request that district administrators listen to residents on these important issues and accommodate their wishes whenever possible.

Joe Gorman
The POA

Second, the response from Mr. John Rohan:

Joe, thanks for the email, suggestions and offer.

This whole issue about the switch of pools was merely a brainstorming session by our energetic recreation staff members who threw the idea out on the table at our weekly staff meeting. It was nothing more than an idea. I am sorry it has caused so much misunderstanding on my department's part. The idea stemmed from the neighborhood, village, regional concepts we use. The idea was: "Is there any value in the Chula/Rio area to do the same thing?" We have

no plans to make this change.

We appreciate you bringing us yours and the residents concerns to our attention. As you know, the recreation department works hand in hand with our residents in trying to meet their lifestyle needs. We will continue to do this as we move forward with our recreation services.

John Rohan

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POA:VHA Debate

The Bulletin reported in the previous issue that the VHA turned us down cold on our invitation for a debate.

The POA thought a debate between presidents might be a good idea to give both organizations an opportunity to explain their objectives and programs.

We were hoping that Mr. Tharp and the VHA executive board would reconsider if enough people asked why the invitation was rejected. Unfortunately, we haven't heard any more from the VHA.

Mr. Tharp should have responded "yes" when the POA invited him to the debate.

Villagers have a right to know what the two property owners' organizations in The Villages have to say about their objectives and programs. The VHA does not serve its membership well by avoiding an open discussion of issues here in The Villages.

As for the POA - we're still open to the debate idea. The POA president will meet with the VHA president anytime and anywhere to discuss important Villages issues.

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The POA Hall of Fame

Nominations for the POA Hall of Fame need to be submitted by the end of October.

The criteria for induction into the POA Hall of Fame is whether the person has made a significant contribution to the POA in the past. Popularity is not a deciding factor.

The POA Board will decide which nominees will be inducted into the Hall of Fame at the December 21st membership meeting.

Nomination forms are available at the regular monthly meetings. If you have any thoughts about nominating someone, please don't delay - time is running out.

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Short Comments

Please remember to renew your 2005 POA Membership now. You can use the form on page 7, upper right hand corner, or [Click Here](#) to print a form.

If you see Bulletins laying in the street or the gutter after delivery, or if you know a house is unoccupied, please pick up the Bulletins and either hold them for the resident's return, or discard them. Thanks.

The regular POA monthly meetings for September 21st and December 21st have been moved to the Saddlebrook Recreation Center in the Fox Grove room. Same time and day: 7:00 p.m. the third Wednesday of the month.

The sexual offender and predator web site is:
http://www3.fdle.state.fl.us/sexual_predators/. We have the entire local database in a 3-ring binder for viewing at POA monthly meetings.

If you need help on any elder healthcare issue or problem, please call the Shine Elder Help line at 1-800-963-5337. You can also call Harold Barnes, a Villages resident, at 753-8810. Or you can talk to Harold personally at any one of the POA monthly meetings.

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Cheers and Jeers

Cheers - To The Villages Daily Sun and its photographer George Horsford for the many excellent "Photo Essay" spreads in the Lifestyles sections of the paper. The color pictures are great, do a super job of illustrating life in The Villages, and make you proud to live here. Thanks and congratulations.

Cheers - To The Villages Daily Sun for its Comic Survey. This is a great idea to survey residents on their likes and dislikes for the comic page.

Cheers - To Frank "Snuffy" Curtis for volunteering to play music after the POA's August general meeting. That was a nice touch to have with our coffee and donuts. If you want Frank to play at your organization's event, contact him at 352-751-6049.

Jeers - To The Villages Daily Sun for routinely censoring the name and topic of the POA president when he is the guest speaker at meetings of various clubs and organizations. We would think that in this age of free speech and responsible journalism that the Daily Sun would rise above petty differences and stop censoring information that residents should have. We are shocked at the Sun's behavior!

Jeers - To speeders all over The Villages. It seems some days like the Indianapolis 500 just driving around here. Slow down, folks, we are retired now. What's the rush?

Cheers - To Villages Fire Chief Mike Tucker - get well soon!

Cheers - To the soon-to-open Rolling Acres Road Shopping Center. Hurry up and open - we can hardly wait! Bob Evans and our new Sumter County Library also.

Jeers - To the Chicago Cubs for 97 years of frustration. Watch out for the Wrigley Field riots in 2008. Mike Ditka should be brought in as the manager.

Cheers - To any government authority which can reduce our taxes or assessments.

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