



ture. Residents played it free. We built the Silver Lake Executive Course and then the Hill Top and that was the beginning of the Free Golf tradition in The Villages.

It also began the tradition of the residents working with their developer for the betterment of their Community.

People became proud of where they lived and we became proud of the Community we were building. Home sales kept increasing 1983 was 97, 1984 was 277, 1985 was 511, etc. etc. Real estate values went up. Residents made profits on selling their homes and we began making a return on our investment.

### Where do we go from here?

The nucleus of our Community sat all alone in the middle of 25,000 acres of cattle ranches. And you had to drive 8 miles to Leesburg or 10 miles to Belleview to buy your groceries.

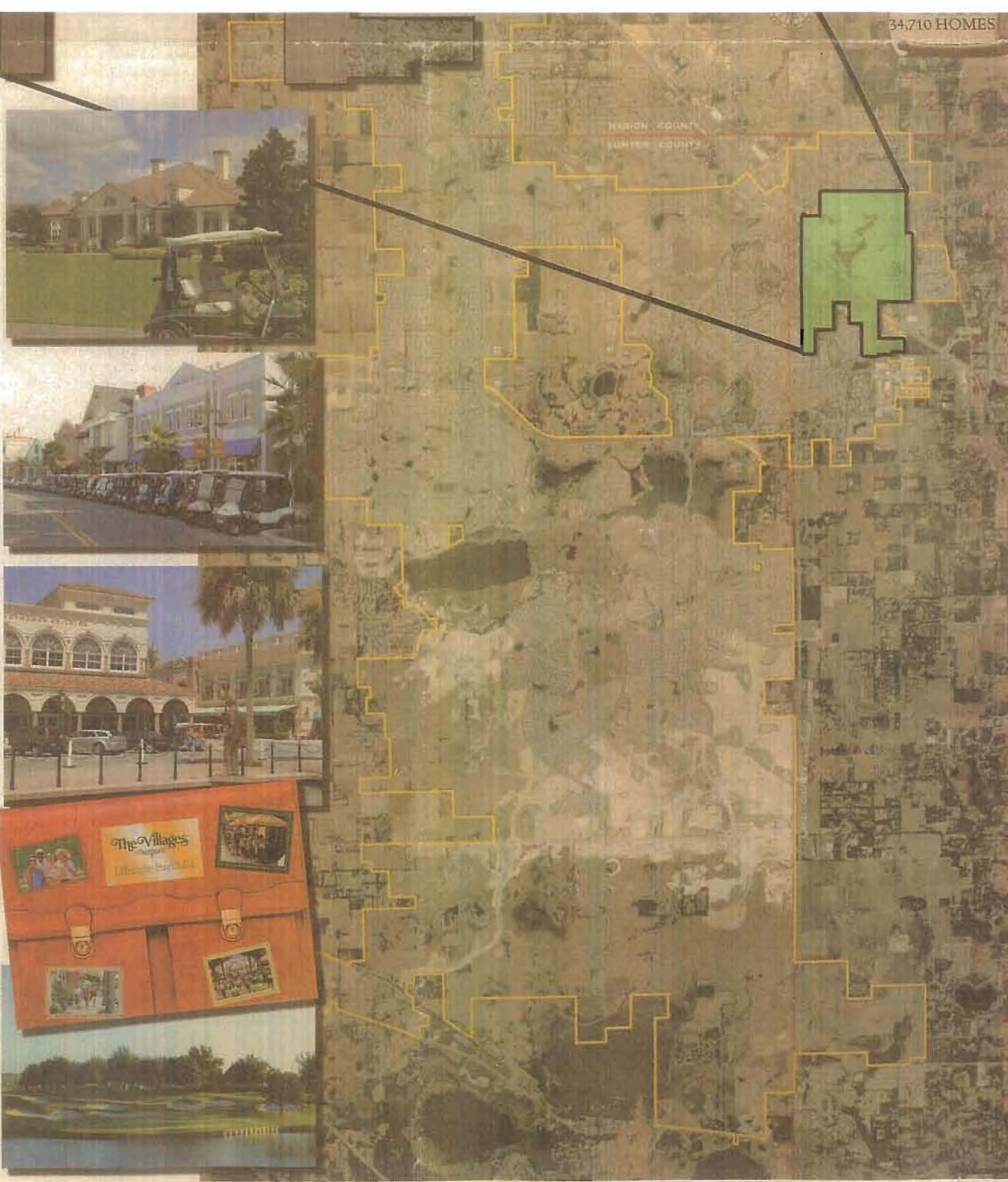
We couldn't move our little Community closer to Leesburg or Leesburg closer to us. The only answer to the problem was to start buying the cattle ranches and build our residents their own town designed to fit their needs and their lifestyle.

The vast majority of our residents were small town people and our family grew up in a small town. We would not want to retire to a big city. So we decided to develop a series of 3 small towns just like the small town we grew up in. There was another small town up the road a few miles in each direction.

### The Secrets In The Planning

I guess the new generation refers to problems as opportunities. Well the planning process is fraught with opportunities. We learned from these opportunities as we set out to acquire the 25,000 acres and master plan the entire Villages from Hwy. 42 in Marion County to Hwy. 44 in Sumter County and Hwy. 301 in Sumter County to Hwy 441 in Lake County.

As you grow, the most important thing you learn is ratios. The ratio of homes to facilities. How many homes



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## HISTORY, from V1

does it take to support a town or shopping center? Neither should be too crowded, but must have enough people to support its merchants.

The Towns need to be designed with a small town feeling, but still provide enough parking for shoppers and special events. The shopping centers need to be located at the outer edge of the Community, so they are easily accessible to residents by auto and golf car without drawing outside traffic into the heart of our Community.

How many homes will a recreation center, country club or executive golf course support? If you are interested in these ratios, this is what we will have at build-out with 56,000 homes.

### 47 - Golf Courses - 621 Holes

35 - Executive Courses - 315 Holes

12 - Championship - 306 Holes

### 91 - Recreation Centers

59 - Neighborhood

23 - Villages

9 - Regional

### 61 - Postal Facilities

69 - Pools

### 84 - Miles of Transportation Trails

And yes, these facilities will be more crowded in the winter than in the summer. In March you may not be able to get your favorite tee time

as you can in July, but there will be tee times available.

You may have noticed as we move forward toward build-out, we build the recreation centers and golf courses before we build their corresponding ratio of new homes. That keeps the new residents who move in between now and build-out from over crowding the pre-existing facilities.

### Trucks, Cars, Golf Cars, Bicycles, In-Line Skaters, Joggers and Walkers. How do you keep them all flowing throughout your Community?

It was easy in the old days on the Historic Side. There were no collector roads with through traffic. It was like one big neighborhood with maximum speeds of 25mph. You just mixed them all together in the neighborhood and it worked just fine.

When we moved across the highway where we were building our first town and first full fledged shopping center, the only form of transportation that could not legally cross the highway was the golf car. No problem ... we built a golf car bridge, (the water level of Lake Paradise would not permit a tunnel).

We also built our first 2-lane collector roads with speed limits above 25mph. (Avenida Central, Rio Grande and Morse Blvd.) with golf

As we developed out into CDD's 2, 3 and 4 the collector roads became 4-lane divided highways and the golf car paths were moved off the collectors and ran parallel to them with tunnels when they crossed the road. They were designed for golf cars, but attracted bicycles, joggers, walkers and in-line skaters, soon making them over-crowded.

We learned that the golf car paths were actually alternate transportation trails and should be wide enough to accommodate all users simultaneously. We made this improvement as we moved South of Hwy. 466 and we're glad we did. With the ease of golf car transportation and the price of gas, it's estimated that 35% of the traffic in The Villages is via golf car.

### Where Does All The Money Come From?

That's a very good question, for obviously it is taking billions and not millions of dollars to develop this Recreational Community with 3 Towns and a dozen Shopping Centers for 100,000 residents.

When we started out, we were merely developing a sub-division in Lake County that was annexed into Lady Lake. We owned the land, used it as collateral and local banks financed the development. Lady Lake provided the government. It

forward.

As home sales began to flourish, we acquired larger pieces of the 25,000 acre puzzle, spread over 3 counties and 2 municipalities. We came to the realization that we were missing two ingredients necessary to build our residents their active adult version of Disney World that we envisioned for them. We needed both a method of financing large scale infrastructure and secondly, a form of government to manage and maintain their Community in perpetuity within the framework of the 5 county and municipal governments over which it is spread.

### Enter: Community Development District Governments

Walt Disney was the Granddaddy of Development District Governments. He was looking for a home for Disney World in Florida. That was in the same era that my Daddy, Harold Schwartz, the Founder of your Villages, was investing in Central Florida land.

When Disney bought the Reedy Creek Ranch and put together a 27,000 acre tract, (2,000 acres more than The Villages), he made a deal with the State of Florida to set up a separate government to finance, build and operate Disney World in perpetuity. It was called the "Reedy Creek Improvement District". It was

Active Adult Retirees. Then he came with us full time to help us execute the plan.

### The Plan

Community Development Districts are designed to be controlled by the developing landowner during the development process, developer's build communities, governments don't. The District is turned over to its residents to govern and operate the District in perpetuity.

In the case of Disney's District is an amusement park in its entirety and has no residents. Therefore District Government stays in control of Disney, the developer landowner.

The Villages will have 100,000 residents and will be divided into numbered Districts. These residential districts are governed by the residents who are the property owners. This works well in the Community Development District format.

We will also have 3 Development Districts covering our 3 towns which will have no residents, just like Disney's District, with the government remaining in the control of our residents, the developing landowner.

### The Problem With The Plan

These three Districts shall retain their responsibility to a

the summer. In March you may not be able to get your favorite tee time on your favorite golf course as often

as you would like. (Avenida Central, Rio Grande and Morse Blvd.) with golf car lanes along the edge of the road.

financed the development. Lady Lake provided the government. It was pretty simple and pretty straight

perpetuity. It was called the "Keedy Creek Improvement District". It was Florida's first Community Development District.

Due to the success of the Disney District Government and the economic boom it brought to Florida, the State legislated to create and perpetuate the use of Community Development Districts throughout the State. The legislation is known as Chapter 190. There are now over 540 Community Development District Governments in Florida.

Gary Moyer is the foremost authority on District Governments in Florida. He helped establish the legislation and formed a company to manage 250 Districts himself. We consulted with him to plan the use of District Governments to turn The Villages into a Disney World for

these three Districts. We retain their responsibility to assist their land owners to maintain the Districts and enforce their By-Covenants.

But after your Developer buys your amenities and transfers them to these Districts, the responsibility to operate these amenities in perpetuity should be turned over to the residents, instead of the district.

We tried to address this issue when I sent this letter to Village Center District last April 28, 2006, which I requested the District to consider various options to accomplish this goal.

The District, with the guidance of Gary Moyer, found a means to accomplish the goal through in

**See HISTORY,**

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The Villages

November 15,  
2000  
12,886 homes

## The Villages

To: Village Center District Supervisors  
Date: April 28, 2006

Dear Supervisors:

Our development of The Villages north of Highway 466 is now complete, and as outlined in Chapter 190, the governance of the Numbered Districts has all been turned over to the individual property owners.

Currently, the residents govern "local issues" such as common area maintenance and storm water collection through the elected Supervisors, in Districts 1 - 4. Meanwhile, the Center District oversees community wide entities such as Utilities, Recreation and Neighborhood Watch.

Contrary to the very popular and persistent rumor, we are not moving to or developing in Texas. Our commitment to The Villages and only The Villages is unwavering. We are three generations into The Villages and hope to be here for many more. It is our home too!

First we must see that the remainder of The Villages is properly developed in the manner to which we have all become accustomed. Then we must see that The Villages is properly governed to maintain in perpetuity the quality Lifestyle at high real estate values we currently enjoy.

We want to commend you and all of the Numbered District Supervisors for creating and managing the governance of this unique, one of a kind, Lifestyle Community of over 40,000 residents. It is the envy of the retirement world.

We are happy working with the Center Districts and the Numbered Districts, as they stand, and together we have succeeded in making many, many happy residents.

Some residents have, however, expressed a desire to have more involvement in the governance of the community wide activities that your board currently oversees.

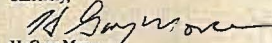
There is no provision in Chapter 190 for property owners outside of the Center Districts boundaries to take over the governance of the Center District.

If a means could be found to integrate a resident elected governing board with the operation of the Center District, this option should be put to the vote of the residents.

We have asked Janet Tutt, with her years of experience in Marion County government, and District Supervisor Gary Moyer, who managed many CDD's throughout Florida from 1981 to 2003, to research this possibility.

We are happy with the government in its current form and proud of its accomplishments. If a resident elected board could be created and integrated, we would be happy to work with them provided a majority of our residents feel it would improve The Villages. Either way we are here to stay!

Sincerely,

  
H. Gary Morse  
President/Chief Executive Officer

HGM:rbm

1020 Lake Sumter Landing, The Villages, Florida 32162  
www.TheVillages.com

## HISTORY, from V2

local agreements and elections. But residents in some Districts voted for it and residents in other Districts voted against it, therefore the Districts could not agree on the implementation of the resident Amenity Authority Committee.

In the interim, until a resident Amenity Authority Committee can be established, The Village Center District has established a Resident Advisory Committee, which has been working well to help the District handle amenity matters. It's the first step in the right direction.

### Enter Politics

Villages' residents seem to divide up into 3 basic groups. Group 1 is the silent group. They love living here. They don't want to bother with anything. They just want to enjoy the golden years of their retirement. Group 2 wants to help. They love living here and believe they can improve The Villages by working with their Developer. They gravitate to The Villages Homeowners Association. Group 3 ... they love living here. But they believe that the Developer's goal is to take advantage of the residents. They believe they can improve The Villages by challenging the developer and fighting for residents rights. They gravitate toward the Property Owners Association. The same one I worked with the day I arrived, March 1, 1983.

The biggest complaint that Group 3 has is that they believe we sell the amenities to the Districts without establishing adequate Repair and Replacement Reserves, and failing to accurately project the future increased costs necessary to maintain consistent service levels, thus taking advantage of the residents.

The common denominator of all 3 groups is "they all love living here". But, it was the different politics between these groups that kept the resident Amenity Authority Committee from becoming a reality the first time around.

### The Solution

Group 3's complaint about amenity sales can prove to be the best thing that's ever happened for every resident that's here today and those yet to move here. All we need do is get all three groups to work together.

Our attorneys have been working diligently for almost a year with

Village Center District. We have found some issues that could have been addressed better at the time of each sale. The most glaring one was not setting aside enough reserves to rebuild Paradise Center out of our first sale. Therefore the District had to refinance the rebuild.

Through the diligent work of the Plaintiff's group and our representatives, a settlement agreement will be presented to the Village Center District for its consideration on December 21, 2007.

The agreed settlement is an immediate payment to the Center District of \$11,803,168.00 and annual payments totaling \$28,021,000.00 over the next 13 years. All monies will go into the Amenity Division Budget to assure adequate reserves and continuity of amenity services. The filing of a Class Action Suit will bring this settlement before a judge for a "Fairness Hearing" and court approval of a fair settlement.

Included in the Class Action Suit is the formation of an elected resident Amenity Authority Committee who will have the responsibility and authority to manage and spend this money, in addition to the District's regular Amenity Budget.

All affected residents in Groups 1, 2 and 3 should be behind this Class Action Suit.

### The Future

The Sumter Landing District which serves CDD 5, 6, 7 and 8, between Hwy. 466 and Hwy. 466A and The Brownwood District (yet to be formed), which will serve CDD 9 and 10 between Hwy. 466A and Hwy. 44 will be formatted the same as The Villages Center District.

Just like the numbered Districts, they will remain under our family's control during the development of the numbered districts that they serve. They will operate the amenities with the guidance of a Resident Advisory Committee.

Then the management of the amenities will be turned over to the elected resident Amenity Authority Committee in perpetuity.

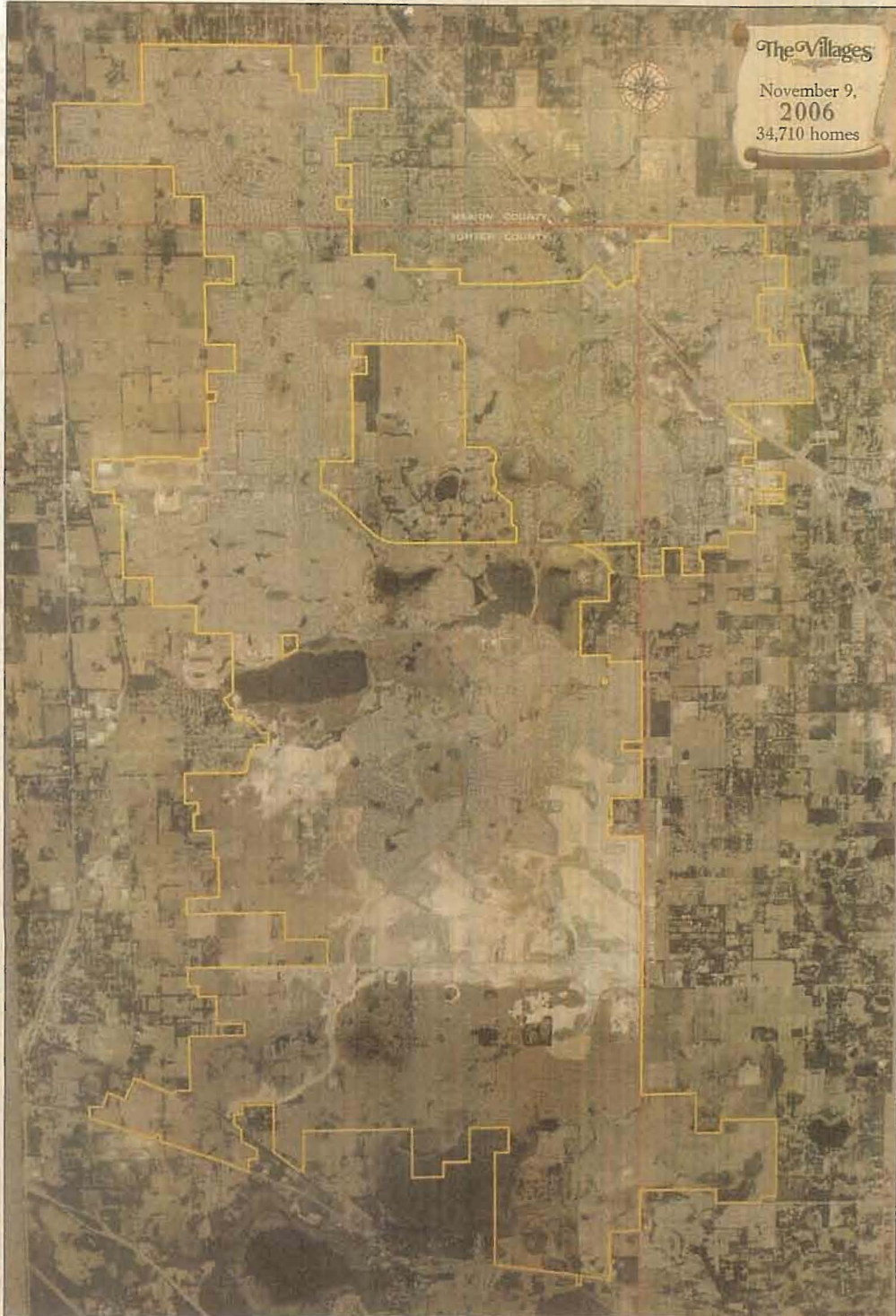
Detailed discussions among the attorneys for both sides are progressing and we all hope that soon a Class Action for Lake Sumter Landing District can be commenced which will not only prevent inadequate reserves, but will also create the resident Amenity Authority Committee for that area as well.

This will enable our family to



...ability for almost a year with attorneys for some of the leaders of Group 3 on all past amenity sales to

This will enable our family to complete our dream of building the Disney World for active retirees that

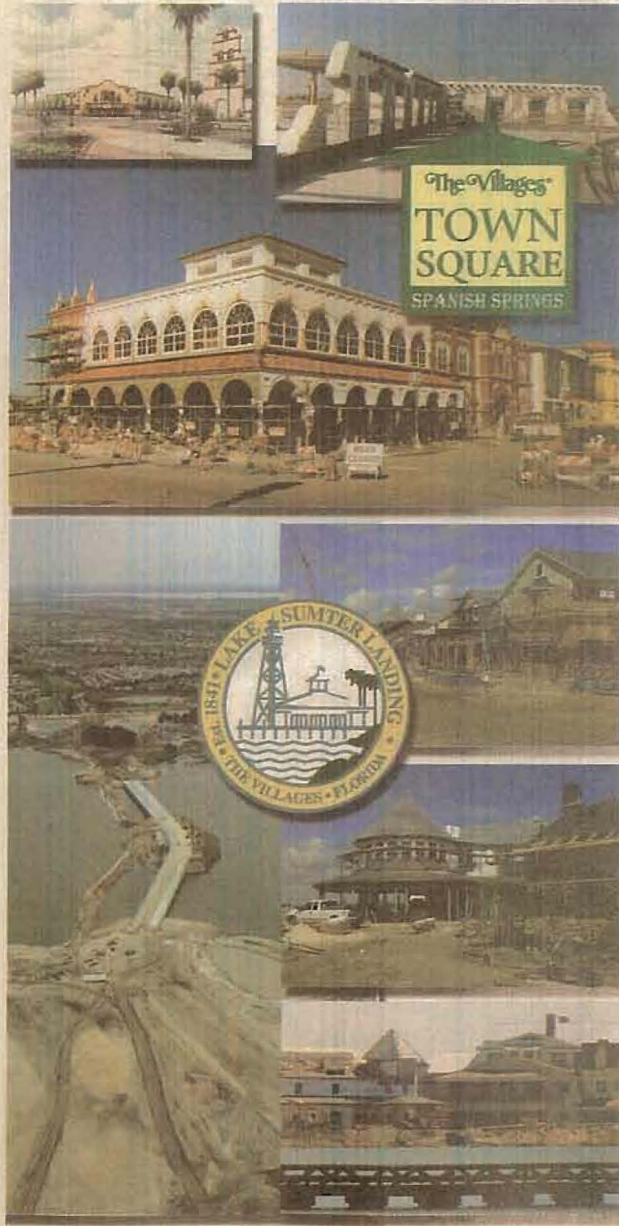


you all deserve. And we appreciate all the help you give us in accomplishing this.

I am now the same age as my Dad when he sent me to Florida to run a mobile home park. My children are now the age that I was when I arrived here. The 3rd generation is now actively running the company.

Originally I thought my job was

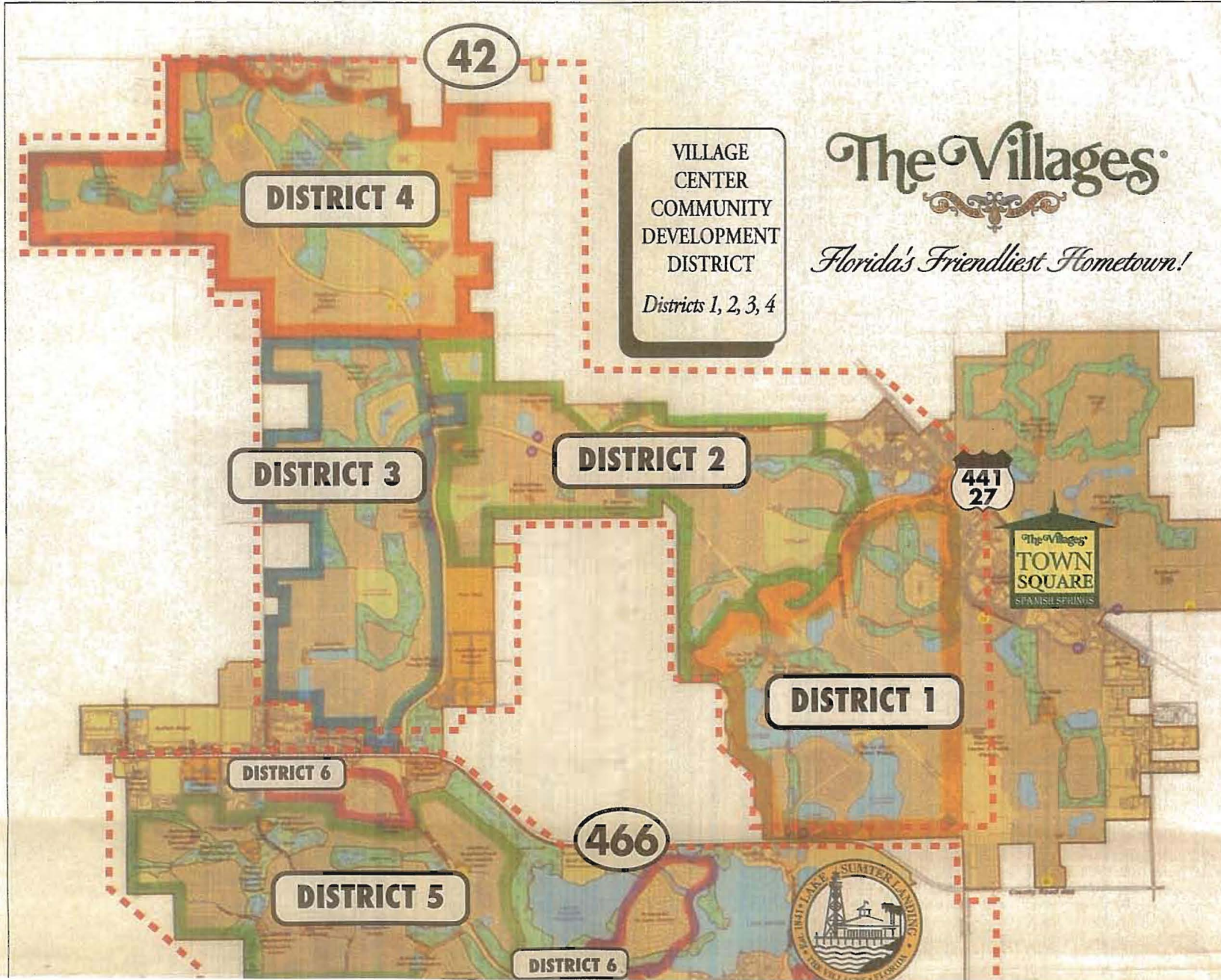
selling mobile homes to old folks. Now I find its really building a paradise for you young folks. I hope all live to see this paradise completed as a self-contained, self-sufficient self-governed Community for future generations of retirees. An hope you will all be just as proud it as we are.



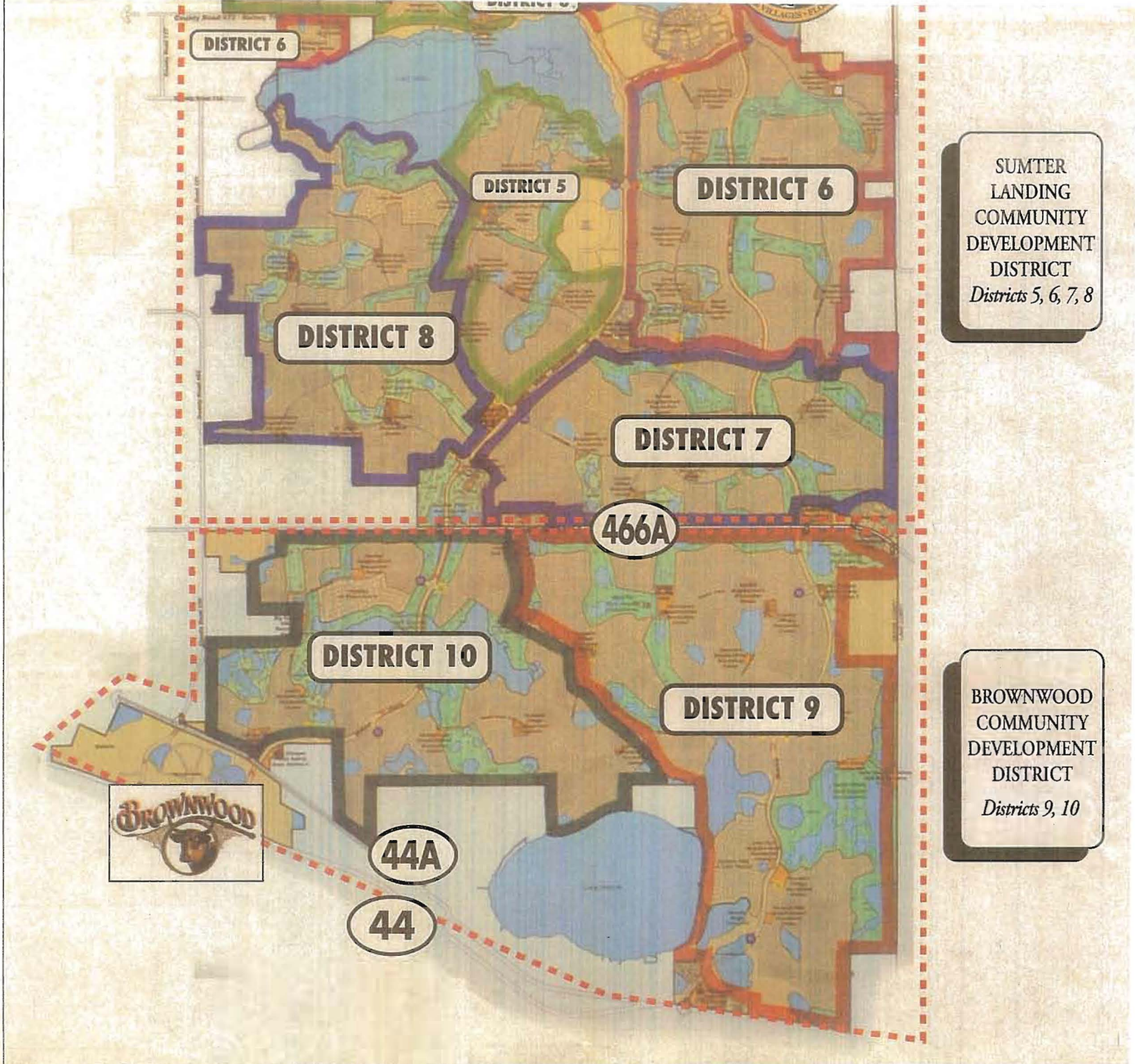
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# The Villages Master Plan

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**DISTRICT 6**

**DISTRICT 5**

**DISTRICT 6**

**DISTRICT 8**

**DISTRICT 7**

**466A**

**DISTRICT 10**

**DISTRICT 9**



**44A**

**44**

SUMTER  
LANDING  
COMMUNITY  
DEVELOPMENT  
DISTRICT  
*Districts 5, 6, 7, 8*

BROWNWOOD  
COMMUNITY  
DEVELOPMENT  
DISTRICT  
*Districts 9, 10*