



**IRS UPDATE**

**FROM:** Janet Y. Tutt, District Manager

**DATE:** August 27, 2013

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On August 26, 2013, Village Center Community Development Attorney Perry Israel sent the attached letter to Mr. William Wilkins, Chief Counsel, as follow up to a previous letter sent July 15, 2013.

**LAW OFFICE OF PERRY ISRAEL**



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August 26, 2013

The Honorable William J. Wilkins  
Chief Counsel  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

Technical Advice Memorandum  
Index (UIL) No.: 103.02-01  
CASE-MIS No.: TAM-127670-12

Dear Mr. Wilkins:

On July 15, 2013, I wrote you on behalf of my client, the Village Center Community Development District (the "Center District"), expressing concern about a recent Technical Advice Memorandum (referenced above, referred to as the "TAM") relating to the Center District and requesting a review of the TAM and its conclusions. I have not heard back from you concerning this matter, but a few misapprehensions that have been attributed to you concerning the Center District have been brought to my attention that I feel should be addressed.

It has been reported that you have expressed concerns about certain tracts of land that were removed from the geographical boundaries of the Center District after its formation. These adjustments have been incorrectly characterized by TEB as actions made to preserve control of the Center District by the developer. In fact, it is contemporaneously documented that the land, which was used for residential development, was moved outside the boundaries of the Center District so those residents would not be liable for the relatively costly assessments imposed upon property in the Center District (compared to their neighbors across the street, located in a different community development district, where similar assessments were not imposed). It should also be noted that the land removed from the Center District, which has been fully developed, contained 111 qualified electors as provided in the most recent enumeration—thus, if that property had remained in the Center District, the Center District would nonetheless still not have the 250 qualified electors that would mandate moving from a landowner voting format under Florida law. Thus, the assertion as to the intent of the Center District in adjusting its boundaries is not only factually inaccurate, but had the adjustments not been made there would have been an impact on the governance or operations of the Center District.

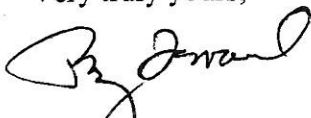
Mr. William J. Wilkins  
August 26, 2013  
Page 2

It has also been reported that your office has expressed concerns about the “ability of the Center District to bind persons who have no say in the makeup of the Board.” The Center District has not, through the issuance of its bonds or otherwise, bound persons outside the Center District to make payments or bear other obligations that they have not already agreed to. Rather, the obligation of homeowners to pay Amenities Fees was established through contractual obligations of such persons prior to assignment to the Center District and was unchanged by the involvement of the Center District. Through the purchase of the right to receive the Amenities Fees and concomitant undertaking to provide various services, the Center District has effectively municipalized those services, similar to the way a municipal utility district might purchase an existing utility system, including the obligation to provide the utility and the right to collect payments with respect to that utility. The obligation of the homeowners to pay for those services (and their right to enjoy the services provided) was not changed by any actions of the Center District.

Finally, it has been reported that some concern has been expressed by your office that “all the bonds were initially purchased by the Developer.” This is simply not true. All of the bonds issued by the Center District, with the exception of one small subordinate series early on, were offered to the general public and sold pursuant to normal underwritings. Other than that small subordinate series, the Center District believes that no or only a de minimis amount of any of its bonds were purchased by the developer or any person related to the developer.

I would be happy to meet with you to correct the erroneous “facts” concerning the Center District, its bonds, and its operations that appear to be continuing despite my attempts to correct the misstatements and incorrect conclusions reached by the initial examining agent on this matter.

Very truly yours,



Perry Israel