

# East Hillsborough Tribune

Brandon  
Plant City  
Ruskin

Monday, August 17, 1987

A section of The Tampa Tribune

## District hopes to repay past bond-holders

By CHERYL MICHAELS  
Tribune Staff Writer

TAMPA — It's been more than a decade since Tony Micciche sold some \$500,000 worth of bonds for Lake Grady Road and Bridge District, a special tax district southeast of Riverview.

But Micciche, for the last week or so, has been looking up his old clients.

"In all fairness to my people, I owe them this," says 58-year-old Micciche.

The bonds he sold to roughly 100 people were among some \$2.3 million in bond issued by the district in 1974 to build roads and bridges in the Shadow Run subdivision. The bonds have been in default for seven years.

Micciche, an account executive at Interstate Securities Corp. here, said he began looking for his clients after reading in the newspaper last March about district efforts to reorganize its debt in U.S. Bankruptcy Court under a Chapter 9 petition.

"My biggest concern is with the people that help me make my living," says Micciche. "I feel a moral obligation to them. I sold them the bonds in good faith."

The district Thursday approved a plan which, if approved by a judge, would pay creditors \$200,000 and allow the district to dissolve. A

decision on that plan could be made in two months, which would allow the district to dissolve by late October.

It's going to take Micciche another month to try to find his clients by paging through old records. But he wants them to know the district is working on a plan which could amount to one, final payment.

In the meantime, it's uncertain if Micciche's clients will be able to regain any money.

District creditors had until July 15 to file claims, and it was uncertain if it would be extended.

The district tried to locate bondholders through advertisements in the Wall Street Journal and Tampa Tribune, as well as by personal contacts. More than \$560,000 in claims came in before the deadline, but others were unaware of the proceeding in time.

Melvin Thom, one of Micciche's clients, found out a week afterward while at the County Courthouse.

He said Friday he hadn't heard from Micciche yet.

"It seems strange he's just coming awake now," Thom said, describing Micciche's efforts as an attempt to cover up for the past.

Thom agreed others should have a chance to file claims.

# East Hillsborough Tribune

Brandon  
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Saturday, August 15, 1987

A section of The Tampa Tribune

6-EH — The Tampa Tribune

## District OKs plan to settle with creditors

By CHERYL MICHAELS  
Tribune Staff Writer

RIVERVIEW — A special tax district facing a \$1.5 million debt wants to settle with its creditors for \$200,000, then call it quits.

The Lake Grady Road and Bridge District, in default for seven years, will be proposing the plan in U.S. Bankruptcy Court in about a week, district officials said.

The district, which in 1974 sold \$2.3 million in bonds to build its roads and sidewalks, asked the court in March to help it reorganize the debt.

Commissioners for the district southeast of here approved the plan 5-0 Thursday night in a one-hour meeting.

"I think this is the only way we can go," said Commissioner Dick Arens.

It will be up to a judge to decide if the plan is fair to bondholders who bought \$5,000 notes which were to pay 6 percent to 8 percent interest. That decision isn't expected for two months.

More than \$560,000 in claims have been filed with the court.

Under the proposal, the amount investors would receive depends on the amount of validated claims. It is expected to range between 10 percent and 50 percent of the face value of a note, minus interest.

A bondholder who attended Thursday's meeting, Melvin Thom of Carrollwood, said he understood

commissioners were anxious to resolve the problem.

"The way I look at it right now, it's better than nothing," Thom said. "You could sit there and twiddle your thumbs for three years and not have anything."

Tampa attorney Jeremy Gluckman, who represents some of the bondholders, said Friday that investors were relieved to learn there was at least a possibility of receiving some returns.

"Every investor knows they are not without risk," Gluckman said, adding he had not yet analyzed the offer.

The district was founded in 1973 by Suncoast Highland Corp., the Clearwater company which developed the Shadow Run subdivision. The company ran the district in its early years and spent the bond money after completing half of the district's roads and none of its sidewalks.

The developer-controlled board, which was criticized by a 1980 auditor general report for questionable expenditures, was ousted more than three years ago. Then-Gov. Bob Graham appointed homeowners as commissioners on the grounds there had been no election for several years.

Since then, the commissioners have had to rebuild Lake Grady's dam, wrestle with legal problems from tax disputes, and search for a way out of their financial dilemma.

The proposal approved Thursday night came from Shadow Run Inc., a Brandon-based development firm backed by a Bahamian investor working with Steve Jorgensen, a Shadow Run resident.

Shadow Run Inc. wants to buy

some 500 acres, roughly half the district, so homes can be built and sold there without any debt.

It is uncertain at this point how much the district, which levied a \$250-an-acre assessment last year, would be worth.

## Plan to pay creditors approved

RIVERVIEW — A special tax district facing a \$1.5 million debt approved a \$200,000 plan on Thursday night to repay its creditors.

The Lake Grady Road and Bridge District southeast of here intends to submit the plan to U.S. Bankruptcy Court in about a week.

A hearing isn't expected on the proposal, which must be approved by a judge, for at least two months.

The district, formed in 1973 to build the subdivision's roads and sidewalks, defaulted on payments from a \$2.3 million bond issue seven years ago. It asked the Bankruptcy Court in March, through a Chapter 9 petition, to help it reorganize its debt.

It is unusual for municipalities and special tax districts to use the Chapter 9 petition to protect themselves from creditors.

# East Hillsborough Tribune

Brandon  
Plant City  
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Wednesday, August 12, 1987

A section of The Tampa Tribune

The Tampa Tribune — 5-EH

## Tax district to consider repayment plan

By CHERYL MICHAELS  
Tribune Staff Writer

RIVERVIEW — Commissioners from a special tax district facing a \$1.5 million debt will meet Thursday night to consider approving a \$200,000 plan to pay its creditors.

The Lake Grady Road and Bridge District commissioners will take up the proposal in a 5:30 p.m. meeting in Tampa at the County Courthouse's third-floor auditorium.

The one-time payment, if it's approved, still would have to be accepted by the U.S. Bankruptcy Court.

The district, formed in 1973 to build road and sidewalks, is seven years in default on payments stemming from a \$2.3 million bond issue.

It filed in March for financial reorganization under Chapter 9, an infrequently used mechanism to protect municipalities and special tax districts from creditors.

More than \$560,000 in claims were filed with the court before a July 15 deadline, but even more claims came in after the due date as bondholders learned of the district's plans.

The \$200,000 payment, which would allow the district to be dissolved around October after the payment is made, is being proposed by Shadow Run Inc.

The Brandon-based company is backed by Bahamian developer Al Ballard, who wants to buy and develop some 500 acres in the district,

free of the debt.

Under a plan reviewed by the district Monday, Shadow Run Inc. would supply the \$200,000 but receive district assets at the time the district is dissolved. It is uncertain at this point how much those assets are worth, says Robin Trupp, the district's attorney.

Shadow Run Inc. earlier proposed a 22.6 percent payoff on the face value of bonds validated in court.

Steve Jorgensen, who is working with the company, said the lump sum would limit Shadow Run Inc.'s financial responsibility and could provide for larger payments, depending on the amount of claims validated by the judge.

The latest payment plan was re-

viewed at a district meeting Monday night. Commissioners delayed action until Thursday so details could be worked out.

Melvin Thom, a bondholder who attended Monday's meeting, said he couldn't comment on the fairness of the latest plan.

"I don't know how to figure that," said Thom, who lives in Carrollwood.

The district was created by Suncoast Highland Corp., a Clearwater firm which developed the Shadow Run Subdivision southeast of here on Lake Grady. The money ran out before improvements were finished, leaving the uncompleted district without a sufficient tax base to meet its obligations, district officials say.

## District delays action on proposal

RIVERVIEW — A special tax district near here, in debt for \$1.5 million, delayed action Monday night on a proposal to pay \$200,000 to its creditors.

The Lake Grady Road and Bridge District, created in 1973 to build roads and sidewalks, will meet again at 5:30 p.m. Thursday at the County Courthouse's third floor auditorium to consider the plan.

The district has asked the U.S. Bankruptcy Court, through a Chapter 9 petition, for help in reorganizing its debt. Payments stemming from a \$2.3 million bond issue have been in default for seven years. Chapter 9 protects municipalities and special tax districts from creditors.

The one-time repayment is being proposed by Shadow Run Inc., a Brandon-based firm that wants to buy some 500 acres in the district and develop them, free of debt.

Under the proposal, Shadow Run Inc. would provide \$200,000 to be divided among those whose claims were validated in court. Thereafter the district could be dissolved.

More than \$560,000 in claims were filed in bankruptcy court against the district. Any repayment plan must have a judge's approval.

# East Hillsborough Tribune

Brandon  
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Thursday, July 30, 1987

A section of The Tampa Tribune

## District's bondholders await word on payback

By CHERYL MICHAELS  
Tribune Staff Writer

RIVERVIEW — Elaine Reilly, a 63-year-old Clearwater homemaker, counted on \$15,000 in bonds from a special taxing district near here to help put her two children through college.

But interest payments on the bonds, which mature in 2004, stopped seven years ago, her two children finished school, and Reilly still is waiting to be paid.

"I'm not maybe rich like they are," she said, referring to the owners of large homes in the district, built on one-acre lots. "It was maybe a hurt thing to me ... I figured I would have that money."

Reilly's claim is one of more than 80 filed in U.S. Bankruptcy

Court against the Lake Grady Road and Bridge District. Only a fraction of the district's bondholders, like Reilly, have filed with the court copies of their \$5,000-denomination notes which were to pay 6 percent to 8 percent interest. These claims amount to about \$360,000.

There also are:

- \$167,000 in claims from bondholders who have not yet filed copies of their bonds.

- \$208,000 from creditors, including some \$133,000 from the Federal Deposit Insurance Corp. on a bank loan, \$21,000 from Florida National Bank as successor to the bond's paying agent, \$45,000 from a landholder entitled to a tax refund from the district, and \$8,000 in engi-

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# Bonds

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neering services.

• \$181,000 from bondholders of a now-inactive, adjacent special tax district called Lake Grady Road and Bridge District Extension No. 1.

The Lake Grady Road and Bridge District was founded in 1973 by Suncoast Highlands Corp., a Clearwater developer. The 1,112-acre tax district, initially controlled by the developer, was to build its own roads and sidewalks with \$2.3 million in bonds sold in 1974. But only half the roads and none of the sidewalks were built.

The 540-acre extension district, formed by Suncoast Highland in 1974 and controlled by it, sold \$1.4 million in bonds in 1976 to build roads and sidewalks. The money ran out with less than a quarter of the work completed, state records show.

Together, the two districts were to form the Shadow Run Subdivision, a country getaway where people could enjoy golden sunsets on a shimmering Lake Grady.

Today the original district, one of about 20 formed in Florida in the 1970s when it was a relatively simple matter, is being run by a board of commissioners who live there. They asked the bankruptcy court, through the filing of a Chapter 9 petition in March, to reorganize a debt that district officials estimate at about \$1.5 million.

Homeowners continue to pay an assessment of \$250 per acre, most of which goes toward legal fees for the district and operations costs. The district is proposing a millage rate of 18 mills in 1988 if financial

problems are not resolved in bankruptcy court. One mill equals \$1 in taxes for each \$1,000 of assessed, taxable property value.

The unusual Chapter 9 petition is used to protect municipalities and special taxing districts from creditors.

The fate of the largely undeveloped extension district, which is not governed by the Lake Grady board that filed the bankruptcy court petition, is unclear.

Robin Trupp, the district's attorney, and Peter Ware, a district commissioner, said the original district is not planning to include the extension bondholders in a repayment plan they will submit to bankruptcy court for approval. The plan must be approved by a bankruptcy judge.

"That's a totally separate district," Ware said. "I don't feel we have an obligation. We have no control of it."

One of the proposals under consideration is a 22.6 percent payment on the face value of the bonds validated in court. The plan suggested by Bahamian developer Al Ballard, who wants to buy some 500 acres in the district to build homes, calls for repayment by Oct. 31. It would allow the district to be dissolved and the land developed without the debt's stigma.

The district would use all its remaining assets, a figure which, district officials say is not available yet, for the payment. Remaining money would be supplied by Ballard's firm, Shadow Run Ltd.

Some extension bondholders who filed claims say they should be paid, too.

Martha Conner, a Beverly Hills, Fla., woman who holds a \$5,000 extension bond, said in court docu-

ments that the districts can't be considered separately because funds were intermingled.

A 1980 state audit of the extension district indicates there were loans and sales between the two districts, including the district's \$232,000 loan from the extension and sale of equipment to the extension for \$103,000.

Donald Underhill, a Plant City extension bondholder, said he was unaware of any distinction between the two.

"I don't see how they could pay them and not us," Underhill said.

Of the 22.6 percent proposal, he said: "That's better than nothing. That's all we had for years."

As part of its financial reorganization, the district tried to find its bondholders to adjust the debt. Although the district advertised in the Wall Street Journal and The Tampa Tribune, and some bondholders jointly hired attorneys, not everyone found out about it before the court's July 15 deadline to file claims.

Melvin Thom of Carrollwood, who reads both publications regularly, said he saw none of the ads. He found out about the financial reorganization after visiting the County Courthouse the following week and making inquiries about the district.

Thom, who holds some \$20,000 in bonds he believes are in the original district's name, said he "can't believe" he's the only one who missed the ads.

He's hoping he'll still be able to file his claim.

"I'd hate to give it to a lawyer to fight because he'd eat up the rest (of the money)," Thom said.

# East Hillsborough Tribune

Brandon  
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Thursday, July 23, 1987

A section of The Tampa Tribune

## Troubled Lake Grady tax district may be abolished

By CHERYL MICHAELS  
Tribune Staff Writer

RIVERVIEW — A special tax district, in default for seven years on a \$2.3 million bond issue, could be dissolved soon under a plan to settle the 13-year-old debt.

The plan, proposed by a developer who wants to buy 500 acres in the Lake Grady Road and Bridge District southeast of here, calls for repayment of 22.6 percent of the face value of bonds validated in U.S. Bankruptcy Court.

Under the plan, bondholders would be paid by Oct. 31, putting the district out of business.

"I feel that (abolishing the district) would make everybody happy," said Susan Mountain, who serves on a committee of Shadow Run homeowners working with the developer. "Everyone in Shadow Run feels as though there's a fair solution."

Shadow Run Limited, a Brandon development company backed by Bahamian developer Al Ballard, suggested the plan Tuesday night at a meeting of district commissioners. It was described as theoretical and subject to change after legal negotiations. Any plan recommended by the district must be approved by the bankruptcy court.

During the meeting, which lasted more than three

hours, the commissioners agreed to work with Shadow Run Limited on the proposal and consider it again at an as-yet unscheduled meeting.

Bondholders and their attorneys contacted about the payment plan weren't endorsing it.

Theodore Mazzu of Dunedin said bondholders would only get about 12-14 percent of the money to which they were entitled, including interest.

"That doesn't sound reasonable at all," he said.

David de la Parte, a Tampa attorney representing Mazzu and 22 others, said "anything less than 100 percent sounds low."

Robert Clark, a Tampa attorney representing Dearborn, Mich., bondholder Ed Warren, said he would have to evaluate the proposal.

The district, which is \$1.5 million in arrears in debt payments, asked the bankruptcy court in March for help in reorganizing its debt. The petition was an unusual one for municipalities and special taxing districts.

Since then, the district tried to locate bondholders through advertisements and personal contacts. The effort was complicated by the fact that bonds are payable to the bearer and could have been sold many times since they were issued.

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## Bond

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The district has yet to submit a payment plan, which will be scrutinized by bondholders and a judge.

The special district was formed in 1973 by Clearwater developer Suncoast Highland Corp., which developed the Shadow Run subdivision on Lake Grady. The bonds then were sold to build the district's roads and sidewalks.

The district, criticized in a 1980 Auditor General report for spending money in a questionable way, ran out of funds before completing improvements. This halted development and left the district without enough homes to support repayment, district commissioners say.

The proposal, presented Tuesday by Shadow Run resident Steve Jorgensen on behalf of the developer, would require the district to use

all of its remaining assets to pay off the debt. The developer would supply the rest of the money needed.

It also asked the district to assign to Shadow Run Limited claims on all outstanding tax assessments on property within the district.

Dick Arens, a district commissioner who made a motion to work with Jorgensen on a formal agreement, said: "It looks like a reasonable plan to me."

A lot of things remained unclear, however. Among them is how much money eventually will be validated as claims to bondholders.

Robin Trupp, the district's attorney, said he saw some \$111,000 in claims filed with the court and learned about an additional \$260,000 sought.

The district also has to do something with the dam it built for Lake Grady. Commissioners, who had the dam constructed to meet county specifications, will be trying to con-

vince county officials to take charge of its maintenance.

Efforts to reach Commission Chairwoman Pam Iorio and Jim Selvey, who represents the area on the County Commission, were unsuccessful.

Also at the meeting, commissioners authorized Trupp to work on plans with Jorgensen, even though Trupp has represented Jorgensen in other legal matters. Trupp asked commissioners if they objected and they indicated they did not.

Although it may never be levied, commissioners further set a tentative tax rate of 18 mills for 1987. That is equivalent to \$18 on each \$1,000 of assessed property value.

A public hearing will be held before any decision is reached on taxes. Such a hearing would likely be held in September.

The district's tentative budget for \$95,500 would cover operating costs.



2-B — The Tampa Tribune

## Tampa Bay Metro Briefs

A Tribune Staff Report

### Taxing district may be abolished

RIVERVIEW — A 14-year-old special taxing district near here could be dissolved to settle its debts from a \$2.3 million bond issue.

The plan suggested by Shadow Run Ltd., a Brandon company backed by Bahamian developer Al Ballard, calls for the repayment of 22.6 percent of all claims against the district approved in U.S. Bankruptcy Court.

The Lake Grady Road and Bridge District has asked a bankruptcy court to reorganize its debt, which is \$1.5 million in arrears. No payments have been made since 1980.

Any repayment plan must be approved by bankruptcy court.

District commissioners agreed in a meeting Tuesday night to work with Shadow Run Ltd. with the intent of abolishing the district by Oct. 31.