

**MINUTES OF MEETING  
FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT #1 &  
FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT #2**

A Joint Regular Meeting of the Boards of Supervisors of the Fiddler's Creek Community Development District #1 and Fiddler's Creek Community Development District #2 was held on **Wednesday, May 26, 2010 at 8:00 a.m.**, at the **Fiddler's Creek Club and Spa, 3470 Club Center Boulevard, Naples, Florida 34114.**

**Present at the meeting were:**

**For Fiddler's Creek CDD #1:**

Phillip Brougham	Chairman
James Curland	Vice Chairman
Jim Schutt	Assistant Secretary
James Robertson	Assistant Secretary
Robert Slater	Assistant Secretary

**For Fiddler's Creek CDD #2:**

James Robertson	Chair
Manuel Correia	Vice Chair
Victoria DiNardo	Assistant Secretary
Gretchen Scott	Assistant Secretary
Peggy Schmitt	Assistant Secretary

**Also present were:**

Chuck Adams	District Manager
Cleo Crismond	Operations Manager
Terry Cole	District Engineer
Tony Pires	District Counsel
Carla Barrow (via telephone)	Special Counsel
Doug Gonzalez (via telephone)	Special Counsel
Amy Lowellyn (via telephone)	Bond Counsel
John Hutton (via telephone)	Bond Counsel
Paul Battista	Debtors Counsel
Mike Charbonneau	Fiddlers Foundation
Al Love	Resident
Warren Bloom	Bondholders' Counsel

**FIRST ORDER OF BUSINESS**

**Call to Order/Roll Call**

Mr. Brougham called the meeting to order at 8:00 a.m., and noted all Board Members for Fiddler's Creek CDD #1 and CDD #2 were present.

**JOINT MEETING ITEMS**

**SECOND ORDER OF BUSINESS**

**Consideration of Specific Language Changes to Rules of Procedure (*provided by Counsel*) and Authorization of Staff to Properly Advertise a Rules Change Public Hearing to Occur at the July 28<sup>th</sup> Meeting to Consider Adoption**

Mr. Brougham recalled that the Boards authorized Staff to present recommended changes to the Rules of Procedure. He explained the changes will be adopted at a public hearing in July. Mr. Pires noted these recommendations are for the Boards' review and that future changes can be completed at the public hearing. Mr. Pires summarized the changes to Section A 1.02 to include: "The remaining Supervisors shall endeavor and use their best efforts to fill any such vacancy within sixty (60) calendar days of the date the vacancy was created, taking into account the length of time until the next regular qualified elector election for said vacant seat". Mr. Pires asked for any comments on the presented revisions. Discussion ensued on the time frame for filling a seat.

***\*\*\*Ms. Carla Barrow joined the meeting and the Third Order of Business was addressed.\*\*\****

***\*\*\*This portion was discussed after the Third Order of Business.\*\*\****

Mr. Pires presented the proposed language for the Board's discussion. Mr. Adams requested the rules be as polished as possible for presentation at the public hearing.

**On MOTION for Fiddler's Creek CDD #1 by Mr. Brougham and seconded by Mr. Curland, with all in favor, the authorization of Staff to properly advertise a Rules Change Public Hearing for July 28, 2010, was approved.**

**On MOTION for Fiddler's Creek CDD #2 by Mr. Robertson and seconded by Ms. Scott, with all in favor, the authorization of Staff to properly advertise a Rules Change Public Hearing for July 28, 2010, was approved.**

**THIRD ORDER OF BUSINESS**

**Update: Foreclosure Claim/Bankruptcy Filing**

Ms. Barrow discussed the preparation for the June 4<sup>th</sup> hearing. She noted a proposal was made with respect to interim continued DIP (Debtor-In-Possession) financing for CDDs #1 and #2. The amount offered for CDD #2 was approximately \$213,000 for the next 13-week interim period; for CDD #1, the amount was approximately \$6,700. The offer from the debtor is contingent upon the CDD standing down to the pending objections to the DIP financing and to the application for the use of an investment banker, Moelis; however, since the original offer, discussion has been held as to the Districts' responsibility to the trust indenture. The bondholders requested that the District not impair any interest of theirs by virtue of accepting DIP financing, unless the DIP includes payment of the debt service, which it does not. The bondholders requested that the District object to the DIP financing, to the extent that it fails to pay for the debt assessment payment and O&M assessment. Ms. Barrow explained that the bondholders requested to assist them in connection with the filing of another type of motion to determine certain debtors to be single asset, real estate debtors, under the bankruptcy code. The effect is that it requires the debtors to promptly commence adequate protection payments in the form of interest, which is a cross-petition to the debtors. Thus, the Districts stand with an offer from the debtor but, on the other side, with a directive from the trustee to oppose DIP financing to the extent that it does not pay the debt service assessment and assists in the strategy to force the adequate protection payments.

Mr. Brougham stated he understood the CDD received a proposal from the debtors for the next 13-week period. He questioned if Mr. Adams provided the number for the offer. Mr. Adams confirmed that he provided numbers and referred to the provided cash flow plan sheets for the appropriate Districts. Mr. Adams noted the left side reflects the funding requirements through the end of the calendar year and accounts for the Districts' cash position, as of April 30<sup>th</sup>, expenses to date as of April 30<sup>th</sup> and the projected expenses going forward. The right side of the sheet reflects the cash flow requirements for the interim 13-week period and identifies the

anticipated \$45,000 additional off-roll money for CDD #2 that was agreed upon last month. He noted, through the end of September 30, 2010, CDD #2 has a projected shortfall of \$213,000 if the current levels of service are maintained. He stated CDD #1 General Fund 001, through the end of the calendar year, has a projected shortfall of about \$68,000; however, there is a significant fund balance and no shortfall for the next 13-week interim period. General Fund 002 for CDD #1, which is repayment of the Wilma loan, has a shortfall of \$6,707 at the end of the 13-week period; the shortfall through the end of the calendar year is reflected as \$90,000. Mr. Adams noted that shortfalls are in red and parenthesis.

Mr. Brougham recalled that the Board directed counsel to file an objection to the DIP and the application for employment, with a basis to secure the CDD on and off-roll assessments. He questioned if those were the two (2) objections that the offer from the debtors were addressing. Ms. Barrow responded affirmatively. Mr. Brougham questioned if the District received direction from bondholders' counsel directing the Boards to file additional objections to protect the debt principal and interest. Ms. Barrow confirmed and stated the bondholders' counsel may actually file the objection but the directive is to keep the Districts on board with the bondholders. Mr. Adams requested that bond counsel present the detail regarding the proposed objections. Mr. Bloom explained he represents the trustee, for the benefit of the bondholders. He explained, prior to the bankruptcy, the special assessment liens were senior to all other liens and party with taxes. The debtor is trying to provide only for the O&M assessment but withholding provisions for payment on the bonds. Mr. Bloom noted the District issued the bonds and acts as a creditor on behalf of the bondholders. Mr. Hutton noted the concern that, in the interim settlement, the debtor is trying to negotiate with the Boards, which would significantly undermine and impair the position of the bondholders.

Mr. Robertson stated he took exception to the motions filed on behalf of the Districts that were in the best interest of the bondholders and he does not want to jeopardize the interest of homeowners, with regard to O&M and requested counsel withdraw the objection to the additional financing, since the debtor pledged to fund the O&M payment.

Ms. Barrow stated the objection, with respect to Moelis the investment banker, was filed on behalf of the Districts, to protect the Districts' interests because they have not been paid, even O&M, in full. Everything offered by the debtor has been partial amounts that the Districts can get by on, versus the amounts they are obligated to pay.

Mr. Robertson questioned if the court restricts the debtor from committing beyond the 13-week period. Ms. Barrow explained the debtor has the choice to seek interim financing or apply for final application and the debtor chose to seek interim financing. She continued to explain that the debtor acknowledged the need to fund the O&M assessment through their initial budget; however, the amount was much lower than what the CDD needs. Ms. Barrow stated the District is trying to recover all that is due to the CDDs and, specifically, point out the shortfall.

Mr. Brougham questioned if the bondholders' counsel joined the Districts in the Moelis objection. Ms. Barrow responded affirmatively. Mr. Brougham questioned if the bondholders asked the Districts to file additional objections, with respect to their bond principal and interest payment and also questioned if the Districts are obligated to follow their request.

Mr. Bloom explained that the Districts exist because the money was borrowed. The Master Trust Indenture and Supplemental Trust Indenture express the Districts' cooperation to get the money paid back. He further explained that the bondholders are not capable of collecting the assessment because they are not a government and, if cooperation is not achieved, there is a possibility of the bondholders bringing suit against the Districts with a writ of mandamus, which will incur more expenses. He noted the bondholders are pursuing remedies through the Districts.

Mr. Brougham commented that the Boards are being put in an untenable position because the debtor is offering funding for the O&M assessments, which protects the homeowner from additional assessments but the bondholders are directing the Boards to reject the offer and jeopardize the O&M assessments.

Ms. Scott questioned if the bondholders understood that the interim \$25 million DIP financing was solely interim cash flow to keep the operation afloat and, if the \$25 million is used solely for debt service, ultimately, the project may fail. Mr. Bloom stated there are no long-term plans to pursue remedies. Mr. Brougham stated that if the bondholders have to take a hit, they have to take a hit. Ms. Scott noted that the developer did not ignore forbearance, rather, the banks would not cooperate. Ms. Barrow explained that the proposed DIP loan is not paying for everything to continue. The reason that the investment banker was objected to is because the amount paid to Moelis in the 13-week period was much larger than the amount paid to the Districts. Ms. Scott disagreed. Mr. Brougham noted the Boards' fiduciary duty to the bondholders and the bondholders will hold the Boards to that; otherwise, the Districts will face a lawsuit. He noted the Boards represent the bondholders and the residents of the community. Mr.

Robertson recommended bond counsel file an objection, as desired, and let the Districts withdraw their objection.

Mr. Paul Battista, developer counsel, stated the developer is not trying to put the Boards in a difficult position and is prepared to put a significant amount of money in the second budget to fund the Districts. He noted the developer does not want to see the residents receive a special assessment. Mr. Battista stated the DIP loan budget would be exceeded if the developer gave consideration to the bondholders' request. He explained that the developer does not have the financial ability, as the DIP loan has an outstanding cap of \$12 million; today, the DIP loan is \$2 million, outstanding. He noted the Moelis is critical to the current situation because either equity or debt financing is needed to resolve the existing secured indebtedness. Mr. Battista expressed that an investment banker is critical to the developer, Districts and residents. He noted the bondholders have the absolute, top-level protection and they will be paid before any of the banks or unsecured creditors get paid.

Mr. Brougham requested Mr. Battista to comment on the dilemma that the Boards are in. Mr. Battista replied that he respects the Boards' fiduciary duty and the Boards have to do what is believed to be the right thing to satisfy that duty. He noted the proposed solution can keep the facility running and the bondholders have filed their own objection to Moelis. The objection can be prosecuted without the Districts' objection and if the Districts withdraw their objection, bond counsel is still going to pursue the objection. Mr. Battista continued that if the bondholders believe you are doing something wrong and they take the Districts to court to obtain a mandamus to compel the Districts, the bondholders will be facing the same dilemma. He stated if the bondholders seek stay relief, the developer will fight the stay relief.

Mr. Robertson questioned if the only way for the bondholders to be paid is through the debtor obtaining new financing. Mr. Bloom stated that the bondholders can foreclose, wipe out the banks and bring in someone who does not carry a huge burden of debt. He stressed that the bondholders do not need the developer or Moelis; the benefit of the bargain is that the bondholder is first in line. Ms. Scott stated, ultimately, someone like Moelis is needed to keep the project afloat, so the money will be spent one way or another. Mr. Slater requested Gulf Bay legally provide documentation of future funds, beyond 13 weeks, that would cover the Districts for a longer amount of time. He questioned what the bondholder can do for the CDDs to keep the Districts afloat. Mr. Battista stated Gulf Bay has a committed \$25 million loan facility from

Gulf Bay Capitol; two (2) interim approvals have been obtained and a third order is in the works. The reason a third order is being sought, and not a final order, is because the developer has to tell the judge where they are going; those plans include Moelis, with a \$25 million DIP loan. Mr. Slater responded this does not tell the CDDs what they will receive, past the 13-weeks.

Mr. Bloom noted the legal remedies of the Districts and stated there are millions of dollars locked up in the trust estate that are able to be used for operations and maintenance. It is not in the best interest of the bondholders to let the project go to waste and he noted other Districts funded by the bondholders to keep them going, when the bondholders know they have someone that is going to work with them. He noted that the bondholders are aware that the only way that things will be whole is by wiping out debt and, possibly, putting in someone that is going to work.

Mr. Curland questioned if the developer and bondholders can reach a compromise, agreeable to both parties, to accomplish the task. Mr. Bloom responded that the developer does not need to be there if the bondholders are not going to get paid. Mr. Battista stated that the developer does not have the ability to pay the bondholders in the next 13-week period and expressed his disbelief in the bondholders' ability to remove the developer because the developer is secured.

Mr. Brougham questioned why the bondholders' attorney is reluctant to file additional motions. Mr. Bloom stated the bondholders are going to file additional motions but, if the Districts are not helping to get the bondholders paid, the Districts will be taken to court. Mr. Schutt questioned why the developer is requesting that the Districts withdraw their stance, if the motion will remain before the court on behalf of the bondholders. Mr. Battista stated the developer is trying to address problems one at a time.

Mr. Brougham questioned, if the Boards were to remove their objection to the 13-week DIP and Moelis, the bondholders objection will still stand. Mr. Battista confirmed.

Ms. Barrow noted the Boards have the discretion to stand down to the objection; however, they must note that the bondholders will view that action as a negative. Mr. Gonzalez noted that the Boards know, clearly, what happens if they do not agree to the demands of the bondholders, or what will happen if they do. Mr. Battista stated if the Boards are being told to do whatever the bondholders deem, what is the purpose of the Boards? Ms. Barrow reiterated that, even if the Boards do what they think is in their best interests by voting to stand down, they

still need to recognize that they were advised, by the bondholders, of the bondholders' next step. Mr. Bloom noted the bondholders do not run the Districts and the reason the bondholders are involved now, is related to the bonds held on the Districts. He recommended the Board provide bond counsel with a list of funds needed to keep the Districts up and running and he will present it to the bondholders. Mr. Bloom noted that, whether the developer stays or goes, the Districts are important to them.

Mr. Correia noted the value of the residents to the community. Ms. Scott questioned the dollar amount that the bondholders are requesting from the DIP loan. Mr. Bloom responded that it is the current amount owed. Ms. Scott further questioned the amount and Mr. Bloom responded that the exact amount is unknown. Mr. Brougham noted that the bondholders' attorneys should know the exact amount and requested that the bond counsel remove the direction to the board to sustain the objection to the DIP loan and Moelis. Mr. Bloom stated that he would rather get a court order. Mr. Brougham stated the Boards have cooperated in the past and they are being put in an untenable position. Mr. Robertson noted District #2's O&M shortfall of almost \$250,000.

Mr. Bloom asked Mr. Battista for a stipulation as to the bondholders standing in bankruptcy court. Mr. Battista confirmed that the developer reserved the right to object to the bondholders' standing and questioned what will be received if he withdraws his reservation. Mr. Hutton stated that, if the Districts stand down to the objection to Moelis, then the developer will claim that the bondholders do not have standing. Mr. Battista stated he does not believe the bondholders have standing and he is not looking to litigate on the issue. Mr. Battista questioned, if he agrees to the bondholders' standing at the June 4<sup>th</sup> hearing, will bond counsel back off the demands of the Boards.

***\*\*\*Mr. Bloom, Mr. Battista, Mr. Hutton and Ms. Barrow left the meeting.\*\*\****

Mr. Elliot Miller commented that this is a bigger picture issue and encompasses a duty to the homeowner and a duty to the bondholders. He noted the bondholders' counsel is looking out for bondholders, not the homeowners. A resident stated the Districts' counsel acted without bringing the objection before the Chairs. Mr. Adams recalled that the discussion and strategy was held at the last Board meeting and no action was taken to withdraw the objection. He noted Ms. Barrow acts as a representative to the Districts' trust indenture obligations and O&M assessments. Discussion ensued on Ms. Barrow's role. Mr. Gonzalez explained that there are



repercussions for every action that is demanded/requested. The decision of what to do cannot be made by the lawyer because the decisions are not legal decisions, they are administrative decisions as to what strategy to pursue.

Mr. Slater questioned the implications if the Boards decide to stand down to the objection.

**\*\*\*The meeting recessed.\*\*\***

**\*\*\*The meeting reconvened at 9:15 a.m..\*\*\***

Mr. Slater questioned the implications of a mandamus action. Mr. Gonzalez explained a mandamus action is an equitable action but there is no damage award. He stated he has tried to make it clear that the actions of the bondholders are to make demands and they will likely sue if their requests/demands are not followed. He continued to explain that the situation is not as clear-cut as certain parties would like the Boards to believe and it is his role to interpret the laws required to take certain actions.

Mr. Brougham questioned if the Boards are obligated to take the same action. Mr. Gonzalez encouraged the Boards to consider why possible funding from the bondholders is being presented now, after demands are being made to the Boards. Mr. Adams discussed similar situations around Florida where bondholders advanced funding to account for the shortfall. Discussion ensued on possible scenarios the Districts can take and future meeting dates to continue the meeting. The Continued Meeting was set for June 2, 2010 at 8:00 a.m.

**FOURTH ORDER OF BUSINESS**

**Approval of Minutes**

• **April 28, 2010 Joint Regular Meeting**

The April 28, 2010 Joint Regular Meeting minutes were presented for the Boards' consideration. The following changes were made:

Line 68: Change "by" to "to"

Line 199: Change period to comma; add an apostrophe to the word Districts

Line 253: Delete "in"

**On MOTION for Fiddler's Creek CDD #1 by Mr. Curland and seconded by Mr. Slater, with all in favor, the April 28, 2010 Joint Regular Meeting Minutes, as amended, were approved.**

**On MOTION for Fiddler's Creek CDD #2 by Mr. Correia and seconded by Ms. DiNardo, with all in favor, the April 28, 2010 Joint Regular Meeting Minutes, as amended, were approved.**

- **April 28, 2010 Workshop**

The April 28, 2010 Workshop Minutes were presented for the Boards' consideration.

**On MOTION for Fiddler's Creek CDD #1 by Mr. Robertson and seconded by Mr. Schutt, with all in favor, the April 28, 2010 Workshop Minutes, as presented, were approved.**

**On MOTION for Fiddler's Creek CDD #2 by Ms. DiNardo and seconded by Mr. Correia, with all in favor, the April 28, 2010 Workshop Minutes, as presented, were approved.**

**FIFTH ORDER OF BUSINESS**

**Other Business**

There being no Other Business, the next item followed.

**SIXTH ORDER OF BUSINESS**

**Staff Reports**

**a. Attorney**

There being nothing additional to report, the next item followed.

**b. Engineer**

Mr. Cole presented Pay Draw 46 for District #1, for approximately \$51,000, for numerous items including inspection and treatment of the Belle Meade Grade Preserve. The county canal work is substantially complete. He stated the Championship Drive sidewalks are almost complete; however, the handicap mats and signs have to be installed. The sidewalks on Mulberry are almost complete. Mr. Cole explained if the difference in two (2) slabs is greater than 1/4", work will be completed on the walkway. He explained the inclusion of the ongoing spray for the maintenance of the preserve area. Ms. Crismond stated that it will be included in the budget, under water management.

**c. Manager**

**i. NEXT MEETING DATE: June 23, 2010 at 8:00 A.M.**

The next meeting is a Continued Meeting on June 2, 2010.

Mr. Brougham requested that Mr. Adams discuss the June 4<sup>th</sup> hearing.

Mr. Adams explained that District Counsel, Mr. Brougham and himself will participate at the June 4<sup>th</sup> hearing. He asked the Boards to vest authority in Mr. Adams and Mr. Brougham to make any necessary, last minute decisions that may transpire. This discussion was deferred to the continued meeting. Mr. Pires requested the parameters of the authority of Board Members at a bankruptcy hearing. Mr. Gonzalez explained more information will be available at the continued meeting.

**d. Operations Manager**

Ms. Crismond stated the lakes were reviewed on May 12<sup>th</sup> with Supervisor DiNardo and Lake Masters. She noted a continued issue with the water lily in which Management is working with the county to get under control. She stated she met with Mr. Wall regarding the spike rush, in the lake abutting his property, and he requested additional plantings be removed above the two (2) feet of plantings that were previously sprayed, at his request. She stated Mr. Correia requested a review of a dead palm; however, it is located on a temporary buffer installed by the developer, and there are no plans to have it replaced. She reminded the Boards, for budget purposes, the cost estimates for tree trimming and the painting of the street lights on the side streets for CDD#1. The patrol stats included: 14 warnings – nine (9) to residents, one (1) to staff and four (4) to guests; ten (10) stop signs and four (4) speeding.

Discussion ensued on payment for crashes into the gate's arm. Mr. Adams stated, if evidence is obtained, payment can be pursued. Mr. Charbonneau confirmed that residents have reimbursed the Districts.

Discussion ensued on the security procedures with the updated system.

Mr. Schutt expressed his discontent with Mr. Robertson's email to residents regarding the Districts' security provider. He noted the Boards' direction and that no votes were taken. He questioned a possible violation of the Sunshine Law. Mr. Pires explained that there is not a violation if a direct response between Supervisors, about District matters, does not occur.

**FIDDLERS CREEK CDD #2 ITEMS**

**SEVENTH ORDER OF BUSINESS**

**Consideration of Resolution 2010-7,  
Approving the District's Proposed Budget  
for Fiscal Year 2011 and Setting a Public  
Hearing Thereon Pursuant to Florida  
Law**

Mr. Adams presented Resolution 2010-7 for the Board's consideration. He noted the final budget will be adopted at the future public hearing.

**On MOTION for Fiddler's Creek CDD #2 by Mr. Robertson and seconded by Ms. DiNardo, with all in favor, Resolution 2010-7, Approving the District's Proposed Budget for Fiscal Year 2011 and Setting a Public Hearing Thereon Pursuant to Florida Law was approved.**

**EIGHTH ORDER OF BUSINESS**

**Unaudited Financial Statements as of  
April 30, 2010**

Mr. Adams presented the Unaudited Financial Statements as of April 30, 2010. Mr. Adams noted the February off-roll assessment is the only delinquent payment.

**NINTH ORDER OF BUSINESS**

**Audience                      Comments/Supervisors'  
Requests**

There being no Audience Comments or Supervisors' Requests, the next item followed.

**TENTH ORDER OF BUSINESS**

**Adjournment:Fiddler's Creek CDD #2**

The meeting was continued to June 2, 2010 at 8:00 a.m.

**On MOTION for Fiddler's Creek CDD #2 by Ms. DiNardo and seconded by Mr. Robertson, with all in favor, the Fiddler's Creek CDD #2 portion of the meeting was continued to June 2, 2010 at 8:00 a.m., at the same location.**

**FIDDLERS CREEK CDD #1 ITEMS**

**ELEVENTH ORDER OF BUSINESS**

**Consideration of Resolution 2010-6,  
Approving the District's Proposed Budget  
for Fiscal Year 2011 and Setting a Public  
Hearing Thereon Pursuant to Florida  
Law**

Mr. Schutt presented Patricia Schiavo's email regarding the proposed budget.

"Hi Jim,

In reviewing the proposed budget, I noted the following regarding the "Access Control Costs".

1. page 7- the amount of \$354,926 appears to be mathematically inaccurate. 69% of the stated total contract cost of  $\$468,210 + 2000 = \$324,445$ . \$354,926 appears to have been calculated on a total contract cost of  $\$512,000 + 2000$  whereby \$512,000 represents the total contact costs based on a guard at both Sandpiper & Championship plus the rover plus the guard at the Main gate.
2. page 7- Total cost of \$470,210 appears to have overstated the total contract costs as \$468,210 for access control personnel. Per memo dated 10/28/2009 from Cleo Crismond to the Board of Supervisors [see 10/28/2009 CDD1 minutes], it was stated that the "adjusted 2<sup>nd</sup> year price" (adjusted to eliminate one guard) was \$435,912. Applying 69% to \$435,912 amounts to \$302,152. Should this be the amount budgeted for CDD1? Is \$435,912 the amount that was proposed for year 2 of the contract as stated in the memo dated 10/28/2009 from Ms. Crismond?
3. Should the fy2011 budgeted amount be lowered further to eliminate overpayment of profit in the 2<sup>nd</sup> year of the contract? According to the 10/28/2009 memo, the Foundation service "is provided at actual cost without any markup". Given that Ron Albeit disclosed that the Foundation realized an approximate \$80,000 profit in the first year of the contract, should the \$435,912 adjusted pricing per the 10/28/2009 memo be lower by \$80,000?
4. page 8 – Total of Contractual Services is stated as 514,000 which per the memo dated 10/28/2009 is the 2<sup>nd</sup> year price assuming both gates (Championship & Sandpiper) are manned. This amount needs to be decreased to reflect the fact that the Championship gate is not manned.

5. page 7- needs to be corrected to reflect the fact that the guard is at Sandpiper and Championship is unmanned.

I respectfully request that you read this email into the minutes of the 5/26 CDD1 meeting and consider them prior to your vote on the proposed fy2011 CDD1 budget.

Thank you

PatSchiavo

Hawks Nest”

Mr. Adams stated the appropriate adjustments will be made to the budget to reflect actual prices, as the contracted prices are currently in the budget. Mr. Brougham explained that currently, the security contract is in the first year and expires at the end of this year. The Boards are proposing to change the Rules of Procedures that would remove the requirement to bid out security, which would allow the Boards to solicit bids, employ their own personnel or have a sealed bid process. Mr. Brougham noted the current contract, which has very specific terms with respect to the hourly rate can be cancelled. Mr. Adams noted the number of worked hours is reduced in the new contract. Mr. Brougham noted the actual billing is based on actual hours, not contracted or budgeted hours.

**On MOTION for Fiddler's Creek CDD #1 by Mr. Brougham and seconded by Mr. Curland, with all in favor, Resolution 2010-6, Approving the District's Proposed Budget for Fiscal Year 2011 and Setting a Public Hearing Thereon Pursuant to Florida Law, was approved.**

**TWELFTH ORDER OF BUSINESS**

**Unaudited Financial Statements as of  
April 30, 2010**

Mr. Adams presented the Unaudited Financial Statements as of April 30, 2010. Mr. Brougham noted the Due from Developer for Debt Service is \$2,600,606, through April 30<sup>th</sup>. Mr. Adams noted the number grows tremendously because there is a May 1<sup>st</sup> payment not included on the financials. Mr. Brougham questioned the Repairs and Maintenance of the Gate House being at 126%. Mr. Adams stated \$6,000 was attributed to the hitting of the overhang and the money has not yet been received; when it arrives, it will be reflected under miscellaneous. Mr. Adams stated a demand letter will be sent and inquired as to the statute of limitations. Mr.

Pires recommended 15-days for a response and he recommended requesting a copy of the insurance policy. Mr. Adams stated the purchase of clickers is up, including a large group purchase for The Rookery. Mr. Brougham requested a definitive reconciliation of the account for clickers. Mr. Adams explained that the inventory was depleted and had to be replenished.

**THIRTEENTH ORDER OF BUSINESS**

**Audience  
Requests**

**Comments/Supervisors'**

Mr. Slater questioned if a year's worth of service is received with the new vehicle. Mr. Adams replied no.

Mr. Love questioned the shortfall for CDD #1. Mr. Adams clarified there is a projected shortfall of \$68,000 for the calendar year, based on current level of service, current cash and continued receipt of off-roll O&M assessments from the developer. He noted the developer's on-roll assessments are in a current stay, due to the bankruptcy; however, individual tax certificates can be sold. Mr. Love encouraged the Boards to consider the bondholders' funding the Districts, as it extends beyond the developer's 13-week period.

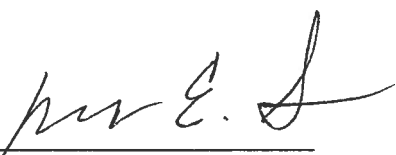
**FOURTEENTH ORDER OF BUSINESS**

**Adjournment: Fiddler's Creek CDD #1**

The meeting was continued to June 2, 2010 at 8:00 a.m.

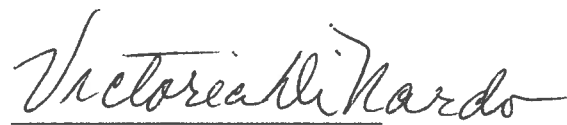
**On MOTION for Fiddler's Creek CDD #1 by Mr. Brougham and seconded by Mr. Slater, with all in favor, the Fiddler's Creek CDD #1 portion of the meeting was continued to June 2, 2010 at 8:00 a.m. at the same location.**

**Fiddler's Creek CDD #1**

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman

**Fiddler's Creek CDD #2**

  
Secretary/Assistant Secretary

  
Chair/Vice Chair