

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, March 23, 2011 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	Chair
Jim Curland	Vice Chair
Jim Schutt	Assistant Secretary
Gerald Bergmoser	Assistant Secretary
Robert Slater	Assistant Secretary

For Fiddler's Creek CDD #2:

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
Ron Albeit	Fiddler's Creek Foundation
Aleida Martinez Molina (via telephone)	Weiss Serota, CDD #1 Special Counsel
Robert DeMarco (via telephone)	Treiser Collins, CDD #2 Special Counsel
Cindy Calvert	Keefe, McCullough & Co., LLP
Paul Battista (via telephone)	Debtor's Counsel
Tony DiNardo	Gulf Bay, Developer
Halle Alexander	Greenberg Traurig, Trustee Counsel, Representing US Bank
Andrew Sanford	ITG Holdings, LLC
Amanda Barton	ITG Holdings, LLC
Tom Messana	Bondholder Counsel

John Hutton (via telephone)
Bob Fried
Jim Vajen

Trustee Counsel, Representing US Bank
Resident
Golf Superintendant

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the meeting to order at 8:00 a.m., and noted, for the record, that all Supervisors were present, in person, for CDD #1. Supervisors Correia, DiNardo, Scott and Schmitt were present, in person, for CDD #2; Supervisor Robertson was not present.

SECOND ORDER OF BUSINESS

**Discussion: Corrections/Additions to the
Agenda**

- **Approval of March 23, 2011 Joint Regular Meeting Agenda, CDD #1**
- **Approval of March 23, 2011 Joint Regular Meeting Agenda, CDD #2**

Mr. Brougham asked for any additions or corrections to the agenda. There were no additions or corrections.

FIDDLER'S CREEK CDD #1 ITEMS

THIRD ORDER OF BUSINESS

**Update: Bankruptcy Proceedings - Aleida
Martinez Molina**

Mr. Paul Battista, debtor's counsel, indicated they have finalized and filed their second amended plans of reorganization for each of the debtors. They have also finalized and filed the second amended joint disclosure statement. At the last hearing, the court approved the second amended joint disclosure statement, subject to the last few changes to be made; those changes were made and circulated and, not receiving any comment, the final document and order approving the disclosure statement and setting the various deadlines were submitted to the court. The court set the confirmation hearing for May 26. The most critical date to the Districts is the voting deadline for parties to cast their vote in favor or against the plans, set for May 16 at 5:00 p.m. Once the court signs the order approving the disclosure statement and setting these deadlines, they have until April 15 to mail the disclosure statement and applicable plans, along with the orders approving the disclosure statement and the ballots, to each creditor entitled to

vote on the plans. Each District will receive a packet and have the opportunity to vote in favor or against the plans. Mr. Battista indicated he spoke to Mr. DeMarco regarding the District's desire to schedule a special or general meeting to consider the issues in connection with how they desire to vote, prior to May 16, which is the date by which the ballots must be cast.

Mr. Brougham asked who signs the ballots. Mr. Battista indicated the creditor signs the ballot so he expects that the Chair would sign, on behalf of the District.

Mr. Battista reported they found a buyer for the 13 debtor-owned condominiums at the Marco Beach Ocean Resort for about \$2.1 million, which is the appraised value of the units. The contract is not subject to financing and they should be in court seeking approval of the sale later today. He spoke of several other recent sales and indicated their ability to sell is improving. Mr. Battista noted they finalized a settlement with Fifth Third Bank, which was approved by the court and has been implemented. He stated, as they move towards confirmation, they are moving closer to their goal of global consensual resolution of any issues with any of their creditors. He is hopeful that, at the confirmation hearing on May 26, all parties will be agreeable to confirmation of the plan.

Mr. Brougham asked what happens if they do not have 100% consensual agreement on the day of the May 26 confirmation hearing and if it is protocol that, by the close of business on May 27, the confirmation hearing will conclude, regardless, or could things be extended past the 27th. Mr. Battista expected the confirmation could be completed in two (2) days with the judge taking any unresolved matters under advisement or, testimony and arguments may carry over.

Mr. Curland asked if CDD #2 will vote twice, as it has two (2) bond series. Mr. Battista indicated the votes are by claim, by bond issuance so there should be more than one (1) per plan for the CDDs to vote on. Ms. Martinez Molina indicated CDD #1 has four (4) different plans whose ballots they will vote on. Mr. Brougham asked if those are further splits between operations and maintenance (O&M) class and bond classes. Mr. Battista and Ms. Martinez Molina replied affirmatively.

Ms. Martinez Molina indicated there was a declaratory action filed yesterday that was filed by bondholder entities and two (2) others, which is a request to the bankruptcy judge to say yes or no whether their recent filing of a fraud case against the non-debtor, Gulf Bay Entities, is stayed by the bankruptcy. She indicated it is not a lawsuit *per se*; it is for the court to determine

whether it is a violation of the automatic stay. Mr. Battista elaborated that, a few weeks ago, the bond group filed a lawsuit in Hillsborough County against a number of non-debtor affiliates, including the ultimate corporate owners of Fiddler's Creek, including Mr. Ferraro and Mr. DiNardo, along with Gulf Bay Capital, alleging there were fraudulent misrepresentations made in connection with the issuances of the bonds that they purchased. Mr. Battista indicated he sent them a demand letter asserting that the complaint was a violation of the automatic stay, because they must first determine claims against the debtors, before they could determine alter-ego claims against third parties. Mr. Battista indicated the deadline for them to dismiss the complaint, under his letter, was yesterday and, in response, he found out last night that their counsel filed a declaratory relief action in bankruptcy court asking the court to make a determination as to whether the lawsuit filed in Hillsborough County did, or did not, violate the automatic stay. At the same time, he learned the Hillsborough County lawsuit was removed or transferred to the bankruptcy court by the plaintiff bond group. Mr. Battista indicated he is currently evaluating what to do with respect to the lawsuit and how to proceed; however, it is and remains their position that the lawsuit violates the automatic stay. Ms. Martinez Molina noted that is an ancillary issue; it does not directly affect the CDDs, at this point.

Ms. Martinez Molina recalled that Mr. Battista and Mr. DeMarco discussed having a town hall meeting for questions and issues to be asked of the debtors' counsel. Discussion ensued regarding possible dates. For the benefit of bondholders' counsel in attendance, Mr. DeMarco stated he was hopeful bondholders' counsel would attend, as there is a divergence of opinion with respect to the confirmability of the various plans as they are proposed. Mr. DeMarco felt the debtor and bondholders' counsel will each have their own perspective and, for the benefit of the public and the CDD Board Members, for the purposes of determining how to vote, it would be helpful to have an open discussion between both factions, to provide all perspectives. Mr. DeMarco suggested filing a notice in the bankruptcy case so that anybody who received the electronic filing notices can either attend, prepare a statement or file something to be available for the Boards to review, regarding their perspective.

Mr. Correia felt, given there is no concurrence between the bondholders and debtors, leaving the CDDs in the middle, there would likely be hundreds of people attending a town hall meeting on the subject. He wondered if animosity between the parties might become inflamed at

such a meeting and they may end up further apart by the end of the meeting. He thought perhaps a unifying meeting, later on, might make better sense. Mr. Slater disagreed with Mr. Correia's concerns and voiced his feeling that an open forum, as soon as possible, would be good. Mr. Brougham voiced his support of an open forum for residents but his concern is the number of attorneys and different sides represented. Mr. Brougham indicated the statement of positions would be helpful and questions from the Board and audience is appropriate but worried it could become like a courtroom and wondered how to control that. Mr. Brougham suggested the Boards agree on an agenda for the town hall meeting, as a means of moving it along. Mr. DeMarco addressed the concern about the various parties battling each other and the perceived degree of animosity, stating his belief that there is no doubt that they can all maintain the required level of civility necessary. Mr. DeMarco felt the meeting should have a strong moderator but confirmed he does not see this becoming a battle of the attorneys. Mr. Schutt felt the number of residents to attend such a meeting would be far less than 800, as, by the middle of April, many will have left. Mr. Slater indicated he is more worried about the animosity between the residents than between the attorneys, as there are strong resident opinions for and against Gulf Bay. Mr. Brougham proposed holding the town hall meeting on Monday, April 18, 2011, and that he and Management draft an agenda and develop ground rules for public input. Mr. Adams suggested a start time of 8:00 a.m.

On MOTION for Fiddler's Creek CDD #1 by Mr. Brougham and seconded by Mr. Curland, with all in favor, CDD #1's participation in a town hall meeting, to be held on April 18, 2011 at 8:00 a.m., at this location, with Mr. Brougham moderating the meeting, and directing Staff to work with Mr. Brougham and the respective attorneys to draft an agenda agreeable to all principled parties, was approved.

On MOTION for Fiddler's Creek CDD #2 by Mr. Correia and seconded by Ms. DiNardo, with all in favor, CDD #2's participation in a town hall meeting, to be held on April 18, 2011 at 8:00 a.m., at this location, with Mr. Brougham moderating the meeting, and directing Staff to work with Mr. Brougham and the respective attorneys to draft an agenda agreeable to all principled parties, was approved.

Mr. DeMarco and Ms. Martinez Molina were in agreement with the date, time and terms of the town hall meeting. Mr. John Hutton, trustee counsel, representing US Bank, indicated he does not feel this is an appropriate mechanism for the Boards to be considering how they should be voting on the bondholders' claims. Mr. Hutton felt having a public forum would suggest that the Boards would be taking public input as to how they should vote on the treatment of bond claims when it is really the bondholders' money, not the public's money. Mr. Hutton noted if the purpose is to decide how the Boards will vote on the O&M claims, which may be different but just having argument before the Boards on the legal treatment runs into the question of should the Boards not be deferring to the bondholders in terms of the bondholders' claims because it is their money. Mr. Hutton voiced his opinion that, if the point is to have negotiations, then the public forum is not the appropriate mechanism for that, either. In response to Mr. Brougham's question, Mr. Hutton indicated he does not know if they will attend. Ms. Amanda Barton and Mr. Andrew Sanford, of ITG Holdings, LLC, confirmed their attendance.

Regarding the voting, Mr. Schutt asked Ms. Martinez Molina if it would be anticipated or expected that the CDDs follow the direction of the bondholders or bondholders' trustees, relative to their position. Ms. Martinez Molina indicated she will not address Mr. Schutt's question directly; however, a few days ago, counsel for the bondholders presented the CDDs with discovery, including interrogatories and requests for documents, which they are preparing to serve upon the debtors, and strongly urged the CDDs to join in on the discovery. Ms. Martinez Molina indicated, by joining in, they mean having the CDDs add their names to the interrogatories and requests for documents. Ms. Martinez Molina indicated their purpose in propounding this discovery upon the debtors is to further flesh out the issues and have them answer questions about the plans to have more detailed information about what is set forth in the plans and disclosure statement in order to make an informed decision about the feasibility of the plans. Ms. Martinez Molina noted the interrogatories and requests for documents are very

thorough, ask for a lot of data and are very broad. She stated, as an officer of the court, she could not put her name on something as broad as this and believes the questions exceed the scope of permissible discovery. Another issue is that the discovery requests as originally drafted will, no doubt, bring about a significant amount of litigation, requiring a lot of attorney work time. Another consideration is to what extent the bondholders can suggest or tell the CDDs to join them. Ms. Martinez Molina indicated her opinion is that, while the CDDs may have fiduciary obligations to the bondholders, it does not necessarily mean they must sign on to these discovery requests, as currently drafted. She proposed propounding a different version of the same request.

Mr. Schutt referred to Ms. Martinez Molina's feeling that the request for information is much too broad and that she would support an amended version. He asked how they go from too much to the right amount. Ms. Martinez Molina indicated nothing has been filed so they can suggest examples of the appropriate questions to Mr. Hutton and advise him not to ask for everything and anything, if he wants the CDDs to participate, but this would take too much time.

Mr. Curland voiced his understanding that the bondholders do not have standing in this proceeding, stating the judge ruled they do not have standing and the CDDs are their spokespersons for purposes of handling the bond issues. Ms. Martinez Molina indicated it depends on who you ask; the statement alluding to the judge's ruling as to lack of standing is too broad. Mr. Hutton clarified there has been only one instance where the judge ruled that the bondholders do not have standing and that was in respect to the single asset real estate motion; the court has heard from the bondholders on other issues. Mr. Hutton stated the court has not made a determination yet on whether the bondholders or indenture trustee have standing with respect to treatment of bondholders' claims, under the plan. Mr. Curland asked Mr. Hutton if the plans are in serious jeopardy of not being approved if they do not get the support of the CDDs on its request for discovery. Mr. Hutton replied affirmatively, indicating if the CDDs do not join in, then the debtors will push back and argue that the bondholders alone do not have standing, which will delay things and frustrate the bondholders' abilities to contest those things at confirmation. Mr. Hutton indicated they want to work with the Districts and welcome comment from them and will work to resolve them. Mr. Brougham indicated the first amended disclosure statement has been public for a few months and the bondholders have had questions about it for a

while and asked why they did not make more specific and timely requests for information, long before this late date. Mr. Hutton clarified the second amended disclosure statement was just filed on March 18 and the confirmation hearing is more than two (2) months away and it would have been premature to file the requests prior to receiving the second amended disclosure statement. Mr. Hutton indicated they feel this is timely and also standard procedure. Mr. Brougham asked Mr. Hutton if his response means there were substantial differences in data, information and scope between the first and second amended disclosure statements. Mr. Hutton indicated they did not feel it appropriate to serve discovery until the plans and disclosure statements were final and filed.

Mr. Battista observed that the debtors continue to take the position that the bondholders and indenture trustee do not have standing because they are not creditors of the debtors but, in fact, the plans of reorganization that were filed only contain creditors in the classes of claims. Only the CDDs are listed in the plans as the creditors so only the CDDs, with respect to these issues, have the right to vote on the plan; there is no mechanism in that plan, as presented to the court, for any bondholder to vote on the plan. Bondholders will not receive a ballot and will not be able to cast a ballot. If the Districts decide, based on their analysis, to vote in favor of these plans or reorganization, then they do not have a contested confirmation hearing because, at that time, substantially, all of the classes will be voting in favor of the plan and it will not be contested. Mr. Battista concluded, if the CDDs vote against the plan, then things will be different.

Mr. Tom Messana, bondholders' counsel representing US Bank, noted the Boards need to understand the distinction between issues that are material for disclosure statements and issues that are material for confirmation of a plan. There are items that are distinct to both of them. He noted the oddity that the bondholders are discussing, with the CDDs, the litigation issues, with the debtors' counsel present, which is extremely unusual for the context of a litigated process. He stated, ordinarily, the communications between Mr. DeMarco, Ms. Martinez Molina and the bondholders have been done in the purview of the debtors and, to the extent that this all going to be done in public and, while he welcomes discussion, he urged them to understand this in active litigation, in his client's view. Mr. Messana clarified that he represents two (2) of the Fiddler's Creek Holdings, CDD #2 2004 bonds and CDD #1 2005 bonds.

Mr. Brougham asked Ms. Martinez Molina to advise the CDD #1 Board of their options with regard to the request for them to join in the discovery. Ms. Martinez Molina thanked Mr. Messana for his clarifications and acknowledged his observation that this is an unorthodox litigation approach and explained the involvement and situation of the CDDs in this type of matter, which is different, with discussions generally conducted in an open forum. She summarized that the options for the CDDs include signing on to the discovery proposed by bondholders' counsel, as is, which she does not recommend, as it will invite a lot of litigation requiring money and time. Other options include working with bondholders' counsel to develop a more palatable discovery request, the CDDs can propound their own discovery request or the CDDs can do nothing.

Mr. Curland asked about supporting the bondholders and speculated that if the debtors challenge the discovery request on the grounds it is too expansive, then the attorneys could argue about narrowing the discovery. He felt the feasibility of the sales plan should be questioned, as it seems to project the ability to sell being better than it was, even at the height of the housing market. Ms. Martinez Molina indicated there are questions the CDDs should ask but the Districts need to decide how to do it; it should be something different than bondholders' counsel's current proposed discovery. In response to Mr. Brougham's question, Ms. Martinez Molina confirmed the bondholders can file discovery on their own, without the CDDs' support.

Ms. Scott clarified it is lots that need to be sold, not houses, and the lots would likely be sold to a builder, which might be more feasible.

Mr. Brougham summarized Ms. Martinez Molina's opinion is that the bondholders' request for discovery is too broad and expansive; however, she suggests CDD #1 has some legitimate discovery questions to propose. He felt CDD #1 should give Ms. Martinez Molina the opportunity to construct her own discovery, assuming it will be more focused and narrower, in scope.

On MOTION for Fiddler's Creek CDD #1 by Mr. Brougham and seconded by Mr. Schutt, with all in favor, directing Ms. Martinez Molina, on behalf of CDD #1, to construct a discovery request that is narrower in focus and pertinent to the questions that are important to CDD #1's Board, working independently or in conjunction with bondholders' indenture trustee's counsel, if they choose to participate, and provide the discovery motion to the Board, for consideration, in one (1) week; further directing Ms. Martinez Molina to proceed, as directed, should no other parties choose to participate, was approved.

Mr. Correia asked Mr. DeMarco for his comments regarding the discovery request discussions.

Mr. DeMarco indicated the question is to what extent does CDD #2 elect to sign on to the discovery, as presented. He reviewed the discovery process and agreed with Ms. Martinez Molina's opinion that the scope of the discovery, as currently propounded, goes beyond the scope set forth by the civil rules of procedure. Mr. DeMarco discussed the timeline of filing the discovery request and deadlines for the debtor's response. With the current wording of the discovery, he has no doubt that the debtors will object to nearly everything and, once that happens, there must first be good faith discussions by the parties to try narrowing the issues for discovery; then, there must be a hearing on the objections and, by the time this all happens, they will not be able to use the information; it would be too little, too late. Mr. DeMarco confirmed the costs to CDD #2 for him to attend to this process will be huge, should they choose to participate in the discovery request, and, the District may end up with nothing useful from the discovery. Mr. DeMarco advised against joining in with the discovery, as currently phrased.

Regarding the motion just passed by CDD #1, Mr. DeMarco discussed the difficulty in constructing a discovery request for CDD #2, on his own, without first knowing what the CDD #2 Board already knows and what it wants to know or needs. He feels the Board must first look at the second amended disclosure statement and then direct him as to the things they still need to know. Mr. DeMarco felt Mr. Battista may be willing to provide any necessary information in a more informal way, if he has it, which would take less time than the formal discovery process.

Ms. Scott voiced her agreement with Mr. DeMarco and suggested CDD #2 do nothing, at this point, and let the process unfold, as it will. Mr. DeMarco further added that a benefit of

doing nothing is that it costs the CDD nothing and, if the discovery is propounded, CDD #2, as a party to the case, will still receive the benefit of the discovery.

Mr. Messina voiced his opinion that the discovery is narrowly tailored and disagreed with Mr. DeMarco and Ms. Martinez Molina's legal conclusion that it is overly broad or inappropriate.

Mr. Correia summarized Mr. DeMarco's advice is to not join with the discovery request. Mr. DeMarco replied affirmatively, adding that, if the CDD #2 Board has specific questions, he could address them with Mr. Battista in an informal way.

Mr. Andrew Sanford referred to the suggestion by Mr. DeMarco that it would be an inefficient use of funds to join in the discovery request and suggested the Board consider asking the trustee to share the costs to pursue it.

On MOTION for Fiddler's Creek CDD #2 by Mr. Correia and seconded by Ms. DiNardo, with all in favor, not joining into the motion of discovery, was approved.

Mr. Brougham reiterated CDD #1's decision and the motion passed earlier. Discussion ensued regarding a date and time to continue this meeting, for the purpose of reviewing Ms. Martinez Molina's draft discovery motion. The CDD #1 Board agreed to continue the meeting to Tuesday, March 29, 2011 at 8:00 a.m., at this location. Ms. Martinez Molina requested that discussion regarding the discovery to be propounded be held in executive session.

Mr. DeMarco clarified that his recommendation today is to not join in the discovery request as currently proposed; however, he is open to being cooperative with Ms. Martinez Molina, if the CDDs require similar information, and with Mr. Hutton, if he has different interrogatories that might be useful to CDD #2. Ms. DiNardo questioned whether Mr. DeMarco should work with Ms. Martinez Molina on any of the matters. Mr. DeMarco reiterated if they have similar questions, issues, etc., there should be no problem with them working together.

*****Ms. Martinez Molina left the meeting.*****

FIDDLER'S CREEK CDD #2 ITEMS

FOURTH ORDER OF BUSINESS

**Update: Bankruptcy Proceedings -
Robert DeMarco**

Mr. DeMarco reiterated the second amended disclosure statement and second amended plans have all been filed and are available for everyone's review. He noted CDD #2 will receive a package and the opportunity to vote. Mr. DeMarco felt the upcoming town hall meeting will provide information to everyone concerned. He addressed a CDD #1 Board Member's question regarding to what extent the bondholders have the ability to direct the action taken by the CDD. He explained they are involved in a three (3)-way participation situation; the bondholders are not creditors of the debtors, the CDD is a creditor of the debtors. He feels the CDD has a contractual relationship with the bondholders. He explained and differentiated the Board's and the individual Board Members' fiduciary responsibilities to the CDD and its constituency, as well as to the bondholders. He stated he has seen no court decisions that would support the contention that the CDD Board Members must follow the bondholders' direction, with respect to the policy of the CDD.

Mr. DeMarco indicated he received a request from Mr. Underwood, counsel for the Series 2005 bonds, asking that CDD #2 file a motion for a leave from stay with respect to the Fifth Third properties. Mr. DeMarco noted it is not clear which properties but he feels it is the lots. The question is whether the CDD should consider filing a leave from stay. He sent a message to Mr. Underwood notifying him of the need for more information prior to considering the request. Mr. DeMarco confirmed doing this would result in significant costs to CDD #2. He discussed the possible outcome if CDD #2 acquires the property at the foreclosure sale and indicated the need to know what Mr. Underwood is trying to accomplish.

Mr. DeMarco indicated there is a proposed order with respect to the sale of Callista Unit 102, Building 17. Bond counsel approved a form, to which he also approves of, and is waiting for the debtors' attorneys' response. Mr. DeMarco indicated the sale has the usual protections for the CDD, such as bringing all taxes up-to-date, paying all future taxes, etc. Mr. DeMarco indicated the hearing on this is today and suggested the Board authorize him to proceed, on the CDD's behalf, regarding the sale.

On MOTION for Fiddler's Creek CDD #2 by Mr. Correia and seconded by Ms. DiNardo, with all in favor, granting Mr. DeMarco authority to proceed, regarding the sale of the Callista properties, as described, and acting in the best interests of CDD #2, was approved.

Mr. Demarco indicated there is a pending motion to be heard today, related to the Amador properties, regarding a motion for the purpose of vacating certain easements. There are certain lots that have drainage easements with the county and the motion is to have the county vacate those easements and replace them with easements on other lots. Mr. DeMarco indicated all parties are agreeable to the motion and this order also incorporates payment of all back taxes and all of CDD #2's delinquent assessments, including O&M, through the 2010 payment. The order is clear that the properties having the easement removed are still subject to all future taxes and CDD assessments and payments. Mr. DeMarco recommended the Board approve the order and allow it to be submitted as an agreed order at today's hearing.

On MOTION for Fiddler's Creek CDD #2 by Ms. Scott and seconded by Ms. DiNardo, with all in favor, granting Mr. DeMarco the authority to proceed, regarding CDD #2's approval of the vacation order related to the Amador drainage easement, as presented, was approved.

*****Mr. DeMarco left the meeting.*****

FIFTH ORDER OF BUSINESS

Presentation of Audited Basic Financial Statements for Fiscal Year Ended September 30, 2010, Prepared by Keefe, McCullough & Co., LLP

Ms. Cindy Calvert, of Keefe, McCullough & Co., LLP, presented the audit for CDD #2's fiscal year ended September 30, 2010. She referred to the auditor's opinion letter on Page 1 and noted this is a clean opinion meaning that the CDD's financial statements are in order. Ms. Calvert explained Paragraph 4 contains an emphasis of a matter which directs the reader to Note 12, which discloses that the outstanding bonds are considered to be in default and that the

developer has filed for bankruptcy. The balance sheet for governmental funds, on Page 9, reflects that the District's cash went down by about \$3.2 million and its assessments receivable increased by about the same amount; overall, the total assets are about the same as in the previous year. Liabilities increased by about \$4 million due to the deferred revenue from the assessments the District has not received, causing the fund balance to decrease by about \$3.8 million.

Ms. Calvert further explained Note 12, on Page 25, which explains the continuing deterioration in the housing market, the developer's bankruptcy and that the CDD used reserve funds to make debt service payments in May. The CDD also failed to make debt service payments in November. She directed the Board to Page 26, indicating the report confirms they did not identify any deficiencies on internal control over financial reporting that would be considered material weaknesses. Under compliance, the deficiencies in the District's reserve account are disclosed. Ms. Calvert referred to the report to district management, on Pages 28 and 29, noting no issues are presented on the first page; however, the second paragraph, on Page 29, discloses that the District reported deficit unreserved fund balance of approximately \$265,000.

In response to a question, Ms. Calvert indicated the bond redemption information is listed on Page 20.

SIXTH ORDER OF BUSINESS

**Consideration of Resolution 2011-1,
Accepting the Audited Basic Financial
Statements for the Fiscal Year Ended
September 30, 2010**

On MOTION for Fiddler's Creek CDD #2 by Mr. Correia and seconded by Ms. DiNardo, with all in favor, Resolution 2011-1, Accepting the Audited Basic Financial Statements for the Fiscal Year Ended September 30, 2010, was adopted.

JOINT MEETING ITEMS

SEVENTH ORDER OF BUSINESS

Developer's Report/Update

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

*****Ms. Calvert left the meeting.*****

EIGHTH ORDER OF BUSINESS

Engineer's Report

Mr. Cole indicated the sidewalks were poured yesterday and the sidewalk repairs will be ongoing.

For the CDD #1 Series 2005 bond, Mr. Cole presented CDD #1 Requisition #55, for approximately \$3,500, for costs related to updating bonds and work related to the streetlights at 951.

For the CDD #2 Series 2005 bond, Mr. Cole presented Requisition #63, for approximately \$6,200, for costs related to updating the bond information and summaries, as well as water use monitoring.

Mr. Cole recalled he was asked to investigate a lake erosion problem in Whisper Trace; however, the address did not make sense, so he looked at the whole lake. Mr. Cole distributed pictures of the lake and summarized that all of the lakes have erosion, to a certain degree. He explained the various erosion conditions evidenced in the pictures. Mr. Brougham referred to a picture with a very steep drop-off and asked the allowable drop. Mr. Cole indicated South Florida Water Management District (SFWMD) allows a vertical drop-off of about nine (9) inches and confirmed the lakes in these areas typically have a drop-off of more than that. Mr. Cole indicated, given the preliminary information, Mr. Adams asked him to complete a cursory review of all the CDD #1 lakes, noting this is also an issue in CDD #2. Mr. Cole has inspected almost all of the lakes and reported typical drops of 1 to 1½ feet on most of the lakes. Some lakes contain portions that are okay but other portions contain a typical drop, while other portions contain even greater drops. Mr. Cole indicated he did not observe any imminent problems as far as dangers to roadways or structures. Mr. Cole will meet with a contractor on Friday to review the various situations and obtain an opinion of how best to fix the problems. Mr. Cole briefly described the geotube repair method, current drought conditions and Collier County's water restrictions. Based on his meeting with the contractor, Mr. Cole will produce a report of the issues and the recommended actions, for the Boards' consideration at the next meeting. Mr. Cole reiterated the problems seem typical and he has not seen any major problems; no roadways or structures are imminently in danger. Mr. Brougham stated the CDDs cannot ignore the issues, as they are obligated to fix the problems. Mr. Adams voiced his feeling it is

important to complete a comprehensive report and he provided a sample to Mr. Cole. Mr. Adams spoke of the issue of the erosion causing the CDDs to be out of compliance with its permits, along with the need to safeguard their asset, that being the stormwater ponds. Mr. Adams indicated there are several options to addressing the problem and the Districts will need to develop a plan and determine how to fund or finance the project.

Mr. Bob Fried, a resident, voiced his surprise that there was any confusion as to the location of the issue; it is specifically behind 8380. Mr. Brougham noted that the entire lake was assessed. Mr. Fried stressed that three (3) trees have already been lost, into the lake, and a fourth tree is about to go. Mr. Fried indicated some residents estimated that between eight (8) and 12 feet of the lake has been lost, over the years. Mr. Brougham reassured Mr. Fried that the problem has been investigated and the Districts will repair it.

Mr. Pires noted that the SFWMD permit has not yet been transferred to the operational phase and, under SFWMD rules, the permit holder for the construction phase is responsible for compliance with SFWMD conditions permit criteria and the conditions of the permit, prior to transfer. Mr. Brougham suggested incorporating District Counsel's opinion into the discussion related to Mr. Cole's report next month. Mr. Adams noted discussions about whether, through the bankruptcy, the debtors have the ability to extinguish their obligations related to any permits, currently in their name. Mr. Adams indicated that CDD #1's former bankruptcy counsel, Mr. Doug Gonzalez, indicated they would have to affirmatively enter a motion to extinguish those obligations; it cannot just be done by going through the bankruptcy. The obligations remain intact, unless affirmatively discarded as part of the bankruptcy.

Mr. Brougham summarized that, at the next meeting, Mr. Cole will have a comprehensive report of all the lake erosion issues, a recommended sense of priorities, present remediation options and costs and Mr. Adams will present financing options.

Brief discussion ensued regarding the easement area around the lakes.

Mr. Cole discussed a request forwarded to him related to easements and review of the titles owned by GB Development. This involves temporary easements that were put upon certain properties, or large groups of properties, so they could do CDD-related work. The question was whether certain easements could be extinguished because plats were recorded, over those areas. Mr. Cole and Mr. Pires discussed the issue. Mr. Cole is in the process of reviewing all of the

easements in question and will forward his comments to Mr. Adams and Mr. Pires. It was suggested that Mr. Cole speak to Mark Woodward.

Regarding transfer of ownership, Mr. Brougham indicated there have been and still are some issues within Fiddler's Creek as to village and condo association common property not being deeded to the condo or village association and, in some cases, including pools and community roadways. Mr. DiNardo asked for a list.

NINTH ORDER OF BUSINESS

Approval of Minutes

- **February 10, 2011 Joint Special Meeting**

Mr. Brougham presented the February 10, 2011 Joint Special Meeting Minutes and asked for any additions, corrections or deletions.

On MOTION for Fiddler's Creek CDD #1 by Mr. Schutt and seconded by Mr. Brougham, with all in favor, the February 10, 2011 Joint Special Meeting Minutes, as presented, were approved.

On MOTION for Fiddler's Creek CDD #2 by Mr. Correia and seconded by Ms. DiNardo, with all in favor, the February 10, 2011 Joint Special Meeting Minutes, as presented, were approved.

- **February 23, 2011 Joint Regular Meeting Minutes**

Mr. Brougham presented the February 23, 2011 Joint Regular Meeting Minutes and asked for any additions, corrections or deletions. The following changes were made:

Line 32: Remove "(via telephone)"

Line 37 and throughout: Change "Darbon" to "Darbout"

Line 146: Change "Gordy Dessau" to "Jordi Guso"

Line 288: Change "is bored" to "is not born"

Line 321: Change "light" to "tight"

Line 329: Change "anybody" to "anybody's property"

Line 392: Replace the blank underline with "The Board"

Line 397: Change "defer" to "differ"

Line 661: Change "debunked" to "defunct"

Line 664: Change "rejected" to "revised"

Line 701: Change "David Plummer" to "Mark Gillis" and insert "David" after "of"

Line 800: Change "portable" to "potable"

Line 912: Change "send" to "draft"

Line 919: Change "thorough" to "through"

On MOTION for Fiddler's Creek CDD #1 by Mr. Brougham and seconded by Mr. Bergmoser, with all in favor, the February 23, 2011 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 February 23, 2011 Joint Regular Meeting Minutes, as amended, were approved.

TENTH ORDER OF BUSINESS

Other Business

Mr. Sanford requested that the town hall meeting be made available by phone. Mr. Adams indicated, due to the high cost, the call in option is reserved for staff and Board only and there is no legal requirement that this be provided to the general public. Brief debate ensued regarding who should be allowed to call in.

It was suggested, by an audience member, that the Boards consider hiring a professional moderator for the town hall meeting.

ELEVENTH ORDER OF BUSINESS

Staff Reports

a. Attorney

There being nothing additional, the next item followed.

b. Manager

i. NEXT MEETING DATE: April 27, 2011 at 8:00 A.M.

Mr. Adams indicated the next regular meeting will be held on April 27, 2011 at 8:00 a.m., at this location.

c. Operations Manager

Ms. Crismond reported that the Aviamar fountain is running.

Ms. Crismond reported on the status of the front entry decorative fountains project that was approved by CDD #1, last month. Pinnacle Pools was awarded the contract but had submitted aboveground boring, where belowground is necessary. Ms. Crismond had Pinnacle Pools back out their \$600 costs for aboveground and obtained a quote of \$2,750 from South Florida Excavation for the below ground boring. As a result, she requested the Board to approve an additional \$2,150, which is the difference between the \$2,750 and \$600, to complete the project, bringing the final total for the project to \$8,438.

On MOTION for Fiddler's Creek CDD #1 by Mr. Brougham and seconded by Mr. Curland with all in favor, adjustment of the Pinnacle Pools contract to remove \$600 for aboveground boring and the inclusion of the South Florida Excavation proposal for \$2,750 for underground boring required to retrofit the South fountain at the front entry fountains, for a final project cost not to exceed \$8,500, was approved.

Regarding the Veneta fountain, Ms. Crismond indicated the pump project was completed on March 10; however, after completion, there were issues with power fluctuations and low voltage. As a result, the breakers burned and the relays and contacts had to be special ordered and work is being done today.

Ms. Crismond reported the patrol stats indicating, as of Friday, March 18, there were 35 total stops; 21 residents, seven (7) guests, four (4) staff and three (3) vendors. Patrol services completed five (5) details during the month. Ten (10) citations and 25 warnings were issued. The stops were comprised of 20 for speeding and 15 for stop sign violations.

Mr. Vajen noted the new water restrictions reduce allowable watering days down from three (3) days per week to two (2). He has the capability to make this adjustment in the computer to comply. Discussion ensued regarding whether watering could be further limited to

once per week. Mr. Vajen felt it would not be possible during the dry season but noted they monitor the overall conditions and only water, as needed.

FIDDLER'S CREEK CDD #1 ITEMS

TWELFTH ORDER OF BUSINESS

Discussion: School Bus Stop

Mr. Brougham reviewed the letter received from Mr. John McCloskey, Safety Manager for the District School Board of Collier County, regarding the CDD's concerns and noted, due to no response, he emailed and had a telephone conversation with Mr. Albanese, President of Marco Charter Middle School. Mr. Brougham reported that the school board does not want the buses entering the parking lot and/or turning around in it. Mr. Brougham informed them it is fine, so long as parents do not park their cars along Fiddler's Creek Parkway; they must wait in the parking lot. If they do not follow the rules, the District will need to enforce its rules, to the extent that it can.

Mr. Pires suggested the District consider installing signs. Mr. Brougham felt they should try just informing parents, first.

THIRTEENTH ORDER OF BUSINESS

Approval of February 14, 2011 Continued Meeting Minutes

Mr. Brougham presented the February 14, 2011 Continued Meeting Minutes and asked if for any additions, deletions or corrections.

On MOTION for Fiddler's Creek CDD #1 by Mr. Brougham and seconded by Mr. Schutt, with all in favor, the February 14, 2011 Continued Meeting Minutes, as presented, were approved.

FOURTEENTH ORDER OF BUSINESS

Unaudited Financial Statements as of February 28, 2011

Mr. Brougham indicated due from developer funds were received. Mr. Adams noted two (2) payments, for each of the off-roll funds, were received but management did not have the

opportunity to deposit them; therefore, they are not reflected on the February financials as received.

In response to Mr. Brougham's question, Mr. Adams confirmed the Wilma Fund loan will be paid off this year; according to the amortization schedule, the last payment will be in March and there will be some residual funds. Regarding the residual funds, Mr. Adams suggested waiting a few months and then either transferring them to general fund 001 or crediting them back to the property owners in the subsequent budget.

FIFTEENTH ORDER OF BUSINESS

**Audience
Requests**

Comments/Supervisors'

Mr. Brougham indicated a traffic study will be completed by the state Department of Transportation within the next 30 days. Mr. Brougham indicated this came about through his discussions with Collier Department of Transportation and the Florida Department of Transportation (FDOT). He reminded this is no guarantee they will receive the warrants for a traffic signal. Mr. Brougham confirmed the FDOT will pay for the study.

Mr. Brougham asked for the status of the bid specifications for security. Mr. Curland indicated it is being completed and is nearly ready.

SIXTEENTH ORDER OF BUSINESS

Continuation: Fiddler's Creek CDD #1

There being no further business, CDD #1 continued the meeting to Tuesday, March 29, 2011 at 8:00 a.m., with the continuation to include an executive session.

On MOTION for Fiddler's Creek CDD #1 by Mr. Brougham and seconded by Mr. Schutt, with all in favor, the Fiddler's Creek CDD #1 meeting recessed and continuation of the meeting to Tuesday, March 29, 2011 at 8:00 a.m., at this location, and to include an executive session, was approved.

FIDDLER'S CREEK CDD #2 ITEMS

SEVENTEENTH ORDER OF BUSINESS

**Unaudited Financial Statements as of
February 28, 2010**

Mr. Adams presented the Unaudited Financial Statement as of February 28, 2011 and indicated the District is in good shape cash-wise; however, liabilities and what is owed back to the developer for the previous shortfall funding continues to increase. The CDD has received assessment money to offset current operating costs. Mr. Correia asked if the CDD will be able to avoid an increase in assessments. Mr. Adams replied affirmatively, indicating the operation and maintenance (O&M) assessments will be treated separately from the debt service side. He felt, upon confirmation, the CDD will receive all back on-roll O and M assessment amounts due, including fiscal years 2010, 2011, less the amounts advanced by the developer. Mr. Adams briefly described the process by which the funds will be handled.

EIGHTEENTH ORDER OF BUSINESS

**Audience
Requests**

Comments/Supervisors'

Mr. Sanford expressed his feeling that the town hall meeting should be as widespread as possible. He voiced his opinion that, in today's market, there is little difference between trying to sell lots or homes. He indicated he disagrees with Mr. DeMarco's hypothetical situation because they are talking about special revenue bonds and felt Mr. DeMarco's hypothetical situation was more related to Collier County and its general obligations.

A resident referred to the financials and questioned spending of 40% of the budget in just two (2) months. Mr. Adams clarified that the CDD's fiscal year starts in October, so they are five (5) months into the budget year and, thus the year-to-date prorated budget would be 42%.

Ms. DiNardo asked about fire department signs that were installed and asked if residents could be notified when something like that happens. Mr. Correia indicated the signs are to denote the composition of the roof of the structures so the fire department knows what they are encountering; these signs will be installed statewide.

NINETEENTH ORDER OF BUSINESS

Adjournment: Fiddler's Creek CDD #2

There being no further business, the meeting was adjourned.

On MOTION for Fiddler's Creek CDD #2 by Mr. Correia and seconded by Ms. DiNardo, with all in favor, the Fiddler's Creek CDD #2 meeting adjourned at 11:10 a.m.

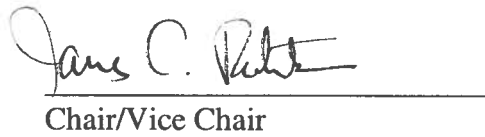
Fiddler's Creek CDD #1


Secretary/Assistant Secretary


Chair/Vice Chair

Fiddler's Creek CDD #2


Secretary/Assistant Secretary


Chair/Vice Chair