

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

A Regular Meeting of the Board of Supervisors of the Fiddler's Creek Community Development District #1 was held on **Wednesday, June 27, 2012, 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:

Phil Brougham	Chair
James Curland (via telephone)	Vice Chair
Gerald Bergmoser	Assistant Secretary
Jim Schutt	Assistant Secretary
Robert Slater (via telephone)	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Cleo Crismond	Assistant Regional Manager
Tony Pires	District Counsel
Terry Cole	District Engineer
Aleida Martinez Molina (via telephone)	Weiss Serota, Special Counsel
Ron Albeit	Fiddlers Creek Foundation
John Hutton	Trustee Counsel
Michelle Blackstock (via telephone)	Grau & Associates
Tony DiNardo	Developer
Jesse Fritz	Resident

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 Supervisors Brougham, Schutt and Bergmoser were present, in person. Supervisors Curland and Slater were attending via telephone.

On MOTION by Mr. Brougham and seconded by Mr. Bergmoser, with all in favor, authorizing Mr. Curland and Mr. Slater's attendance and full participation, via telephone, due to special circumstances, was approved.

SECOND ORDER OF BUSINESS**Special Counsel Update: Bankruptcy Proceedings [Aleida Martinez Molina]**

Ms. Martinez Molina reported that no further appeals were filed with regard to the bankruptcy confirmation order or the other order affecting CDD #1. This means the bankruptcy confirmation orders entered last fall stand and no further appeals are allowed. On behalf of CDD #1, her firm provided responsive documents to U.S. Bank in response to the outstanding public records request. Ms. Martinez Molina stated that nothing has transpired during the last period aside from ancillary litigation not affecting CDD #1 but mostly related to the golf course claimants and litigants. She does not anticipate much additional activity in the foreseeable future. This does not mean the bankruptcy process is completely over; there is a confirmed plan and there will be activity but, assuming all payments are made, there should be no significant issues.

Relative to the document request, Mr. Schutt asked what the documents were related to. Ms. Martinez Molina advised that the public records request was for information regarding plans by CDD #1 to bring an action against U.S. Bank. Mr. Schutt felt that a Board motion resolved the matter. Mr. Brougham stated that the public records request was outstanding so the District had to be responsive.

Mr. Brougham commented that legal fees of \$5,000 were charged to the District last month and, while acknowledging that the fees covered two (2) months, he takes exception to the high fees on what he considers a dormant case. Ms. Martinez Molina stated that her firm tried to avoid the expense of the public records request; she was careful with the process but had no choice but to comply. Mr. Bergmoser asked if the bulk of fees was related to the public records request.

Ms. Martinez Molina replied affirmatively, noting that it also covers the final stages of the appellate process, last minute filings and sale motions; the work was necessary. Ms. Martinez Molina felt fees should be limited, going forward. She stressed that the parties had to take certain measures to avoid other problems.

Mr. Brougham reiterated his opinion that the District has better things to spend its money on and asked that legal involvement be minimized. Ms. Martinez Molina noted that the amount invoiced by her firm is significantly small compared to those legal fees incurred by the debtor; bankruptcy is a very labor intensive and expensive process. She noted that she has not billed for

motions and notices that have recently come in but do not involve CDD #1. Mr. Brougham acknowledged Ms. Martinez Molina's statement but voiced his opinion that the District did not start this matter. Mr. Slater suggested Mr. Brougham move on from this matter.

Mr. Curland noted Mr. Brougham's concern regarding legal fees and asked him what he proposes as an alternative. Mr. Brougham indicated that he proposes that Ms. Martinez Molina only expend efforts when and if the CDD engages her to do so again, such as only if a public records request is received, the District receives notice of a lawsuit being filed or if required to obtain a legal opinion on a specific motion. Mr. Curland asked if Mr. Brougham is proposing that Ms. Martinez Molina do nothing until the District gives guidance. Mr. Curland voiced his feeling that she needs the latitude to do what is necessary to act on the District's behalf without them calling a special meeting to ask her to act.

Ms. Martinez Molina noted that she has essentially worked as described; she has not responded, filed motions or taken any action without the Board's approval, by way of Mr. Adams. She stated that, in cases such as this, notices are received electronically; meaning, any activity comes to her because she has appeared on the District's behalf. Ms. Martinez Molina indicated that the effect of what Mr. Brougham is asking her to do would require her to withdraw from her appearance on behalf of CDD #1 in the bankruptcy. Mr. Brougham confirmed that she is correctly stating his opinion; he wants her to withdraw. Mr. Slater preferred that Ms. Martinez Molina continue handling matters as she has been doing.

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

THIRD ORDER OF BUSINESS

Developer's Report/Update

There being no developer's report or update, the next item followed.

FOURTH ORDER OF BUSINESS

**Presentation of Audited Financial Report
for Fiscal Year Ended September 30,
2011, Prepared by Grau & Associates**

Ms. Michelle Blackstock, of Grau & Associates, presented the Third Revised Draft of the Audited Financial Report for the fiscal year ended September 30, 2011. Ms. Blackstock reviewed the Independent Auditor's Report on Pages 1 and 2, noting that it is a qualified opinion, specifically due to a scope limitation, is addressed in the third paragraph, which refers to Note 8,

and the fact that the District was unable to find sufficient evidential matter for certain expenditures paid for by the trustee from the Series 2002 debt service fund and the capital project fund. Furthermore, as discussed in Note 12, the District was unable to provide sufficient competent evidential matter to support certain transfers made by the trustee through the capital project fund between CDD #1 and CDD #2. Ms. Blackstock stated that there were invoices but no supporting documents showing why the transfers were made.

In response to Mr. Brougham's question, Mr. Adams confirmed that the transfers in question were trustee-initiated transfers between CDD #1 and CDD #2. Mr. Brougham stated that the trustee was unwilling and nonresponsive to requests for the necessary backup. Mr. Brougham asked Ms. Blackstock to understand that the District was powerless in compelling the trustee to provide backup and justify any withdrawals or transfers. Ms. Blackstock voiced her understanding. Mr. Brougham stated that he cannot find wording in the audit that references this understanding or tones down the culpability of the District. Mr. Brougham finds it disturbing that the District must take the brunt of a qualified audit report for actions it was not able to comply with.

Ms. Blackstock indicated that Grau & Associates worked with the attorneys on the language, which states that the expenditures were paid and made by the trustee; however, this must be reported in the District's books and records. The auditor is required to state, in their opinion, that the financial statements are not materially misstated but, because the dollar amount of the actual legal fees was redacted, they cannot make that statement regarding those two (2) funds. Ms. Blackstock felt that the report words it such that it is very clear who made the transactions and determinations. Mr. Brougham voiced his understanding but stated that he would prefer less of a qualified opinion.

Ms. Blackstock referred to the fifth paragraph, which states that the other funds are an unqualified opinion.

Referring to the final paragraph, Ms. Blackstock noted that, as referenced in Notes 7 through 11, the District's financial condition is deteriorating. The District reports a deficit in the governmental fund of approximately \$1.5 million and clarifies that the developer did not pay the current or prior year assessments, resulting in insufficient funds to make the principal and interest payments, which is considered an event of default.

Mr. Pires felt it is important for the report to state that the Series 2002 bonds were declared to be in default by the trustee, period. He noted that the current language states that defaults have occurred and are continuing. Ms. Blackstock confirmed that she will change the language to match what was used in other parts of the audit.

The Balance Sheet, on Page 9, shows total assets of \$9,523,884 do not exceed the total liabilities of \$11,022,746, leaving a total fund balance deficit of \$1,498,862. The Statement of Revenues, Expenditures, and Changes in Fund Balances, Page 11, shows total revenues of \$3,981,669 which do not exceed total expenditures of \$7,782,809, resulting in a deficiency of approximately \$3.8 million. The transfers and the beginning fund balance were deducted, bringing the fund balance down from a positive, in the prior year, to a deficit of \$1,498,862.

Ms. Blackstock reviewed the fourth paragraph of the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, on Pages 28 and 29, pointing out that deficiency 2011-01 is considered a significant deficiency in internal control over financial reporting as it relates to transactions completed by the trustee. She noted a spacing issue between the two (2) paragraphs on Page 29, which will be corrected on the final report.

Ms. Blackstock reviewed the Management Letter, beginning on Page 30, which is issued pursuant to the Auditor General of Florida. She stated that the Management Letter, on Page 31, contains the current year findings, including a significant deficiency related to no supporting documentation provided for certain expenditures and transfers. She noted that Management's response states that Management made attempts to obtain support from the trustee for transactions but those documents are being withheld by the trustee. Mr. Brougham asked if the report beginning on Page 1 could refer to the information on Pages 31 to 32. Ms. Blackstock will research to determine if that request is possible.

There were compliance findings related to the reserve requirement; the Series 2002A, B and Series 2005 debt service reserve requirements were not met. The financial condition assessment showed that the District's financial conditions are deteriorating. The final compliance finding relates to bondholder consent, amendments to the indentures and there is question as to whether the bondholders' consent was obtained.

Ms. Blackstock indicated that, going forward, the Auditor General is requiring them to go back at least two (2) years, if there is a finding in the current year. The financial condition

assessment happened in 2010 and is recurring, so it went back that far. The debt service reserve finding has now been a finding for two (2) years.

Item 8, on Page 33, states that the District has met one (1) or more of the financial emergency conditions, which are required to be reported.

Mr. Schutt felt that the comment "District Management will continue to request these items" under Management's Response to the first finding on Page 31, implies that the District has some influence over the trustee. Furthermore, he feels that the recommendation that "the District should make the necessary arrangements to ensure funds are available to make debt service payments", under the reserve requirement finding, on Page 31, implies that the District has influence over the developer. He stressed that the District does not have influence over anyone. Mr. Schutt asked if the statement could be made that "the District has taken all necessary measures to attempt to ensure" whatever the end result is, for each particular item. He feels that, instead of saying the District is deficient, it would say that the District has done everything it can but the requests have not been fulfilled. Mr. Schutt stated that would shift some of the mark away from the District and onto the trustee and developer.

Ms. Blackstock acknowledged that Mr. Schutt's suggested language is technically correct; she can attempt to restate the comments but feels that the way in which Management responds to the findings is most important. She stated that the auditor understands that it is not always within the District's control; however, the auditor must make a recommendation.

Mr. Schutt stated that the District's concern is that there are marks against the District for not controlling activities for which it does not really have any control over. He noted that this is the type of thing the banks look at and the reason that the District cannot obtain a line of credit.

Mr. Brougham asked that Ms. Blackstock make whatever changes can be made to ease the impact of the statements, with regard to the District.

Mr. Bergmoser asked Ms. Blackstock to give her opinion on whether the District could have a clean audit next year. Ms. Blackstock indicated that if any of the legal fees went into the period subsequent to September 30, 2011, the District will face the same issues next year. The legal fees and lack of supporting documentation are the issues.

Given Ms. Blackstock's comments, Mr. Brougham directed Mr. Adams to continue requesting the necessary information from the trustee, on a regular basis.

Mr. Pires referred to Item 8, on Page 33, and noted that, under his interpretation of the statute, the situation goes to the governor and legislative auditing committee who make a determination whether the District is in a state of financial emergency. Based on this, Mr. Pires recommended that the phrase "financial emergency" be struck from the first sentence. Ms. Blackstock agreed to remove it.

FIFTH ORDER OF BUSINESS

**Consideration of Resolution 2012-9,
Accepting the Audited Financial Report
for the Fiscal Year Ended September 30,
2011**

On MOTION by Mr. Brougham and seconded by Mr. Bergmoser, with all in favor, Resolution 2012-9, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2011, as amended, was adopted.

Mr. Brougham asked that the final version of the audit be given to Mr. Pires and Mr. Adams for a final review. Ms. Blackstock reminded the Board that the deadline to submit the audit to the state is this Friday, June 29, 2012.

******Ms. Blackstock left the meeting.******

SIXTH ORDER OF BUSINESS

Engineer's Report

Mr. Cole indicated presented Draw #68 for the 2005 Series bonds, in the amount of \$2,719.65. The work is related to renewal of the Phase 3, Unit 1 subdivision improvement bond. The renewal of the bond was anticipated in the budget he previously presented. Mr. Brougham asked if that is the area with no infrastructure work. Mr. Cole advised that, in order to finish the work under the bond, they must complete approximately \$30,000 worth of remaining paving and perform cleanup. Mr. Cole noted that the Board chose not to expend the funds at this time. Mr. Brougham asked if the bond must remain in place even if those improvements are never completed. Mr. Cole stated that the bonding company bonded it for completion; the county could call the bond demanding completion of the improvements. Mr. Cole noted that it is not currently preventing any access or sale of property; if someone wanted to build on the property, it would not be putting a third party in jeopardy. The other charges on the draw are related to

work on the South Florida Water Management District (SFWMD) certification updates. Mr. Pires is scheduling a meeting to discuss lake conveyance items.

Mr. Slater asked if there is bond money left to complete any work, such as the \$30,000 needed to complete the paving and cleanup work. Mr. Adams replied no, the District does not have the money. Mr. DiNardo, the developer, recalled that the Board voted on certificates of completion. Mr. Cole indicated that the Board authorized him to continue work related to the certifications of the water management system. Mr. DiNardo asked if the Board voted on certificates of completion of the work. Mr. Cole replied no. Mr. Brougham stated that the Engineer's Report was modified. Mr. Cole recalled that the Engineer's Report references that there is remaining work within the Phase 3, Unit 1 area. Mr. Brougham added that the report allows for completion of those improvements in the future. Mr. Adams explained that the door was left open to complete the work in the future, to the extent that funds become available and that Mr. Cole certified the work as complete, since the District ran out of funds.

Mr. Cole indicated that he will follow up with Collier County to determine if the District can get relief to further reduce the bond. Mr. Pires recommended asking if the balance of the work can be deleted from SIP or SDP. Mr. Brougham stated that the Board's objective is to tidy up these lingering issues. Mr. Cole recalled that the bond was previously reduced.

Mr. Cole mentioned that he received the second annual monitoring report for the wetland preserve areas from Turrell, Hall & Associates, Inc. He recalled that, for a time, the wetland areas were not being treated due to the District's financial condition. He summarized the report, pointing out that sufficient progress is being made.

Mr. Cole indicated that lake erosion repairs were completed and the final sod is being installed. In response to Mr. Brougham's question, Mr. Cole confirmed that the second round will start next year, during the dry season, assuming the Board approves funds for the project. Mr. Cole anticipated utilizing the same contractor for the geotube portion but removing the sod portion from the contract and using a local sod contractor. Mr. Cole believes that all but a few of the high priority areas are completed and most of the other work is medium priority. In response to a question, Mr. Cole advised that the original \$1.6 million estimate was about right. Mr. Cole stated that the \$1.6 million will take eight years to complete; however, additional areas may need to be added, over the years. A Board Member asked if erosion could be prevented by acting

sooner, rather than later. Mr. Cole felt that, in some cases, it can; the highest priority areas were addressed first.

Mr. Jesse Fritz, a resident, asked if the Board Members have reviewed the work. Mr. Brougham replied affirmatively.

Mr. Cole mentioned that littoral plants are growing on Lake #5.

SEVENTH ORDER OF BUSINESS**Continued Discussion: Fiscal Year 2013
Proposed Budget**

Mr. Brougham stated that new numbers are pending regarding the number of ERUs between CDD #1 and CDD #2. Mr. Adams advised that a true up of CDD #2's ERU's was received. CDD #2 has increased to 995 units, up from 878, in the prior year. CDD #1's number of units remains unchanged. A true up will be completed in August, once the next update to the property appraiser's figures is received.

Mr. Adams advised that this version of the proposed budget has changes to the contractual services and rentals and leases line items under access control, on Page 2.

Regarding revenues and referring to the unaudited financials, Mr. Brougham questioned the off-roll assessment levy figures. Mr. Adams stated that the reason the off-roll number in the financials is overstated is because off-roll revenue from the delinquencies was received. Mr. Brougham acknowledged that fact but questioned if the proposed budget should be changed. Mr. Adams explained that the actuals for the current year will drop out into fund balance and recommended not changing the proposed budget. Mr. Adams felt it is better to leave the proposed budget understated.

Referring to expenditures, Mr. Brougham questioned the audit line item. Mr. Adams indicated that one (1) year remains on the current audit contract; thereafter, it will go to RFQ. Mr. Brougham asked if insurance will be rebid. Mr. Adams stated that it is in process.

Regarding street lighting, Mr. Brougham asked if signage installed in the front could feed off the flat rate, per-pole street lighting fee. Mr. Adams replied no; it cannot be connected in that way, as it would be an illegal connection. It must be connected to a metered source.

Regarding the \$145,000 expense under landscaping, improvements and renovations, Mr. Brougham asked if it includes a renovation plan. Mr. Adams indicated that he took the per-unit

assessment figure and backed it in to the expense amount but the amount can be adjusted. Mr. Brougham stated that he would feel better if the District had a plan, prior to starting.

Mr. Schutt asked if the access control contract will go to bid or if it will roll over. Mr. Brougham advised that this item will be addressed in the fall; no decision has been made. In response to Mr. Brougham's question, Mr. Pires confirmed that the District previously amended its Rules of Procedure so that this item would not be required to go through the bid process. Mr. Brougham summarized that the District is not required to obtain bids; it can contact any security company of its choosing and ask for quotes. Mr. Brougham indicated that the contractor must be notified within 30 days of the contract expiration.

Relative to the Taurus model security car purchased by the District, Mr. Schutt asked if it cost \$9,000 to add the light bar to the car. Mr. Adams felt that the cost was \$2,000 to \$3,000. In response to a question, Mr. Adams confirmed that the total cost, including the light bar, was less than the cost would have been for the Crown Victoria Interceptor model. Mr. Adams added that the Crown Victoria Interceptor model was discontinued. Mr. Brougham asked if the proposed budget is sufficient to cover a new vehicle. Mr. Adams replied affirmatively.

Mr. Curland questioned why the security vehicle needs a light bar when it is never illuminated. Mr. Brougham indicated that it is only illuminated for cautionary purposes and asked if it is required. Mr. Adams confirmed that the light bar is not required. Mr. Albeit stated that the lights have been used as a safety precaution when they do not have cones to place on the road.

Discussion ensued regarding whether power washing sidewalks is necessary and, if so, when. If the project proceeds; Mr. Schutt suggested establishing a standard or cycle for work. Mr. Brougham recalled that CDD #1 previously authorized power washing the entire length of sidewalks along all CDD roadways. Mr. Brougham asked Ms. Crismond to provide a breakdown of the \$40,000 quote.

Ms. Crismond stated that the Board directed her to contact The Cleanup Group, a company that uses a citrus shield to maintain white sidewalks. She stated that the quote to pressure wash the sidewalks and curbs is \$25,285. Continued maintenance, including the citrus treatment, is \$12,690 per quarter. The current contractor charges \$14,897.52 for the sidewalks and another \$18,000 for the curbs, for a total of \$32,897, which is more than The Cleanup Group proposal for the pressure-washing phase.

Discussion ensued regarding whether the citrus treatment is necessary. Mr. DiNardo suggested doing it once, as a test, to see if it prevents the need for annual pressure washing. Mr. Brougham directed Ms. Crismond to ask the contractor if he will treat a portion, as a test case. Ms. Crismond indicated that the \$40,000 figure, in the proposed budget, includes sidewalk cleaning, repairs, signage replacement and repairs. In response to Mr. Brougham's question, she confirmed that the full amount has been expended each year without cleaning the curbs and gutters. Ms. Crismond estimated that \$20,000 per year is spent cleaning the sidewalks.

*****The meeting recessed at approximately 9:21 a.m.*****

*****The meeting reconvened at 9:23 a.m.*****

Mr. Brougham agreed that a reliable standard or schedule for pressure washing should be established and asked what would be reasonable. Mr. Brougham suggested increasing the proposed budget by \$6,000 to \$8,000 to include hiring The Cleanup Group to pressure washing the curbs. Mr. Adams suggested rounding the line item up to \$50,000. Mr. Brougham asked Ms. Crismond to speak with the contractor regarding a test area using the citrus treatment to demonstrate its effectiveness. The Board agreed to increase the roadway maintenance line item to \$50,000. Discussion ensued regarding potential experimental areas.

EIGHTH ORDER OF BUSINESS

Update: Lake Ownership Transfer

Mr. Pires advised that he is trying to arrange a meeting.

NINTH ORDER OF BUSINESS

Approval of May 23, 2012 Regular Meeting Minutes

Mr. Brougham presented the May 23, 2012 Regular Meeting Minutes and asked for any additions, deletions or corrections.

Mr. Schutt voiced his disappointment that the minutes did not contain his dissenting opinion regarding whether the District has a responsibility to "make the golf course lakes look pretty".

The following changes were made:

Line 114: Change "repairs were" to "repairs were made and the road was"

On MOTION by Mr. Slater and seconded by Mr. Bergmoser, with all in favor, the May 23, 2012 Regular Meeting Minutes, as amended, were approved.

TENTH ORDER OF BUSINESS

Other Business

There being no other business, the next item followed.

ELEVENTH ORDER OF BUSINESS

Staff Reports

a. Attorney

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

b. Manager

i. Unaudited Financial Statements as of May 31, 2012

Mr. Adams presented the Unaudited Financial Statements as of May 31, 2012. He noted that assessment collections are at 101%. Expenses are at 61%, compared to a prorated amount of 68%, year-to-date.

Mr. Brougham asked when the developer assessment is received. Mr. Adams indicated that the developer assessment is billed monthly and it appears that the financials reflect one (1) month's collections. Mr. Brougham asked if the "fund to" was disbursed to the residents. Mr. Adams will follow up, as those were scheduled to be sent a week ago. Mr. Adams confirmed that the fund will be closed at year end.

In response to a question from Mr. Pires, Mr. Adams explained that, as legal expenses were incurred, they were paid from the general fund, recognizing that the District has no control of the debt service or capital projects funds. The payments have been booked as a "due from", as would be appropriate. Mr. Adams confirmed that the District might never receive the funds; however, it is booked this way because it would be appropriate that the District use the same funds in its participation in the bankruptcy and foreclosure. Mr. Adams conceded that receipt of the funds is likely wishful thinking but explained that, from an accounting perspective, it is appropriate to book it this way. Mr. Adams explained that regardless of whether the money is collected, it is booked this way as a reminder that the District incurred an expense as part of the bankruptcy and foreclosure that may not have been appropriate to fund from the general fund for

defense of the debt service funds. Mr. Adams advised that, at some point, the District will have the opportunity to write it off or collect.

Mr. DiNardo questioned Mr. Adams' theory and how he arrived at the collectability of it. Mr. DiNardo advised Mr. Adams to check his order because, if they think the money is collectable and the District Manager did not sue anybody, signed off on it and did not do anything to stop it, then Management is in "la la land". Mr. DiNardo questioned whom Management tried to collect from. Mr. Adams stated that the funds are booked as a "due from". Mr. DiNardo interjected, asking "due from whom". Mr. Adams indicated that it is due from the trust accounts. Mr. DiNardo questioned if the District went to U.S. Bank to acknowledge that. Mr. Adams replied no. Mr. DiNardo contended that this means the District has no collectability with U.S. Bank. Mr. Adams felt that the issue is debatable. Mr. DiNardo voiced his frustration that many debatable things have happened and the District is now seeing the ramifications of them; the fact that monies were taken and no one did anything to stop it brings up the question of how to get it back. Mr. DiNardo asserted that the District booked a receivable that the auditors signed off on but cannot confirm. Mr. Adams explained that each debt service fund stands on its own, in terms of expenses and revenues; the District incurred an expense through the general fund, which includes the entire District and was paid in order to keep representation. Mr. DiNardo continued debating how the item was booked and alleged that Management was not aware that the money was being taken and just let it go. Mr. DiNardo reiterated that he does not feel the money is collectable and the order must be adjusted.

Mr. Brougham recommended that an independent accounting/auditing opinion regarding whether the way the monies were handled and booked was appropriate. Mr. Brougham felt that the District does not need a further opinion from the District Manager. Mr. Adams suggested posing the question to the District's bond counsel. In response to Mr. Brougham's question of who could provide an opinion, Mr. Pires stated that Grau & Associates could be asked to expand the scope of its audit. Mr. Adams felt that an opinion could be sought from Grau & Associates and bond counsel.

Mr. DiNardo pointed out that Management is already talking to the auditors. Mr. Brougham voiced his opinion that the District needs independent experts to review how the transactions were handled and booked, independent of Management. Mr. Brougham was in favor of expending funds to have this done.

ii. NEXT MEETING DATE: July 25, 2012 at 8:00 A.M.

The next meeting is scheduled for July 25, 2012.

c. Operations Manager

Mr. Brougham discussed a project with The Rookery for removal of trees. He indicated that The Rookery is willing to have their contractor remove the trees but not until next year. Mr. Brougham recommended waiting until next year, when The Rookery can participate.

Ms. Crismond presented the Monthly Field Operations Status Report. She indicated that the fountains were shut down during the low water period; the contractor was unable to restart the motors and advised that both motors were struck by lightning and must be replaced. Ms. Crismond noted that the motors have been replaced several times over the past few years. The contractor stated that the warranty expired April 1. Bentley Electric provided an estimate of \$7,000 to replace one (1) of the motors and repair the other. Ms. Crismond will obtain additional quotes, seek other contractors and provide an update at the next meeting.

Regarding the yearly tree trimming, Ms. Crismond reported that the estimate is near \$100,000. She will obtain additional quotes.

Regarding the Mahogany Bend lift station, Ms. Crismond indicated that the engineer will file paperwork with the county to install a double gate. The areas adjacent to the lift station will be sodded within the next couple of weeks. She anticipated completion of the project by the next meeting.

TWELFTH ORDER OF BUSINESS

**Audience
Requests**

Comments/Supervisors'

Regarding the fountain motors, an audience member recommended reviewing the warranties on repairs versus new. He noted that repairing bearings works but usually only for a very short time.

A resident asked what Mr. DiNardo's issue is. Mr. Brougham stated that Mr. DiNardo is questioning whether the District Manager has booked money as "due from", notwithstanding the current audit, and he contends that the item is not appropriately booked and that it needs to be independently evaluated. Mr. Brougham summarized that the question is whether it was booked correctly, considering the circumstances.

Mr. Brougham indicated that a resident asked if the District can place a large American flag in the median of the entrance. Mr. DiNardo pointed out that others might seek to have other flags flown. Additionally there comes a cost with daily putting up and taking down of the flag, maintenance of the pole, etc.

THIRTEENTH ORDER OF BUSINESS

Adjournment

There being nothing additional to discuss, the meeting adjourned.

On MOTION by Mr. Brougham and seconded by Mr. Bergmoser, with all in favor, the meeting adjourned at 10:00 a.m.


Secretary/Assistant Secretary


Chair/Vice Chair