

**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, July 24, 2013, 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
Gerald Bergmoser	Vice Chair
James Curland (<i>via telephone</i>)	Assistant Secretary
Richard Peterson	Assistant Secretary
Robert Slater (<i>via telephone</i>)	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Cleo Crismond	Assistant Regional Manager
Terry Cole	District Engineer
Tony Pires	District Counsel
Bill Reagan	FMSbonds
Hank Fishkind	Fishkind & Associates, Inc.
Mike Williams (<i>via telephone</i>)	Akerman Senterfitt
Tony DiNardo	Developer
Joe Vacaro	Resident
Mary Ann Blakely	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, Bergmoser and Peterson were present, in person. Supervisors Curland and Slater were attending via telephone.

On MOTION by Mr. Peterson and seconded by Mr. Bergmoser, with all in favor, authorizing attendance, via telephone, by Supervisors Curland and Slater, due to extraordinary circumstances, was approved.

SECOND ORDER OF BUSINESS

Special Counsel Update: Bankruptcy Proceedings

There being no report, the next item followed.

THIRD ORDER OF BUSINESS

Developer's Report/Update

There being nothing to report, the next item followed.

FOURTH ORDER OF BUSINESS

Update: WM/Collier County Roadway Resurfacing

Mr. Brougham indicated that the work was completed and Waste Management's (WM) contractor, Black Magic, did a fantastic job. A few punch list items remain. The permanent striping will be installed approximately 30 days after final completion.

Regarding the punch list items, Mr. Cole advised that the list was sent last Thursday, following his inspection. The punch list items include minor cleanup, removal of asphalt from the manhole covers, pressure washing of tire marks and a minor area that must be reheated and rerolled. Mr. Cole confirmed that he will not sign off on the project until all matters are resolved.

▪ **Series 2002 and 2005 Series Exchange Bonds – Assessment Methodology**

Mr. Reagan indicated that they closed the 2006 refunding bonds. It was a successful financing, at 3.6%, with a savings of 18%.

Mr. Brougham reviewed the actual savings realized, for various villages, as a result of the Series 2006 Refunding.

Mr. Reagan presented a summary of a restructuring program for the 2002 and 2005 bonds, in CDD #1. The owners of those bonds requested that the District exchange those bonds for new bonds. The bondholders signed a consent agreement to the terms and conditions that they want and bond counsel reviewed those terms and conditions. Mr. Reagan advised that he would serve as the placement agent for those terms and conditions. He indicated that they have been working on this exchange for about a year.

Mr. Brougham asked who the majority bondholders are. Mr. Reagan chose to not disclose the information but noted that the representative of the developer, the CFO, serves as the bondholders' representative.

Mr. Brougham asked if the Series 2002 and 2005 bonds are still in default. Mr. Reagan confirmed that some refer to them as in default; however, District Counsel has referred to them as "nonpayment".

Regarding the exchange program, Mr. Reagan indicated that it was developed by the bondholders and only involves the Series 2002 and 2005 bonds, including the land that is currently secured by those bonds; no other bonds, within the District, are involved in the exchange. Mr. Reagan stated that the lien amount of the 2002 and 2005 bonds are on developer owned property; it does not affect any residents or other bonds. He noted that 100% of the bondholders are requesting the exchange. Mr. Reagan indicated that all costs related to the exchange would be paid by the bondholders; the District and its residents would incur no costs.

Mr. Reagan explained that the bondholders want to take the outstanding par amount of bonds, on the 2002, accrued and back interest, and combine it into a total amount of approximately \$33,640,000. Then, the bondholders want to divide that into four (4) separate bond series with the same par amount. Each series would have its own CUSIP number, which will match the development plan with the bond program. Mr. Reagan indicated that the interest goes back to December 30, 2013. There is no accrued interest in accordance with the bond owners during 2013; the first payment will be in 2014. The bonds begin accruing interest at the time of the exchange.

Because the payment schedule and terms would be changed, Mr. Reagan advised that a revised methodology and a special assessment public hearing are necessary. Mr. Reagan pointed out that the public hearing will only affect the developer owned land. Mr. Adams confirmed that the public hearing can coincide with the scheduled budget public hearing and regular meeting.

Regarding why the bondholders want to exchange the bonds, Mr. Reagan explained that the exchange specifically allocates a portion of land to a specific series of bonds to meet the current development plan versus having a massive amount of bonds with small pockets of development. The purpose is so the development plan drives the bond program, which makes it neater and cleaner. The land securing the bonds will be the same land for the exchange bonds, providing a long-term, developer driven action plan to complete the development and make timely payments. The exchange provides increased value to the bonds as the development proceeds. While the current bonds are in "nonpayment/default" status, the exchange moves the bonds to a "current" status; the financial statements would be "clean", going forward.

Mr. Brougham noted that "clean" financial statements would benefit the District and residents, should the District need financing, in the future.

Mr. Reagan explained that the exchange benefits the District because it establishes a well-defined debt service schedule agreed to by the bondholders and landowners, it provides the

new bonds with new CUSIPs, moves the bonds from the nonpayment status, moves the District away from the possibility of a finding of a "financial emergency" condition in the financial statements. He pointed out that, once the financial statements are clean, the District could obtain a better yield when it tries to borrow.

Mr. Reagan reviewed a proposed time frame, noting that they hope to complete everything by August 28, with a public hearing; he wants the entire exchange to be completed by October 1, 2013, if possible. Mr. Reagan stressed that the District is not selling new bonds, it is exchanging the existing bonds, simply reallocating the amount of debt, the CUSIP numbers and the lien in the security.

Mr. Reagan summarized that, after hearing about the new assessment methodology and how it affects the program, the Board will be asked to approve the exchange program, hire the professionals and advertise for the public hearing.

Mr. Williams agreed with Mr. Reagan's proposal and stated that they will return in late August to proceed.

In response to Mr. Slater's question, Mr. Reagan reiterated that the exchange deal only involves developer owned land.

Mr. Fishkind presented the Assessment Methodology Report 2013 Exchange Area for the Board's consideration. He stated that, in order to affect the exchange program, the Board must establish new assessments because the assessments that originally supported the Series 2002 and 2005 bonds are not consistent with the exchange program. This is, in part, related to the accrual of unpaid interest into the principal for the new bonds that would change the assessment amounts. For this reason, the Board will be asked to adopt a resolution pursuant to Chapter 170, F.S., which launches the new assessment program to create the new security for the 2002 and 2005 bonds that will become the 2013 Exchange bonds. The District is establishing new assessment levels for the 2013 Exchange bonds.

Mr. Fishkind indicated that the District would send a notice to the landowners, hold a public hearing, sit as a board of equalization to take public input and finalize the assessments that would become the security for the 2013 bonds. He noted that the Board has completed this process a number of times. Mr. Fishkind explained that a board, when considering special assessments, must find that the program creates a special benefit to the property, which is typically measured in increased market value, use and enjoyment, lower insurance costs, etc.

The attached report includes an analysis of the increment in market value created by the installation of the improvements.

Mr. Brougham explained that, when the bonds were initially issued, the District was only dirt; improvements are now in place, which raised the value and increased the benefit to those properties.

Mr. Fishkind indicated that the question before the Board is whether the increased amount of par debt and increased payment, per year, above the previous level, still constitutes a special benefit, meaning, is the value of the property greater than the assessments. He advised that his analysis of that point is included. Mr. Fishkind stated that, secondly, the Board must determine if the amounts are being equitably apportioned, amongst the properties. He noted that the District has used a methodology, for many years, and recommends that the Board continue to use today. That methodology involves allocating the costs of the roadways based on the trips they generate and allocate everything else based on equivalent residential units (ERUs).

Mr. Fishkind referred to a map, on Page 2, which shows each of the bond issues that are being proposed, for the 2013 Exchange bonds, and the exact properties being encumbered. He stated that, therefore, when the Board finds the special benefit and does the equitable apportionment, it must be done four (4) times, once for each of the new bond issues.

In response to a question regarding a certain portion of the map, Mr. Fishkind confirmed that it is the driving range.

Mr. Bergmoser asked about a commercial property and an area in Marsh Cove, in CDD #1, which are connected and highlighted in yellow. Mr. Fishkind indicated that the retail property had to go somewhere and it did not fit particularly well anywhere. Mr. Bergmoser questioned why it was not done separately. Mr. Fishkind advised that the bondholders wanted it wrapped up in the 2013-4; there is no technical reason not to include it there. From the District's perspective, there is no obstacle, from an assessment or benefit perspective. In response to Mr. Brougham's question, Mr. Fishkind confirmed that there is nothing negative associated with remotely disparate properties within the same bond issue.

Mr. Peterson questioned whether a developer's financing and rights to build would be affected if he wanted to develop 150 lots in the yellow area but the commercial area is part of the yellow area. Mr. Fishkind advised that it makes no difference; everything is broken down by parcel. Mr. Brougham asked if the number of ERUs will change. Mr. Fishkind replied no.

Mr. Slater asked what is meant by Mr. Fishkind's statement that the assessment will change and where the change occurs. Mr. Fishkind stated that the change comes about because the bondholders did not continue to pay their principal and interest payments, per their original schedule; therefore, the interest accrued and built up. The size of the par amount of the bonds had to be increased for the 2013 issue, compared to their original amounts. Noting that the original amount was approximately \$32 million and accrued interest of \$7 million of which they retained \$6 million, Mr. Slater asked if Mr. Fishkind is referring to the \$1 million as the change. Mr. Fishkind clarified that \$5.7 million was redeemed; Table 2 reflects the calculations. Mr. Slater asked if the homeowners will pay the difference in the assessment. Mr. Fishkind reiterated that the assessment is on the property shown on the map, on Page 2, which is 100% developer owned; no existing homeowner or property owner in the District is affected, with the exception of the developer.

Mr. Brougham asked if the new assessments will appear within the Fiscal Year 2014 adopted budget and, if not, what the repercussions are. Mr. Adams indicated that they can be built into the schedules, since the public hearings will occur simultaneously.

In response to a question, Mr. Fishkind indicated that the ceiling level was lower for the original bonds.

On MOTION by Mr. Slater and seconded by Mr. Bergmoser, with all in favor, proceeding with the bond exchange program for the Series 2002 and 2005 bonds, the Assessment Methodology Report 2013 Exchange Area, with the preliminary assessment roll, hiring of the necessary professionals to complete the process, advertising the public hearing and authorizing the Chair to execute Resolution 2013-8, were approved.

▪ **Trustee Update**

*****This item was an addition to the agenda.*****

Mr. Adams indicated that the trustee, U.S. Bank, elected not to resign. The District must consider a resolution removing U.S. Bank, as trustee, and appointing a successor trustee. He explained that the first step is to appoint the successor trustee, followed by removing U.S. Bank, on a 30-day notice. Mr. Adams advised that Mr. Williams prepared a resolution, which will

effectuate this action, along with providing the Board with the instrument of removal, appointment and acceptance.

Mr. Williams indicated that everything ties together; while the resolution before the Board only applies to the 2013 and 2013A Exchange bonds, Wilmington Trust wants to be trustee for all of the bond issues. This resolution will enable them to move forward, execute the documents and take control of the 2002 and 2005 bonds. Mr. Adams noted that the Board previously approved removal of U.S. Bank on the two (2) defaulted series bonds; everyone's consent and signatures were received and Wilmington Trust is reviewing the language, again.

Mr. Brougham summarized that U.S. Bank will not resign as trustee but they are willing to be terminated, as long as the District appoints a successor trustee. Mr. Adams indicated that the timeline was discussed with U.S. Bank's representative, who indicated transfer of all accounts should be completed by mid to late August.

Mr. Pires advised that, if the language modifications will require changes or modifications to any documents previously sent, the Board should authorize the Chair to execute any revised notices or documents that must be provided.

Mr. Williams stated that Mr. Pires' suggestion is good; however, he believes that the nature of the changes is updating dates, etc., but nothing substantive.

Mr. DiNardo reminded the Board that the 2002 and 2005 Series bondholders agreed to postpone the transfer to Wilmington Trust so that the Board could refinance the two (2) fundings, which is why the documents became outdated. Mr. Brougham acknowledged Mr. DiNardo's comment.

Mr. Bergmoser noted that he does not like receiving these types of documents Tuesday night or Wednesday morning for approval. He asked if there is anything in the documents that says U.S. Bank will not sue the District for changing trustee.

Mr. Pires stated that there is no such statement; in fact, one (1) of the provisions transfers all of U.S. Bank's rights to Wilmington Trust, under the trust indenture, except for the right to be indemnified.

Mr. DiNardo commented that, if the relationship is that U.S. Bank took funds from the construction accounts, which the bondholders, through the exchange, going forward, are willing to let the issues go away, and, if the transfer and exchange is not done, there would be a delta between what the developer owes the District and what the District owes the bondholders. The concept of the exchange bonds was to make the U.S. Bank issue go away; he feels that U.S.

Bank has no recourse against the District and, if U.S. Bank does not go forward with the transfer, other parties will have economic suffering and will deal with U.S. Bank.

Mr. Curland asked if completion of this process means that the District will no longer need to or have a basis to go after U.S. Bank for those construction funds, essentially deferring any action. Mr. DiNardo confirmed that Mr. Curland's statement is correct; if the exchange does not occur, the issue remains.

On MOTION by Mr. Bergmoser and seconded by Mr. Peterson, with all in favor, Resolution 2013-9, Setting a Public Hearing to be Held on August 28, 2013 at 8 a.m. at Fiddler's Creek Club and Spa, 3470 Club Center Boulevard, Naples, Florida 34114, for the Purpose of Hearing Public Comment on Imposing Special Assessments on Certain Property within the District in Accordance with Chapters 170 and 190, Florida Statutes, was adopted.

On MOTION by Mr. Brougham and seconded by Mr. Slater, with all in favor, authorizing the Chair or Vice Chair to execute the previously prepared Instrument of Removal and Acceptance, as amended, subject to District Counsel's review, was approved.

FIFTH ORDER OF BUSINESS

Update: Series 2006 Bonds

This item was addressed during discussion of the 2002 and 2004 Series Exchange bonds.

Mr. Brougham recalled that the Board previously discussed the pros and cons of the District accepting ownership of Cherry Oaks Lane. He feels that this will not occur, as the Board has no desire to accept both an asset and a liability; it does not benefit the District. Furthermore, he was told that, in all actuality, Cherry Oaks Lane was never conveyed to Cherry Oaks Village or Condo Association by 951 Land Holdings.

SIXTH ORDER OF BUSINESS

Discussion: Lakes Turnover

Mr. Pires indicated that additional excavation activity is necessary at some of the lakes. The revised documents were provided to him last week but new easements and documents are needed, prior to presenting them to the Board. Mr. Pires hopes to have everything resolved by August.

Mr. Brougham recalled an email he sent regarding the eventuality that the District will be built out and asked the process with remaining developer-titled property, at that point. Mr. Pires indicated that, as the District was being built and the District was reimbursing the developer for infrastructure, bills of sale were executed and delivered to the District for those improvements. Mr. Pires suggested a final wrap up, within six (6) months to a year, to ensure that everything is tied up and there are no gaps. Mr. DiNardo confirmed that, by the time the development is completed, the developer will own nothing.

SEVENTH ORDER OF BUSINESS**Consideration of Traffic Signal Funding Agreement with Fiddler's Creek CDD #2**

Mr. Brougham presented the Traffic Signal Funding Agreement with Fiddler's Creek CDD #2 for the Board's consideration. He recalled that the Board approved, at the last meeting, that CDD #1 will be responsible for a maximum of 50% of the costs for design, engineering and construction of the traffic signal at 951 and Fiddler's Creek Parkway and, should a future traffic light be placed at the intersection of US 41 and Sandpiper Boulevard, CDD #1 will participate to the same extent.

Mr. Pires advised that the only document pending is Exhibit A, which delineates the location at Sandpiper Boulevard and US 41.

Regarding the status of the project, Mr. Cole recalled a telephone conference from the person who conducted the traffic study. The process for design, permitting and bidding will take approximately six (6) months. He noted that construction will also take about six (6) months, with only (1) month of actual work. It will take three (3) months to order and receive the mast arm and another two (2) months, after installation, for the "burn in" period, with a flashing light to alert the public that the traffic light will become operational. Mr. Cole explained the preparation process. He stated that, once the District approves the signal, it should be operational approximately one (1) year later.

Mr. Peterson recalled that there are two (2) Fiddler's Creek exits to US 41 and asked if that changed or if the District could potentially be facing three (3) traffic lights. Mr. Cole noted that two (2) entrances are included on the master plan. Mr. Cole discussed the locations and the desire to move one (1) of the entrances a half mile further east of Sandpiper Boulevard. Mr. Cole clarified that he is speaking about entrances, not traffic lights.

On MOTION by Mr. Brougham and seconded by Mr. Slater, with all in favor, authorizing the District Engineer to begin any and all work to expedite the process of design, engineering and construction of the traffic signal at the intersection of State Road 951 and Fiddler's Creek Parkway, was approved.

EIGHTH ORDER OF BUSINESS**Consideration of Annual Renewal of Access Control Personnel Agreement with Foundation**

Mr. Brougham recalled that, at their last meeting, CDD #2 authorized renewal of the contract with The Foundation. He noted that both Boards must agree on anything regarding the security services and recommended that the Board indicate its intent to renew, as well.

Mr. Peterson asked how often the percentage ratio between the Districts is revisited. Mr. Adams indicated that it is reviewed every year; the percentage is based upon the number of assessable units in each District. Mr. Brougham advised that the ERUs are determined and updated annually.

Mr. Slater asked about the \$8,100 operating amount. Mr. Brougham indicated that it is for operating supplies. Mr. Adams stated that it is a separate, operating budget for items such as gate clickers, papers, supplies, etc.; this item is for new uniforms, start up items and other items.

Mr. Curland noted that the payroll expenses, paid on a monthly basis, account for 11% of the bill, each month, including taxes and other charges. Mr. Curland asked what the "other charges" encompass. Mr. Adams indicated that it is the fees charged by the payroll company for administering the payroll system. Mr. Curland pointed out another 1% charge for "other expenses" and asked what it is for. Mr. Adams was not familiar with that charge. Mr. Brougham asked where Mr. Curland sees that charge. Mr. Curland indicated that it is on the payroll invoices that are received each month.

Mr. Curland recalled asking Mr. Adams if the District could receive backup material to support a half million dollar contract, which is currently reflected by just a number. Mr. Adams confirmed that this is all he received. Mr. Brougham stated that, for Fiscal Year 2014, The Foundation provided the maximum amount and a breakdown between salaries, benefits and expenses.

Regarding the District's proposed budget, Mr. Curland stated that all of the other major contractual obligations did not change from last fiscal year and landscaping went down;

however, each year, The Foundation increases its costs. From Fiscal Year 2012 to Fiscal Year 2013, the increase was 5% and from Fiscal Year 2013 to Fiscal Year 2014, it appears to be about 4%. Mr. Curland has difficulty understanding how The Foundation has a "roving patrol" employee who makes a salary, without benefits, which is equal to that of a police sergeant for Collier County; it seems inappropriate. He noted that an average of 27% of the costs the District pays are in the form of benefits to The Foundation's employees. The Foundation's employees receive Blue Cross health, Humana dental and Guardian life insurance, long-term and short-term disability insurance, supplemental life insurance and uniforms, including cleaning. Mr. Curland feels that the benefits package is a "Cadillac" of "Cadillacs". On average, The Foundation's employees only pay 6% of their benefits and the District's costs are 27% for benefits. Mr. Curland pointed out that a single employee receives benefits which are 75% of their wages. He believes that the costs of this contract are exorbitant; in excess of \$100,000 to \$150,000 is being paid compared to what could be paid with an outside source.

Mr. Curland reiterated that he has difficulty with the amount of money the Districts are spending on an uncontrolled basis for security access control services.

Mr. Curland asked the Board if anyone else cares about this matter. He noted that The Foundation simply supplied a number, with no supporting information. Mr. Curland stated that he researched the invoices and, while others may not know the costs, he cannot, in good conscience, accept a contract of this amount knowing that the Districts are being so overcharged for the services provided.

Mr. Brougham pointed out that those are Mr. Curland's comments.

Mr. DiNardo stated that the long-term disability costs reflected on the invoices are not a cost to the Districts or The Foundation; certain employees choose to buy that benefit. While it appears on the District's invoiced costs, Mr. DiNardo indicated that the amount is netted out of what is billed to the Districts. Mr. DiNardo stressed that the Districts do not pay for long-term disability insurance. He recalled that the Boards were told that they have the right, at any time, to review the payroll records. Mr. DiNardo stated that the Districts are only paying for the employees' actual pay, the actual cost charged to The Foundation. He indicated that The Foundation keeps 100% of the costs for Mr. Charbonneau; the Districts pay zero for Mr. Charbonneau to supervise.

Mr. DiNardo advised that, if Management wants more detail, The Foundation will happily provide it. The Foundation will also provide copies of the check registers, if requested, with the employee names redacted.

Mr. Curland recalled that the information was requested last year and The Foundation flatly refused to provide any additional information. Mr. Brougham pointed out that Mr. DiNardo's willingness to provide the information is now on the record.

Mr. Curland indicated that, while The Foundation's employees pay 6% of their benefits, the benefit costs paid by the Districts are 27% of the total payroll. Mr. DiNardo contended that the amount usually paid is 30%.

Mr. Curland recalled Mr. DiNardo's statement that Mr. Charbonneau's services are provided to the Districts at no cost but pointed out that the costs for Mr. Charbonneau might not be billed to the Districts but residents pay for him through their association fees. If Mr. Charbonneau is an administrator, per Mr. DiNardo's comments, Mr. Curland questioned why the Districts are paying \$23 per hour for a secondary administrator to administer a contract that, at most, at any given time, has no more than three (3) people under the supervision of Mr. Charbonneau and only two (2) people during "off hours".

Mr. Brougham dismissed Mr. Curland's question. Mr. Curland asked for a response to the question asked. Mr. Brougham stated that he does not have an answer. Mr. DiNardo indicated that he does not have an answer, either. Mr. Brougham called the matter to a vote.

On MOTION by Mr. Brougham and seconded by Mr. Slater, with Mr. Brougham, Mr. Slater, Mr. Bergmoser and Mr. Peterson in favor and Mr. Curland dissenting, Annual Renewal of Access Control Personnel Agreement with The Foundation, not-to-exceed a cumulative cost of \$474,625, between both Districts, was approved. (Motion passed 4-1)

Mr. Brougham recalled mentioning, at the last meeting, that he was working with Mr. Pires on structuring a continuing services contract, for security services, in order to build in checks and balances, as well as protections regarding the economics of the contract. He reported that Mr. Pires completed a draft, which was provided to Mr. Albeit, for his review and comments; however, the draft is not ready for review by the Board or District Manager. Mr. Brougham stated that, until he has a conceptual understanding between himself and The

Foundation, there is no sense in wider distribution of the draft. He hopes to have a draft for the Board's review soon. Mr. Brougham felt that, if all parties can agree, the contract could possibly be in effect in time for the new contract; however, if not, the existing contract may need to be extended, until the continuing services contract is finalized.

Mr. Curland noted that this is the same issue raised last year, at this time, to which The Foundation flatly refused to sign any type of continuing services agreement, as described by Mr. Brougham. Mr. Curland asked what changed this year that leads Mr. Brougham to think they will consider it. Mr. Brougham felt that it will be different this year because he has a different form of contract underway and he spoke one-on-one with Mr. Albeit, who stated that The Foundation is willing to work towards that end. Mr. Brougham indicated that the situation has changed, since last year, and he has every reason to believe that The Foundation will approve the agreement.

NINTH ORDER OF BUSINESS**Continued Discussion: Proposed Budgets
for Fiscal Year 2013/2014**

Mr. Adams indicated that he updated the proposed budget to include the not-to-exceed amount provided by The Foundation, for the "access control services" line item. He advised that this change increased the District's proposed assessment above the previous year's level. Mr. Adams suggested reducing the "landscaping contingency" line item to \$35,600 to offset the increase in the "access control services" line item. This adjustment will result in an assessment of \$1,294.01, which is \$0.04 below the Fiscal Year 2013 assessment.

Mr. Brougham noted that this will enable the District to avoid the mailed notice requirement.

Mr. Slater recalled discussion about adjusting the budget, relative to the 2013 Exchange bonds, and asked if those adjustments will be included now. Mr. Adams confirmed that the changes will be included in August, so they are in the budget to be considered at the budget public hearing.

Mr. DiNardo questioned why the District cannot have a budget, which includes both methods, depending on whether the 2013 Exchange bonds occur. Mr. Adams was confident that the timing is sufficient for the revised information to be included in the budget, at adoption.

Mr. Bergmoser recalled discussion about including a line item to accrue funds for the traffic light. Mr. Brougham advised that the Board decided against it; once the expense is

incurred, a line item would be added, subsequently. Mr. Adams noted that the District has sufficient fund balance to cover the traffic light expenditure, at the time it occurs.

Mr. Brougham referred to the "audit" line item, on Page 1, noted the increase from \$14,100 to \$15,100 and asked if Mr. Adams anticipates an increase. Mr. Adams indicated that the audit expense sometimes increases by 3% to 5% and suggested leaving the \$15,100 figure.

Regarding the "trustee" line item, Mr. Brougham asked if the \$15,500 budget includes the one (1)-time charges from Wilmington Trust. Mr. Adams indicated that those costs will be incurred during the current fiscal year. Mr. Adams stated that he will revisit the \$15,500 figure to ensure that it is correct, going forward, based on Wilmington Trust's quote.

Mr. Slater referred to insurance and asked if the District's insurance rates will continue to decrease as it proceeds through the conversion of the bonds. Mr. Adams replied no and explained that the reason the insurance costs decreased, year over year, was because of the improvement in the financial audit, based upon last year. Mr. Slater voiced his opinion that removal of the event of default should also improve the District's rating. Mr. Adams preferred to maintain the proposed amount, which is half of what it was two (2) years ago; it becomes "found" money if the rates decrease and come in under budget. Mr. Adams does not anticipate much more of a decrease and felt that insurance rates might start increasing, in general, based on what is happening in other districts.

In response to Mr. Brougham's question, Mr. Adams confirmed that firm numbers, for adoption, will be considered at the August public hearing. In response to Mr. Adams' question, Mr. Brougham confirmed that the goal is to adjust the District's contingency line items, as necessary, to keep the assessment level below Fiscal Year 2013.

TENTH ORDER OF BUSINESS**Consideration of Resolution 2013-7,
Acceptance of Deed**

This item should be removed from the agenda until the materials are received from Mr. Cole and Mr. Pires.

ELEVENTH ORDER OF BUSINESS**Approval of June 26, 2013 Regular
Meeting Minutes**

Mr. Brougham presented the June 26, 2013 Regular Meeting Minutes and asked for any additions, deletions or corrections. The following changes were made:

Line 25: Change “Lambert” to “Weinberg”

Line 69: Insert “not” after “could”

Line 87: Change “Cole” to “Pires”

Line 77: Change “2013-6” to “2013-5”

Lines 152 and 300: Change “Lambert” to “Weinberg”

On MOTION by Mr. Peterson and seconded by Mr. Bergmoser, with all in favor, the June 26, 2013 Regular Meeting Minutes, as amended, were approved.

TWELFTH ORDER OF BUSINESS

Other Business

There being no other business, the next item followed.

THIRTEENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Pires indicated that the Chair forwarded an email to him and Mr. Adams regarding a malfunctioning gate, in March. Mr. Brougham advised that the matter was handled. Mr. Adams stated that he received the report from security but had never received the letter requesting reimbursement until yesterday. Mr. Adams explained that the letter and invoice were received via email, along with a credit card receipt reflecting payment; the pictures clearly show a gate malfunction so the costs will be reimbursed.

Mr. Slater recalled that several Board Members were deposed in the Strategic Lawsuit Against Public Participation (SLAPP) lawsuit and asked which Board Members will be deposed on this action and whether any is action was required, by District Counsel, in support of the individuals who are being deposed. Mr. Brougham clarified that they have not been deposed or subpoenaed. Mr. Brougham stated that he spoke with Mr. Pires and they were going to be deposed individually; according to Mr. Pires, the Board is not involved.

Mr. Pires indicated that his client is the District and, at certain times, individual Board Members, in their capacity to perform their official duties, may be clients, except that there is not a conflict. In this case, in order for the District to fund paying for an attorney to represent the Board Member at depositions, there must be a two (2)-part finding; the first being that the activities were in the course of the Board Members’ official duties and, secondly, that it serves a

valid public purpose. Mr. Pires explained that, in that event, the Board is authorized to adopt a motion authorizing the expenditure of the District's funds to pay District Counsel to appear with the Board Member(s) at a deposition. In this instance, Mr. Pires suggested that it might be better to have counsel separate from District Counsel.

Mr. Brougham asked if this Board is being subpoenaed. Mr. Pires stated his understanding that the attorney for Mr. Schutt indicated that individual Board Members might have depositions taken. Mr. Brougham asked Mr. Pires to comment, in his capacity as District Counsel, whether he sees any necessity for District Counsel to have any say or representation in the depositions. Mr. Pires stated only if there was the two (2)-part finding. Mr. Brougham advised that there was not. In that case, Mr. Pires indicated that the Board could authorize expenditure of funds for District Counsel to attend on behalf of the Board Members or pay for the Board Members' individual attorneys. Mr. Brougham summarized that the answer is no.

Mr. Curland asked Mr. Pires if the answer is no, meaning there was no finding. Mr. Pires indicated that the Board must make the determination that the purpose of the depositions is to depose the Board Members for activities performed in the course of their official duties, as well as serving a valid public purpose. If the Board makes the determination, it could be challenged. Mr. Curland felt that the Board must make a determination; Mr. Brougham simply saying "no" does not make it so. Mr. Pires stated, while not counseling the Board on the matter, he questioned if the Board wishes to take action determining that this is neither one (1) of the two (2) determinations; if the Board is not going to make a determination that it is both, it is probably best left unsaid.

Mr. Brougham indicated that he will not make a motion; as far as he is concerned, he signed an affidavit stating only that he is a Supervisor on the CDD #1 Board of Supervisors, that he is aware of the blog and has read the blog. In Mr. Brougham's opinion, it has nothing to do with District business, takes no position for or against the plaintiff or defendant in that case; it is a statement of fact that he is a Supervisor, he knows about the blog, has read the blog and even posted on the blog, from time to time. Mr. Brougham stated that, "as far as Phil Brougham is concerned, that has nothing to do with the District business, it has something to do with me, as an individual". Mr. Brougham reiterated that he will not make a motion supporting any legal representation by Mr. Pires because he feels that it has nothing to do with the Board.

Mr. Slater indicated that there are only three (3) Supervisors involved and he agrees with Mr. Brougham.

B. Engineer

Mr. Cole presented Draw #80, for the 2005 Series bonds, for approximately \$1,500 for ongoing work related to the lake and roadway conveyances.

Mr. Cole stated that he met with Mr. Pires and Mr. Woodward.

Mr. Brougham asked if all of Mr. Pires and Mr. Cole's expenses, related to the WM spill, are being processed through the District but being reimbursed by WM. Mr. Cole replied affirmatively.

Regarding the lake bank erosion repairs, Mr. Cole reported that the District received a lot of rain and, consequently, the contractor installed the geotube but has not cut and raked them, due to the rain. The contractor completed Lake 9 and has three (3) more lakes to complete. Mr. Cole recalled that the date for substantial completion is August 24, 2013; however, the contractor may need an extension, which he had no problem granting. The cutting and raking of the bags, as well as sodding the golf course, will be coordinated with Mr. Jim Vagen but is on hold until the lake levels recede.

Mr. Bergmoser noted that the District is spending money, such as the \$1,500, against bonds for which there are no construction funds and asked how much has accumulated, over the past few years. Mr. Cole will provide an update at the next meeting. Mr. Bergmoser asked if the bond exchange would make the District whole. Mr. DiNardo replied no.

C. Manager**i. Approval of Unaudited Financial Statements as of June 30, 2013**

Mr. Adams presented the Unaudited Financial Statements as of June 30, 2013. He noted that on-roll assessment collections were 101% and the off-roll developer assessments were on target.

Mr. Brougham questioned why "audit" is only at 10%, year-to-date. Mr. Adams explained that it was a partial payment. As a result of the recharacterization, the audit will be presented at the next meeting.

Mr. Adams indicated that "operating supplies – access control", on Page 3, is at 116% and noted that the District receives offsetting revenue to that line item. Mr. Brougham commented that it would be helpful to include a footnote explaining that. Mr. Adams indicated that there were no unauthorized trustee expenditures or bills.

ii. NEXT MEETING DATE: August 28, 2013 at 8:00 A.M.

The next meeting is scheduled for August 28, 2013 at 8:00 a.m.

D. Operations Manager

Ms. Crismond reported that she obtained proposals, in preparation for the annual tree trimming program, and will be over budget by \$14,526. Mr. Adams pointed out that the District realized savings, in another line item, which will offset the overage. Ms. Crismond indicated that a small amount of the savings comes from the renovation program and the remainder is from the “contingency” line item. Mr. Brougham stated that the “contingency” line item is for these types of overages.

Ms. Crismond indicated that landscape renovation is underway; installation commenced yesterday. In response to Mr. Brougham’s question, Ms. Crismond confirmed that landscape removal includes all roots, as well. She stated that work commenced at Marsh Point Park abutting Fiddlers Creek Parkway and will continue to the intersection of Sandpiper Drive.

In response to a question regarding line-of-sight issues, Ms. Crismond recalled that the problem was along Championship Drive and was addressed a month ago.

FOURTEENTH ORDER OF BUSINESS

**Audience
Requests**

Comments/Supervisors’

Ms. Mary Ann Blakely, a resident, indicated that she is building a new home in Mahogany Bend, which is located across from a lift station. She asked who owns the land that the lift station is on, as she wants to ask if it would be possible to change the access point for entering the lift station. She noted that the home was repositioned on the lot such that it now looks directly at the lift station, which is an eyesore. Ms. Blakely asked if the double gate system, which the CDD installed, could be relocated to the side or to the rear of the lift station. She indicated that the county advised her that there is plenty of room to relocate it to either location.

Mr. Brougham recalled that he advised Ms. Blakely that the CDD does not really have an interest in this matter; therefore, the District will not pay for relocating the gate or landscaping. The District will not pay for new landscaping which is to be installed by Stock Development and approved by the Fiddler’s Creek Design and Review Committee (FCDRC). He noted that Stock Development informed Ms. Blakely that they will not pay to relocate the gate, under any circumstances. Mr. Brougham acknowledged that Ms. Blakely is willing to pay the relocation costs; however, the bottom line is that the developer has not and will not approve relocation of

the gate. Mr. Brougham advised Ms. Blakely that the developer is the overriding decision maker in this matter.

Mr. Brougham informed Ms. Blakely that the CDD cannot help her.

Ms. Blakely stated that, as the owner of two (2) homes in Fiddler's Creek, she would like an explanation from Mr. Peresi, on behalf of the developer.

Mr. Brougham acknowledged Ms. Blakely's situation but advised her that pleading to the Board will not get Mr. Peresi to act.

Ms. Blakely voiced her understanding of Mr. Brougham's comments, stressing that it is important for everyone to understand what is happening, given her contract terms with Stock Development. She feels that it is sad when approval is received from the county and the change would benefit everyone by moving the gate to the back but the developer stands in the way.

Mr. Brougham stated that the CDD supports Ms. Blakely in her concern but cannot do anything for her.

Discussion ensued regarding who owns the property. Mr. Brougham confirmed that the CDD does not own the land; the developer owns it.

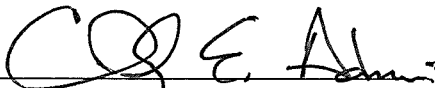
Mr. Bergmoser referred to an earlier resolution, presented by Mr. Pires, and voiced his feeling that the Board should not be receiving these types of items the night before the meeting. The Board has a fiduciary responsibility to know what they are approving. Mr. Adams indicated that he will push this issue with Staff. Mr. Brougham stated that, if this happens again, the item will be tabled, if it is not in the agenda package or delivered, via FedEx, the night before the meeting. Mr. Pires acknowledged Mr. Bergmoser's comment.

FIFTEENTH ORDER OF BUSINESS

Adjournment

There being nothing further to discuss, the meeting adjourned.

On MOTION by Mr. Peterson and seconded by Mr. Bergmoser, with all in favor, the meeting adjourned at 9:44 a.m.


Secretary/Assistant Secretary


Chair/Vice Chair