

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

A Regular Meeting of the Board of Supervisors of the Fiddler's Creek Community Development District #2 was held on **Wednesday, October 28, 2009 at 9:00 a.m.**, at the **Fiddler's Creek Club and Spa, 3470 Club Center Boulevard, Naples, Florida 34114.**

**Present at the meeting were:**

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

**Also present were:**

Chuck Adams	District Manager
Cleo Crismond	Assistant Regional Manager
Anthony Pires	District Counsel
Terry Cole	District Engineer
Residents	

**FIRST ORDER OF BUSINESS**

**Call to Order/Roll Call**

Mr. Adams called the meeting to order at 10:42 a.m., and noted, for the record, all Supervisors were present at Roll Call.

**SECOND ORDER OF BUSINESS**

**Discussion/Consideration: Gate Traffic Issue, Interlocal Relationship/Decision Making Between CDDs**

- **Executive Summary**

Mr. Adams noted the Supervisors were all present during the Fiddler's Creek CDD #1 meeting and heard dialogue regarding this item. He stated the CDD #1 Board considered and approved a revised Option #4. He indicated Option #4 was submitted by Ms. Patricia Schiavo as a combination of aspects from Options #1 and #3 in the Executive Summary. Mr. Adams stated

this exercise was to find a compromise that both Boards could agree to and would be budget neutral. He explained this option is budget neutral, in that it outlines unmanning Championship Drive, manning Sandpiper Drive and limiting the opening of the main entry point only to residents and occasional vendors (cleaning personnel, plumbers, electricians, etc.). It continues directing all commercial/construction vehicles to Sandpiper, redirecting all large daily service vehicles to Sandpiper, allowing remote access at Championship Drive for all credentialed users and allows credentialed employees entry into the community by any entrance they deem to be most convenient.

Ms. Scott suggested monitoring the main gate, especially in season.

Mr. Adams noted, at the Fiddler's Creek CDD #1 meeting, Mr. Charbonneau and Mr. Albeit were asked and agreed to prepare an implementation program and the Boards will be given an opportunity to review, ask questions and modify it.

**On MOTION by Mr. Robertson and seconded by Ms. Scott,  
with all in favor of approving Option #4, as presented.**

***\*\*\*The Engineer's Report was presented at this time.\*\*\****

Mr. Cole presented Pay Draw #62, for the 2003 Series Bond, for approximately \$43,000, related to work on road signage and sidewalks, for the Board's consideration. He presented Draw #46 for the 2005 Series Bond, for approximately \$62,000, consisting of bills for Pump House #4 and the Sandpiper Drive gatehouse.

Mr. Cole noted he participated in a conference call with the bondholders' representatives where he presented and discussed budgets previously discussed regarding the probable costs to complete work in progress for both the 2003 and 2005 Series Bonds. He indicated there were no real questions related to the 2003 Series Bond. For the 2005 Series Bond, he elaborated to them the need to pay the FPL Performance Guarantee Deposit, which he previously discussed with the Board. Mr. Cole noted, between the 4U2, 4U3, and 5U2 areas, there is about \$400,000 of deposit money needed by FPL. He indicated there is a risk, if the bondholders put up this money and do not get the work completed within five (5) years, they risk losing that deposit money. He said they asked him to provide the number of units that were affected in those areas and he is gathering that information. He indicated the bondholders understood the other items, as well.

He stated the question was, do they want to expend the money for the areas that are slowly developing. He added the bondholders will be advising the Board, through Mr. Adams, what their decisions are regarding the future work they will continue to complete.

***\*\*\*Mr. Cole left the meeting.\*\*\****

**THIRD ORDER OF BUSINESS****Update: Foreclosure Action**

Mr. Adams noted the Board was present for Mr. Daniel Abbott's presentation during the Fiddler's Creek CDD #1 meeting. He indicated, what is being done for Fiddler's Creek CDD #1, will also be done for Fiddler's Creek CDD #2, in terms of the title work, trying to figure out what Chicago Title might already have and what options the bondholders would like the District to consider, in terms of proceeding, for their meeting in November.

***\*\*\*At the Board's request, Daniel Abbott's presentation during the CDD #1 meeting is added, as an attachment, to the minutes of this meeting.\*\*\****

Mr. Robertson indicated, he continues to be asked by residents, what is the foreclosure's effect on the O&M Budget. He noted, as it is now, there is no impact on O&M in the near future. He stated this is a foreclosure action by the bondholders, in light of the Developer's failure to pay the amortization portion of the non-ad valorem taxes, and anticipation he is going to fail to pay it again on the next semi-annual payment due on November 1<sup>st</sup>. Mr. Adams clarified there is no impact on the debt service side. The capital assessment, and operations are not currently, seeing an impact and cautioned the Board that this is a month-to-month matter.

A resident asked if residents will have any responsibility for providing funds to pay the bondholders. Mr. Robertson advised current owners there is no impact by this action. Mr. Adams added, regarding debt service, for all owners, that portion of the assessment is on their property tax bill and as long as they pay it in full, they have met all of their obligations to the District. The bondholders cannot come back to the owners and ask them to subsidize defaulting properties on the debt service side. He added the District may have short-term cash flow issues on the operating side and will deal with that, as needed; the District discussed a contingency plan for that. He concluded it has never been an issue and, hopefully, it will not be, going forward.

Brief discussion ensued regarding Board Members' problems receiving emails at their CDD email address and connecting to the system. Mr. Adams encouraged the Board to send self

test emails and if problems continue, they should contact Daphne Gillyard, in Management's office, to coordinate with the website contractor for correction.

**FOURTH ORDER OF BUSINESS****Consideration of Award of Contract:  
Landscape Maintenance**

Ms. Crismond distributed a revised, updated memorandum, based on a discussion with District Counsel. She indicated Staff recently requested bids for the District's landscape maintenance program. She stated five (5) companies requested packages and attended the mandatory pre-bid meeting, with three (3) companies submitting bids. The three (3) companies submitting bids were TruGreen Landscape (the current contractor), Luke Brothers and Mainscape. They are all considered to be highly qualified and capable of meeting the scope of services required under the contract. As is typical with the District's contracts, this is a one (1)-year contract with a second year option. Ms. Crismond indicated TruGreen currently holds the contract and has provided these services satisfactorily for several years. The current contract value is \$420,126. She stated their proposal of \$420,120, which is not an increase, is considered to be a very reasonable proposal and not out-of-line with what the District has been paying for this service.

Ms. Crismond indicated, for Fiscal Year 2009/2010, the District budgeted a \$555,000 "other contractual" line item, which is intended to cover the costs of this landscape maintenance contract and this is well within the District's budget for these services.

Ms. Crismond stated, based upon this information, it is Staff's determination that TruGreen is the most responsive, responsible and best bid from a competent, responsible firm, capable and qualified, in all respects, to fully perform the contract requirements with the integrity and reliability to ensure total performance and completion and deems the TruGreen bid is most advantageous to the District and recommends awarding the contract to TruGreen for a first year price of \$420,120, with a second year option of \$432,720.

Mr. Robertson asked if there were any other bidders that were deemed to be nonresponsive. Ms. Crismond confirmed that these were the only three (3) bids received. Ms. Crismond was asked if there is anything she has asked TruGreen to do that they have not done. Ms. Crismond replied no, they respond quickly, meet on a weekly basis and are very responsive.

**On MOTION by Mr. Robertson and seconded by Mr. Correia, with all in favor of awarding the Landscape Maintenance Contract to TruGreen Landscape in an amount not to exceed \$420,120 for the first year, with a second year option of not to exceed \$432,720.**

**FIFTH ORDER OF BUSINESS****Consideration of Award of Contract:  
Lake & Wetland Maintenance**

Ms. Crismond distributed a revised, updated memorandum, based on a discussion with District Counsel. Ms. Crismond indicated the District's current lake and wetland management contract is set to expire November 30, 2009 and Staff recently published a request for bids for this service; the bid was advertised in the Naples Daily News, as required by statute. She indicated six (6) companies were provided bid packages, with two (2) companies submitting bids. The companies submitting bids were Clarke Aquatics and LakeMasters.

Ms. Crismond indicated LakeMasters, the current contractor, is one (1) of the major players throughout the state for lake and wetland maintenance and have substantial local presence. They have been in this industry for numerous years and have the stability, knowledge and resources to perform the scope of services under the District's contract. The current contract price is \$41,388. She noted LakeMasters is the current contractor for CDDs #1 and #2, as well as maintaining The Rookery, and LakeMasters has consistently maintained a positive work history at Fiddler's Creek.

Ms. Crismond stated Staff is recommending award of the contract to LakeMasters to ensure continuity of service and the best interests of the District are served. The District allocated \$38,000 for this service, so if the Board awards the bid to LakeMasters, the budget shortfall amount can be addressed through savings in other portions of the budget.

Ms. Crismond noted there is a significant cost differential between the two (2) bidders, with Clarke Aquatics bidding \$59,714.01. Mr. Robertson asked if there is a reason for the difference. Ms. Crismond indicated it is difficult to determine because their bid came in lower for CDD #1.

**On MOTION by Ms. Scott and seconded by Ms. DiNardo, with all in favor of awarding the Lake & Wetland Maintenance Contract to LakeMasters in an amount not to exceed \$41,388 for the first year, with a second year option of not to exceed \$41,388.**

**SIXTH ORDER OF BUSINESS****Consideration of Award of Contract:  
Access Control Services**

Ms. Crismond distributed a revised, updated memorandum, based on a discussion with District Counsel. Ms. Crismond indicated the District's current contract for Access Control Services will expire on November 30, 2009 and Staff published a request for bids for this service; the bid notice was advertised in the Naples Daily News, as required by Florida Statute. Ms. Crismond indicated seven (7) companies, Fiddler's Creek Foundation, Abacus, Gulf Coast, Wackenhut Corporation, Allied Security, Allegiance and Kemp Group International were provided bid packages and two (2) companies submitted bids. Fiddler's Creek Foundation bid \$500,160 for the first year, with a second year option of \$512,664. Allegiance Security bid \$390,124.80, with a second year option of \$401,878.56. Both bids included both Championship and Sandpiper Drive Gates manned.

Ms. Crismond stated the current Security contract is \$468,930 and the Districts have appropriated \$470,210 for this service for Fiscal Year 2010. She added, the pricing, to reflect having only one (1) of the two (2) gates manned, is Fiddler's Creek Foundation at \$425,280 for the first year, with a second year option of \$435,912 and Allegiance Security at \$331,718.40 for the first year, with a second year option of \$341,712.48.

Ms. Crismond noted Allegiance Security, formally Allied Protection Services, was incorporated in March 2007. She stated the largest local, most comparative client to Fiddler's Creek, within the South West Florida Region, is Legends Golf and Country Club located in Fort Myers and consists of 1,291 residents, 120 acres of golf course and 300 acres of common areas with one (1) manned gate and one (1) roving patrol officer, evenings only. The majority of Allegiance's client list is located on the east coast of Florida. Ms. Crismond indicated they did not supply proof of suitable financial backing status to allow them to meet the obligations as outlined in an incident to the work, as requested in the bid specifications.

Mr. Adams referred to the presentation and discussion during the Fiddler's Creek CDD #1 meeting and the action taken. He reminded the Board this is a shared service, as part of their Interlocal Agreement with CDD #1; therefore, it might be appropriate to take a similar position. He stated CDD #1 failed to make an award of contract; however, they requested Staff provide a copy of the bid request package and bid submittals, by the end of the week, to give the CDD #1 Board an opportunity to review the specifications and the responses, so as to put them in a more comfortable position in making a decision, as the other bid is 26% less. Mr. Adams noted, based on the difference between the two (2) companies who submitted bids, Allegiance Security's submittal sends up a "red flag" that may not be able to meet the levels of service. He stated the Board Members of CDD #1 wanted to satisfy that issue with their own personal review.

Mr. Adams informed the Board they are free to act and award the contract; however, he will need both Boards to act in concert, to a certain degree, and if not, then they are in breach of the Interlocal Agreement.

A Board Member pointed out, on the bid analysis, Allegiance Security did not meet the financial backing status and questioned if that is even a bid that can be considered, since they did not meet all of the criteria. Mr. Adams explained the bid and bid analysis process, noting the fact that the financial backing information was not given, could be of concern.

Brief discussion ensued regarding the sealed bid process, opening of bids, what can or cannot happen once the bids are opened. It was confirmed that, in the sealed bid process, the District cannot ask a bidder for additional information, once the bids have been opened. If a bidder discovers their own oversight, prior to the opening, they can appeal to the Board. Additional discussion occurred regarding the differences in the two (2) bids.

Ms. Schmitt stated, while she feels the current company is good, the District needs to work in sync with CDD #1; therefore, going along with their proposal to review the bid packages and specifications and then go through this again. She asked what happens if CDD #1 does not choose Fiddler's Creek Foundation. Mr. Adams indicated, as currently scheduled, the CDD #2 meeting will take place after CDD #1, so CDD #2 could reconsider, rescind the previous decision and decide to go with the decision of CDD #1 or, they could continue with their original decision. He noted, if there are opposing decisions, the gates would be manned by different companies and considerations would need to be made for a roving patrol for each District's boundaries, because they would no longer have the shared interlocal service. He concluded, if

they go that route, there will need to be other considerations with regard to Option #4 that was previously addressed, because they will be in breach of the Interlocal Agreement.

**On MOTION by Mr. Robertson and seconded by Mr. Correia, with Ms. DiNardo and Ms. Scott in favor and Ms. Schmitt dissenting, to awarding the Access Control Services Contract to Fiddler's Creek Foundation. (Motion passed 4-1)**

**SEVENTH ORDER OF BUSINESS**

**Approval of September 23, 2009 Regular Meeting Minutes**

Mr. Adams presented the September 23, 2009 Regular Meeting Minutes and asked if there were any additions, corrections or deletions. The following corrections were noted:

Lines 25 and 134: change "Joist" to "Joyce".

**On MOTION by Ms. DiNardo and seconded by Ms. Scott, with all in favor of approving the September 23, 2009 Regular Meeting Minutes, as amended.**

**EIGHTH ORDER OF BUSINESS**

**Other Business**

The Board agreed to change their meeting time to 10:00 a.m., in consideration of the CDD #1 meeting scheduled for 8:00 a.m.

**On MOTION by Ms. Scott and seconded by Ms. DiNardo, with all in favor of approving changing the meeting time to 10:00 a.m., and authorizing Staff to re-advertise.**

A Board Member asked that Daniel Abbott's presentation during the CDD #1 meeting be added as an attachment to the minutes of this meeting. Mr. Adams confirmed the request is for just that portion and agreed to the request.

Upon request, Mr. Adams confirmed the 10:00 a.m., start time begins on November 18<sup>th</sup> and Staff will advertise, prior to the 18<sup>th</sup>.

**NINTH ORDER OF BUSINESS**

**Staff Reports**

**a. Attorney**

There being no report, the next item followed.

**b. Engineer**

This item was addressed at the end of the Second Order of Business.

**c. Manager**

**i. Unaudited Financial Statements as of September 30, 2009**

Mr. Adams presented the Unaudited Financial Statements as of September 30, 2009 for the Board's consideration.

**ii. Fiscal Year 2010 Meeting Schedule**

Mr. Adams noted, on November 18, 2009, there will be a Landowners' Election at 8:30 a.m., and a Regular Meeting at 10:00 a.m.

**d. Operations Manager**

Ms. Crismond presented the Monthly Status Report. She noted, for Lake Maintenance, the next tour will be during November, mulching is scheduled to commence November 1<sup>st</sup>, the tree trimming project is scheduled to commence during the first week in December and pressure cleaning is occurring in numerous areas of CDD #2. Regarding Security Patrol, Ms. Crismond indicated, as of October 20<sup>th</sup>, there were nine (9) total stops; seven (7) residents and two (2) Staff, with four (4) warnings and five (5) citations issued.

**TENTH ORDER OF BUSINESS**

**Audience Requests**

**Comments/Supervisors'**

There were no Audience Comments.

Ms. Schmitt stated the front entry fountains looked beautiful.

A Board Member asked if Mr. Albeit had a check for CDD #2. Mr. Albeit indicated he already put it in.

Mr. Robertson commended and thanked Mr. Adams for his work on the Executive Summary related to the gate issue.

**ELEVENTH ORDER OF BUSINESS**

**Adjournment**

There being no further discussion, the meeting adjourned.

**On MOTION by Mr. Robertson and seconded by Mr. Correia,  
with all in favor, the meeting adjourned at 11:33 a.m.**

  
Secretary/Assistant Secretary

  
Chair/Vice Chair

## ATTACHMENT

**Foreclosure Action Update, from Mr. Daniel Abbott, Special Counsel, as presented during the Fiddler's Creek CDD #1 meeting:**

Mr. Adams asked the Fiddler's Creek CDD #2 Board Members to listen to Mr. Abbott's update, as it applied to them as well, and that would allow Mr. Abbott to leave after his update.

Mr. Abbott began by saying their usual attorney on this issue, his partner, Doug Gonzalez, apologized for not being there today; he had a family matter to attend to. He also apologized to the Board for having arrived to the meeting late.

Mr. Abbott reported that, at the request of the bondholders and the direction of the Board, Weiss Serota was directed to file a foreclosure action against the Developer and the Developer-related entities to foreclose their interest in various properties that the Developer still owns. He explained the important first step in filing a foreclosure action is to find out who to sue; who you name as Defendants is anyone that might claim an interest in the land. He further explained, the lien that the District owns has the legal status of a governmental tax lien, which is a high priority lien. He indicated he would be surprised if there were any other interests in the property, superior to theirs, but they cannot foreclose on the interest in the property of anyone they do not name and they do not sue, so the important first step is to find out who claims an interest in the property. He advised the Board that, in order to do that, attorneys retain the services of a title company that looks through the public records to identify anyone who might claim an interest in the land and that is what they have done.

He stated the first entity they contacted was a title company called First American, who told Weiss Serota that they were not willing to issue a Foreclosure Commitment; instead, they were interested in offering to do the work and providing what is called a Foreclosure Report. He explained that the main difference is that a Foreclosure Commitment is a promise, by the title company, that they are warranting that what they have found is, in fact, everybody who may have an interest in the land and, if they misidentify someone, they have to stand behind their work and they are liable for not having identified somebody who may have an interest in the land; not so with a Foreclosure Report.

Mr. Abbott went on to explain that usually, they prefer to have a Foreclosure Commitment, so they contacted another title company, the Attorneys Title Fund, oftentimes in the industry called "The Fund". That entity initially quoted them a rate, based upon what they

call their Small Lien Foreclosure Standard Rate. He noted this will not be a simple task, as there are about 260 different folios at interest here, and they need to be looked at one (1) by one (1) to see who might claim an interest in any of those parcels of land. He advised initially, they quoted a rate of \$6,000 and suggested that they could get them a Foreclosure Commitment in a month to six (6) weeks, which sounded good to them, under the circumstances. After The Fund began to do some work, they are unwilling, just like First American, to issue a Foreclosure Commitment. Instead of \$6,000, they have quoted a rate of \$10,000 to provide Foreclosure Reports and, instead of getting them the information within a month, their estimate is now two (2) and a half months.

Mr. Abbott then gave the reasons why the title company is unwilling to issue a Foreclosure Commitment. He stated the first reason they gave is that they do not have much experience with Community Development Districts (CDDs). One (1) of the interests in the land that the title company will have to determine is the District's interest and, in order to determine that, they will have to know about CDDs; how they are created in Florida, what their legal status is, their ability to impose liens and the like, as opposed to representing a City, which the title company deals with oftentimes. They will have to find out how CDDs function in order to guarantee the validity of a claim.

Mr. Abbott stated the second reason they gave is that there is no title base. Usually, when they do a title search, they find out the last entity that did a title search because they have guaranteed the validity of the work up to that point and they simply supplement that work and find out who might have claimed an interest in the land after that point in time. He indicated they said, for this one, there is no title base, which means they will have to go back to the beginning to determine who may claim an interest in the land, which makes it a more difficult project.

Mr. Abbott indicated the third reason they gave is that, in the current economic climate, they have been asked to do a lot of work. They are not short of business doing foreclosure work and lately, a lot of people have been asking them to obtain Foreclosure Commitments. But then, once they obtain the land through the foreclosure proceedings, those people have not been buying title insurance through the same title company and that is how title companies make a large part of their money. Without real assurances that they will be the ones writing the title insurance, they are not sure how much money they would earn. He stated that is the status of

their dealings with Attorney Title and their willingness to only commit to a Foreclosure Report, rather than a Foreclosure Commitment.

Mr. Abbott said they noticed that there was a mortgage loan made to buyer on some of the property and the bank that made that mortgage loan relied on another company called Chicago Title. He said, presumably, since the bank was willing to make the loan based upon some work that Chicago Title has done, Chicago Title presumably has done some of the work to determine the title and the people that may claim interest in the property. He reported they contacted Chicago Title in the last few days and provided them with the source material and they are considering whether or not they want to forward a rate to provide a Foreclosure Commitment, but they have not yet gotten back to Weiss Serota.

In conclusion, Mr. Abbott stated they need some direction in terms of their options. He stated since the ultimate foreclosure judgment would probably be transferred to the bondholders, the Board may wish to wait to hear from them, in terms of their preference on the issue. He then gave some of the options. He stated the first thing they could do is to rely on the Foreclosure Report. There is nothing legally wrong with that. The risk is that they are not quite sure of the quality of the title they have obtained, but they can still foreclose those that they know had an interest in the property. He stated the second thing the bondholders might conceivably do is provide some sort of promises to The Fund that they will, in fact, buy title insurance from them at the conclusion of a successful title action and it is possible that The Fund, given those assurances, would do the extra work necessary to issue a Foreclosure Commitment, as opposed to a simple Foreclosure Report. He then indicated the third thing the bondholders might recommend to them, or the third thing that the Board might recommend, is that they wait to hear from Chicago Title, since they may provide a rate and a report that might be of interest to you. Then they can determine the next step forward. Mr. Abbott then asked if anyone had any questions.

Mr. Slater stated they are at the "beck and call" of the bondholder, so the Board itself cannot make a decision on any of the three (3) options presented. He added no one is on the phone from bondholders' counsel, so while he expressed his appreciation for the report, it will have to be forwarded to the bondholder.

Mr. Adams stated Mr. Slater is correct in that the Board is the vehicle the bondholders are utilizing to address their interests in the default and they want to be sure they are on the front end

of making this decision. He further stated his recommendation would be that if Weiss Serota has some feedback in a week or so from Chicago Title, to give him or Mr. Abbott or Ms. Barrow an opportunity to speak with bondholders and/or bondholder counsel, present the findings from Chicago Title, present the other options as well, ask for some direction and bring that back at the November meeting and they will ask the bondholders' counsel to attend by phone and opine as to what direction they would like to take and then give the Board and Staff that direction.

Mr. Adams stated that may take a little time, but they have had some issues with trying to secure the funding approvals to address some of the expenses incurred up to this point and so this will buy some time to address those issues. He advised he has a revised Amendment to the Trust Indentures today, where they want to move the funding of the remedial account from the Construction Fund, versus the Debt Service Reserve Fund. It may be immaterial, but they want to have that agreement executed. There are some differences in the cost allocation, because there are multiple bond issues, of the expenses as they come through. He indicated he would ask Mr. Curland, as Vice Chair, to sign them today and then forward them to bondholder counsel for execution and get them to the Trustee and get Weiss Serota paid, as well as the title company, as they complete their work.

Mr. Schutt asked if there was something to prevent Mr. Abbott's firm from talking to bondholders' counsel. Mr. Adams responded not at all. He asked Mr. Abbott if they have had dialogue with them and what they think. Mr. Abbott responded he is not sure that they have presented them with these latest developments. He stated he will make sure this status update is provided to them as well.

Mr. Schutt said it seemed to him there should be constant dialogue between Special Counsel and Bondholders' Counsel because, from what he heard Mr. Abbott say, they are nowhere. The first issue was to do the investigation to find out what liens might be against the property and nobody is prepared to do any work on it, so they are no further along than they were months ago, other than engaging Weiss Serota to represent them.

Mr. Abbott responded by saying they have prepared a draft Complaint for the defendants they know of and they have contacted a title company, who has begun to identify some of those who claim interest in the land. The Fund has begun to do the work for a Title Report. He advised Mr. Schutt his main point is well taken.

Mr. Curland asked if there is any negative consequence for not making a decision to go forward today on any particular point that Mr. Abbott presented. Mr. Abbott stated he agrees with Mr. Adams; he would be hesitant to choose any of the options without the input of the bondholders. Mr. Curland stated the Board's direction for Mr. Abbott would be for him to get with bondholders' counsel and come up with a recommended course of action that both the bondholders and Mr. Abbott, as representing this Board, concur on and bring it back to the next meeting.

Mr. Curland asked if that needs to be memorialized as a motion and Mr. Adams indicated the direction from the Board was adequate. He suggested waiting to see what Chicago Title has, have some conversation with the bondholders, get some guidance on the direction and they will all attend the next meeting and provide it to the Board and ask, at that point, that they give direction in the form of a motion.

Mr. Slater stated at the first meeting that Mr. Gonzalez attended, he said this process can take up to six (6) months and they are now one (1) month down that road, so it appears it will be a long process.

Mr. Adams asked the CDD #2 Board if they had any questions for Mr. Abbott before they excused him. Mr. Correia asked what timeframe he anticipates before they get into trouble. He added the biggest issue they always deal with is when Gulf Bay will be settling their refinancing issues. It always comes back to that. He advised he is always concerned about the impact on the residents as they look forward. Mr. Adams indicated this stage is the primary discussion and whether or not there is an opportunity for Gulf Bay to restructure, refinance or find an equity partner is secondary. They need to get this Complaint to the point it is ready to file. Then they will look to the bondholders at the final stage and ask if they are ready for them to make the official filing in court or if they are in some productive discussion that might be hindered by it. He reminded everyone that the money being spent in this process is bondholders' money. It is either coming out of the Construction Fund, which is their money, or it is coming out of the Debt Service Reserve Fund, which again is their money; it is not coming out of the CDD's operating funds. Mr. Abbott was then excused from the meeting.