

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

A Joint Regular Meeting of the Boards of Supervisors of the Fiddler's Creek Community Development District #1 and Fiddler's Creek Community Development District #2 was held on **Wednesday, January 26, 2011 at 8:00 a.m., at the Fiddler's Creek Club and Spa, 3470 Club Center Boulevard, Naples, Florida 34114.**

Present at the meeting were:

For Fiddler's Creek CDD #1:

Phillip Brougham	Chair
Jim Curland	Vice Chair
Jim Schutt	Assistant Secretary
Gerald Bergmoser	Assistant Secretary
Robert Slater	Assistant Secretary

For Fiddler's Creek CDD #2:

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

Also present were:

Chuck Adams	District Manager
Cleo Crismond	Operations Manager
Terry Cole	District Engineer
Tony Pires	District Counsel
Ron Albeit	Fiddler's Creek Foundation
Mark Strain	Developer Consultant
Tony DiNardo	Gulf Bay, Developer
Andrew Sanford	ITG Holdings, LLC
Amanda Barton	ITG Holdings, LLC
Aleida Martinez Molina (via telephone)	Weiss Serota, CDD #1 Special Counsel
Robert DeMarco (via telephone)	Treiser Collins, CDD #2 Special Counsel
Glen Fulker	Cardinal Management
Joe Riccio	Resident

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the meeting to order at 8:03 a.m., and noted, for the record, that all Supervisors were present, in person, for CDD #1 and CDD #2.

FIDDLER'S CREEK CDD #1 ITEMS

SECOND ORDER OF BUSINESS

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

Ms. Martinez Molina reported that the judge denied the Colonnade's motion to terminate the exclusivity period so that no additional plans proposed by anyone, other than the debtors, will be considered, at this time. She stated this was contested by everyone except certain secured creditors. The debtors are going forward with their proposed plans and disclosure statement.

Ms. Martinez Molina discussed other matters that have been resolved and noted the debtors' motion to increase borrowing, to cover the expenses of the exit financing lender, was approved.

Ms. Martinez Molina indicated the debtors' motion to establish procedures for objections will be heard tomorrow. She stated over 6,000 claims have been filed in these cases. This motion seeks to streamline the process and Ms. Martinez Molina noted she anticipates approval.

Ms. Martinez Molina stated the second pending motion is to authorize insurance premium financing. She noted this motion was filed last week and will be heard, on an expedited basis, tomorrow. Ms. Martinez Molina explained that unsecured financing, for the various insurance obligations, was not available and an agreement was reached with insurance broker, Frank Crystal. She indicated the total insurance premiums to be financed are in excess of \$1,000,000 and include interest, an annual percentage rate of 5% and a brokerage fee commission of 10% to Frank Crystal.

Ms. Martinez Molina reported that the sufficiency of the Joint Disclosure Statement will be heard tomorrow. Disclosure Statements must be filed in all Chapter 11 bankruptcies along with the plans of reorganization. She indicated that there are at least six (6) objections filed as to this Disclosure Statement and the debtors will try to amend it, in an effort to resolve the shortcomings that were brought to their attention. She noted that the judge has been very accommodating to the debtors to allow them to reorganize, so it is unlikely that the court will say

they must start over again. Ms. Martinez Molina pointed out that the debtors are very well represented and, about a week before the deadline to object, their attorneys reached out to try to ameliorate the deficiencies.

Ms. Martinez Molina advised that Mr. DeMarco filed a Notice of Appearance on behalf of the Fiddler's Creek Ad Hoc Committee of homeowners.

FIDDLER'S CREEK CDD #2 ITEMS

THIRD ORDER OF BUSINESS

**Update: Bankruptcy Proceedings -
Robert DeMarco**

Mr. DeMarco explained that the Disclosure Statement is basically an informational document, filed to provide an overview of the history of the case, how the plans are going to work, how they will be implemented and to what extent the financing will be done. He stated the shortcomings, referred to by Ms. Martinez Molina, are inadequacies in information. Mr. DeMarco indicated the question is whether the Disclosure Statement provides adequate information to the voting entities enabling them to make a reasoned decision whether to vote for or against the plan. He briefly discussed the various objections filed and advised that Mr. Paul Battista is taking all of them into account. Mr. DeMarco stated if Mr. Battista is able to contact the various counsel for the objecting parties, there may be an agreement to continue to the disclosure hearing to a different date. In the interim, there will be some negotiations with respect to the various objections and a revised Disclosure Statement can be filed which may, in fact, comply with all of the objections.

Mr. DeMarco reported that the Ad Hoc Homeowner's Committee, which is a group of 22 homeowners in the Fiddler's Creek community, met yesterday with the official Unsecured Creditor's Committee and the debtor. He stated a question and answer session took place, prior to the closed session, which was very successful and informative and the members of the ad hoc committee were pleased to have that opportunity. He indicated the Ad Hoc Committee is an unofficial, not formally recognized committee of homeowners put together for the purpose of expressing an opinion not colored by other competing interests. He explained that the official Unsecured Creditor's Committee was originally designated as a homeowner's committee. Ultimately, because of the way the bankruptcy proceedings occurred and, based upon a request

from the United States Trustee's office, it became the official committee of unsecured creditors who now represent interests that might have some different perspectives; thus, the homeowners formed a group having no affiliation, other than being residents.

Mr. Robertson stated when Mr. DeMarco filed the paperwork indicating his representation of the Fiddler's Creek Ad Hoc Homeowner's Committee, the question arose regarding a conflict of interest with his representation of that group and CDD #2. Mr. Robertson advised, from his perspective, as Chair of CDD #2, he saw no conflict. Mr. Adams asked Mr. DeMarco to elaborate on his representation. Mr. DeMarco described the committee as an advisory committee that wants to have a voice. He stated the thrust of the discussion was what will happen in the bankruptcy. He indicated Mr. Elliot Miller is a representative and was the representative voice at the meeting.

Mr. Bergmoser referred to Ms. Martinez Molina's objection to the plan and expressed his surprise that the Board Members were not consulted. He asked if she was given carte blanche to do what she feels is right, without consulting the Supervisors. Ms. Martinez Molina discussed her conversations with Mr. Adams regarding the Disclosure Statement. Mr. Adams explained that the Board granted authority to Counsel to file objections on immaterial items. He stated an emergency meeting would be called to request direction from the Board regarding total objection to an entire plan or a more subjective point. Mr. Adams indicated this was more of an administrative objection, due to lack of form and clarity, and several parties filed similar objections.

Mr. Bergmoser indicated his concern over the process and that the Board should be notified prior to an objection being filed. He stated the Board should have a voice in those decisions, going forward, unless the remainder of the Board disagrees. Ms. Martinez Molina welcomed any input from the Board. She explained that she forwards information to Mr. Adams, who then provides it to the Board. She indicated her understanding that the Board had given her specific instructions, in this case, about particular shortcomings and to make an objection and the mandate to object was given by Mr. Adams.

Mr. Brougham stated, to the extent that actions of this type are contemplated, the Board would appreciate advance notice. Ms. Martinez Molina asked for further clarification. Mr. Brougham stated if she and Mr. Adams are contemplating an action, the Board should be made

aware of that action, prior to it occurring, regardless of the level of the action. Mr. Adams indicated he will do so.

Mr. DeMarco stated, when the Disclosure Statements were filed, he sent an email to Mr. Adams indicating his position with respect to the objections that needed to be declared. Mr. Adams communicated to him that there was no mention of the unpaid O&M assessments, which he added to his objections. Mr. DeMarco advised he was under the impression that the appropriate process had been followed. Mr. Adams indicated he was of the same opinion. He stated the items filed as an objection were actually items that were disclosed, at the last meeting, as items of concern, which required additional information. He noted it was necessary to file the objection to try to ensure they were able to get that clarity. Mr. Adams advised, going forward, any level of action will be communicated to the Board in the form of a "heads up" and, if necessary, a special meeting will be called.

Ms. Martinez Molina explained that bankruptcies move at warp speed and expectations are very high, with regard to turnover. She stated she trusts that the Board will be able to meet quickly to assess issues, if and when they come up. Mr. Bergmoser did not feel this would be a problem.

******Ms. Martinez Molina and Mr. DeMarco left the meeting.******

JOINT MEETING ITEMS

FOURTH ORDER OF BUSINESS

Engineer's Report

Mr. Cole presented the pay draws for the Boards approval. He advised them that yesterday, he was informed that the trustees received bondholder approval to pay the remaining outstanding draws. He indicated there are four (4) outstanding draw payments, in addition to three (3) recent draws.

Mr. Cole discussed Requisition #53, in the amount of \$4,700, for retainage for relocation of the backflow assembly. He indicated this was an actual construction item.

Mr. Cole stated Draw #61, for the 2005 Series bond, was for soft costs, primarily related to updating the bond summaries, as well as distributing checks for payments that were received.

Draw #67, for the 2003 Series bond, in the amount of \$700, was for updating the bond summaries.

Mr. Cole discussed the status of Dr. Banaszak's sidewalk repair. He indicated the end result of last month's discussion was they would proceed with the repair at a cost not to exceed \$500, provided there was enough work to make it worth the contractor's while to travel there. He indicated he was able to do so and was given the word to proceed yesterday, by Mr. Adams. He stated he hopes to have the work completed in the next few weeks.

Mr. Schutt asked if the section of sidewalk, where the backflow line was replaced, was included in the concrete. Mr. Cole responded affirmatively.

Mr. Brougham asked who gave the authorization to proceed and if it was in writing. Mr. Adams indicated the remaining project list was updated and approved by the bondholders and the outstanding requisitions, as of yesterday, have been processed.

Mr. Cole referred to the email received in December from Mr. Blicher, a resident, regarding Mahogany Bend. He explained that the pump station, on the north side of the road, does not have landscaping around it, as it was not required at the time. It was agreed that landscaping would be placed around the pump station and paid for out of operational funds. Discussion ensued regarding paying for the landscaping out of bond funds versus operating funds.

Mr. Cole discussed Mr. Blicher's concern about the current condition of Mahogany Bend prior to builders building more homes and damage to the roads by heavy construction trucks and equipment, as well as the ability to prove that the damage was done by their construction. Mr. Blicher indicated that many towns required his company to video the roads and provide a copy, prior to beginning work adjacent to the roadways. Mr. Cole stated this has been an ongoing issue throughout the community. The staff at Gulf Bay coordinated and facilitated the construction, observing the road conditions, etc. Mr. Brougham asked, on a go forward basis, what the process would be by which the District would identify the problem, in conjunction with the homeowner, and could be compensated for an alleged damage by a concrete or drywall truck. Mr. DiNardo stated, historically, when a builder built on a lot, a deposit was taken and when the work was completed, the deposit was either returned or used to make repairs, if there was damage. He stated for the lots on Mulberry and Mahogany Bend, a deposit will be given to the District. Once the inspection is completed, the money will be released.

Mr. Pires stated the District can adopt rules, fees and charges for the use of District facilities. He advised it is a public hearing process with a short advertisement in the paper and a relatively short hearing time frame to adopt a process to say that if a person is going to construct and utilize District roads and also connect to District facilities, by driveways, a deposit must be provided to the District. Mr. DiNardo advised Mr. Pires that he will provide him with the language used by Gulf Bay. Mr. Pires indicated he would provide a draft at the next Board meeting. Mr. Brougham stated the same issue will occur in CDD #2 and recommended they adopt an identical process.

- **Presentation/Consideration: Proposal from CDM for Water Use Permitting and Monitoring**

Mr. Cole indicated that the water use monitoring and reporting was not done due to non-payment and work ceasing in September. His firm was asked to obtain a proposal to provide the report on a monthly or an annual basis. As of yesterday, he received direction to continue working. Mr. Cole advised he has a proposal from CDM, who has been conducting the monitoring and permitting for years, on an annual basis. He indicated that the cost for water use permitting must be included in next year's budget. Mr. Brougham clarified that this is a shared cost, pro-rata. Mr. Adams indicated that this expense will be an irrigation expense line item, in the future.

Mr. Cole stated CDM is going to approach the Water Management District to request submitting quarterly reports, rather than monthly reports. He also advised he will have CDM amend their proposal to the end of Fiscal Year 2011. Mr. Adams indicated a termination clause will be added. Mr. Brougham confirmed that no further action is required, at this point.

FIFTH ORDER OF BUSINESS

Continued Discussion: Belle Meade Preserve Responsibilities (*deferred from December 15, 2010 Regular Meeting*)

Mr. Pires discussed the requirements under the Collier County Vegetation Removal Permit (VRP), which is the permit needed, from Collier County, to implement the Wildlife Habitat and Enhancement Management Plan ("WHEMP"). He indicated they are in the second year of the permit's monitoring and inspection requirement. Mr. Pires also advised they are in the second year of the three (3)-year monitoring and inspection requirement in the Army Corps

permit. He stated the proposal for environmental services, from Turrell, Hall & Associates, Inc., is to conduct the monitoring activity that would satisfy the requirements of the second year monitoring for the Collier County VRP and the second year monitoring and inspection requirement for the Army Corps permit. He explained, once the reports are completed, an agency, or the consultant, will also advise whether or not further monitoring will be necessary, from the standpoint of the Army Corps of Engineers. In response to an inquiry from Mr. Brougham, Mr. Pires clarified that EarthBalance would need to provide confirmation that it is a separate entity from Turrell, Hall & Associates, Inc., and there is no connection between them.

Mr. Pires stated if no monitoring occurs, the Army Corps or the county could initiate enforcement action indicating they are not complying with the permit conditions. He explained that costs can be incurred to defend and/or rebut any violations or lack of compliance with the permit, which may be more expensive than the actual activity. Mr. Pires also clarified that the costs for the monitoring activity by Turrell, Hall are coming from the capital program and were previously approved as part of the bondholder approved list. He indicated that the proposed amount for this year is \$4,250. Mr. Cole confirmed that is for monitoring and an inspection to recommend future treatment frequencies. Mr. Pires stated the report can recommend decreased frequency of treatment, depending upon the condition of the property.

Mr. Pires indicated that exotic spraying is a requirement under both the county VRP and the Army Corps permit for new growth and the frequency depends on the results of the monitoring and inspection reports. He referred to a map and indicated the areas the Districts have been maintaining. He stated after the five (5) years of the county monitoring and inspection and after three (3) years of the Army Corps monitoring, perpetual maintenance of the area will continue, consistent with what is presently going on. Based upon the current conditions, the estimated annual cost for the exotic spraying, for new growth, is \$30,000, which is a capital cost approved by the bondholders for this fiscal year. Mr. Cole indicated there is a higher number in the budget and they are anticipating it will decrease, depending on the second monitoring report and the recommendations of Turrell, Hall & Associates, Inc.

Mr. Pires stated, with regard to the Army Corps permit, the Districts, the Foundation and any other owners have a pro-rata responsibility, as owners of land filled, pursuant to the permit.

Mr. Pires indicated the South Florida Water Management District (SFWMD) permit, for the surface water management system, needs to be converted from the construction phase to the operational phase and can be done by application, incrementally.

Mr. Brougham asked Mr. Strain for his opinion. Mr. Strain advised that the area was cleared two (2) or three (3) years ago, for 80% less than the amount in the capitalized budget. He stated they do not want to have the vegetation grow back to a point where the cost becomes enormous. Mr. Strain suggested that Mr. Turrell and Mr. Cole discuss what is applicable for continued perpetual maintenance, on a frequency basis, as opposed to having it in writing, so that the District has the flexibility, as time goes on, to perform the maintenance as needed, rather than in a specific period. He stressed that continued maintenance is vital to the project.

Discussion ensued regarding what will occur once the required monitoring periods are over and they are into a period where perpetual maintenance is required. Mr. Strain suggested once a year, during the dry season, having a professional, who is familiar with the exotic species, conduct a casual walk through to check for the beginnings of infestation to keep it from getting out of control.

Mr. Correia asked if the exotics strengthen themselves and escalate costs. Mr. Strain explained there are two (2) problem exotics, Brazilian Peppers, which are easier to control and Malaleuca, which they do not have. He stated the fact that they have had no complaints shows that the exotics are being controlled effectively, with very little effort.

Mr. Brougham confirmed that \$50,000 was budgeted between the Districts and clarified that, for Fiscal Year 2011, the expenses for the current recommended activities will be paid out of the capital costs and, in the future, they will be paid with O&M dollars, for both Districts, on a pro-rata share. Discussion ensued regarding taking these expenses out of capital costs, as opposed to the O&M budget, until the end of the monitoring periods. Mr. DiNardo explained that in September of 2009, an agreement was made between the Districts and the bondholders. The developer is assuming that the Districts and the bondholders will abide by that agreement. He stated no more monies can be added to the calculations than what was originally included in the Engineer's Report.

Mr. Brougham asked Mr. Cole to provide an update to the Boards, every month or two (2), regarding activities in the Belle Meade Preserve. Mr. Cole stated, going forward, he will

request that Turrell, Hall & Associates, Inc., be engaged to conduct next year's monitoring and, once that is complete, a meeting will be set up, resulting in the required proposed maintenance. At that time, he will provide numbers for next year's budget.

SIXTH ORDER OF BUSINESS

**Presentation/Consideration: Proposal for
Environmental Services from Turrell,
Hall & Associates, Inc., for First Annual
Preserve Monitoring**

Mr. Cole indicated he will work to have this proposal consummated and have Turrell, Hall & Associates, Inc., begin monitoring.

SEVENTH ORDER OF BUSINESS

Updated Bond Summaries

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

Mr. Cole stated he worked with Mr. DiNardo to create the Summary of Bonds, which illustrates the estimate of work to be completed, as well as the estimated funding needed to complete the work. The summary also shows the original bond amounts, the current amount of funds spent for the bonds and the percentage of completed construction, based on the original bond amounts. Mr. Cole explained the percentages in the summary. Mr. DiNardo discussed the strategy behind the construction. He indicated that the existing bonds are allocated so that when the land is sold, the debt converts to the new homeowners. He clarified that the probability of issuing additional bonds for CDD #1 is small and that the current plan is to finish Marsh Cove with private money, not with additional bonds.

Mr. Cole next reviewed the updated summary, versus what was approved in 2009. He stated now that they have the approval to resume working, he hopes the majority of the work items will be completed.

Mr. Pires indicated that the SFWMD certification is part of the process of transferring the SFWMD permits to the CDD, for operational purposes, and part of that certification will include an examination and inspection of the condition of the facilities by Mr. Cole's firm, relative to the permit conditions. He advised, if deficiencies in the physical condition of the water management system already exist, they will have to be noted, with a number attributed to them.

Mr. DiNardo emphasized the importance of Mr. Pires signing off on requisitions and applications promptly. Mr. Pires pointed out that some of the applications he received were not complete.

Discussion ensued regarding the addition of \$400,000 for lake erosion repairs. Mr. Cole indicated the Boards made a decision to have him approach the bondholders and present them with a revised estimate; however, no decision was made, to date. He suggested that the Boards approve using the updated reports, going forward.

On MOTION for Fiddler's Creek CDD #1 by Mr. Brougham and seconded by Mr. Slater, with all in favor, use of the updated construction reports, for the Series 2005 bonds, going forward, was approved.

Mr. Cole recommended that the CDD #2 Board approve, going forward, using the updated construction report dated January 18, 2011, for the CDD #2 Series 2003 bonds.

On MOTION for Fiddler's Creek CDD #2 by Mr. Robertson and seconded by Ms. DiNardo, with all in favor, use of the updated construction report, dated January 18, 2011, going forward, for only the Series 2003 bonds, was approved.

Mr. Cole referred to the estimated time frame for the Series 2003 bond and discussed installing sidewalks and paving the roads. He stated, to save money, it makes no sense to put a sidewalk in front of a vacant lot, knowing it will be torn up later, or to pave roads where the majority of homes are not built, as they will become damaged from construction activity. His recommendation was to defer this work until the majority of the homes are constructed.

With regard to the CDD #2 Series 2005 bond, Mr. Cole indicated that the estimated time frame is similar to that for the Series 2003 bond, noting that much of the work is contingent upon the installation of FPL transformers. Mr. Cole recommended that the CDD #2 Board approve the updated construction report, for the Series 2005 bond, dated January 18, 2011.

On MOTION for Fiddler's Creek CDD #2 by Ms. Scott and seconded by Ms. DiNardo, with all in favor, the use of the updated construction report, dated January 18, 2011, going forward, for the Series 2005 bonds, with the modification for streets and sidewalks, was approved.

Discussion ensued regarding the construction of a permanent guard house. Mr. DiNardo stated a new bond issue would not include the cost to build a golf course; it would identify the property that will be the golf course. Ms. Scott clarified that the new entrance and gate house will be on the new bond. Mr. DiNardo stated, once the bond is allocated, any future bonds are only charged to new users. Mr. Robertson clarified that Aviamar will have no further debt service.

Mr. Correia inquired about how long the lake bank erosion repairs would take, once they receive the approval from the bondholders. Mr. Cole explained the process. With regard to the competitive bidding process, Mr. Pires stated if the estimated project cost is less than \$300,000, a less formal bidding process can be utilized. Mr. Cole discussed the depth of the lakes.

*****Mr. Cole and Mr. Strain left the meeting.*****

EIGHTH ORDER OF BUSINESS

**Approval of December 15, 2010 Joint
Regular Meeting Minutes**

*****This item, previously the Seventh Order of Business, was discussed out of order.*****

Mr. Robertson presented the December 15, 2010 Joint Regular Meeting Minutes and asked for any additions, corrections or deletions. The following changes were made:

Line 39: Add "Consultant" after "Developer"

Line 56: Strike "the trustee filed"

Line 56: Strike "of" and replace with "to"

Line 57: Strike "as trustee of certain special assessments revenue"

Line 58: Add "Colonnades motion to terminate exclusivity was filed" after "10:00 p.m."

Line 59: Change "Molis" to "Moelis"

Line 60: After "expenses", add a comma

Line 61: After "committee", insert "counsel"

Line 61: Replace "Tomasino" with "Tom Messina"

Line 70: Insert "indenture" between "the" and "trustee"

Line 72: Insert "plans" after "proposed"

Line 35: Insert a comma after "Bellagio"

Line 35: Insert a comma after "Serena"

Line 35: Insert "Chiasso" before "Lots 2 and 3"

Line 96: Change "11" to "eleven"

Line 338: Change "Banaszak" to "Slater"

Line 353: Insert "Slater" after "Bergmoser"

On MOTION for Fiddler's Creek CDD #1 by Mr. Brougham and seconded by Mr. Bergmoser, with all in favor, the December 15, 2010 Joint Regular Meeting Minutes, as amended, were approved.

On MOTION for Fiddler's Creek CDD #2 by Mr. Robertson and seconded by Ms. DiNardo, with all in favor, December 15, 2010 Joint Regular Meeting Minutes, as amended, were approved.

NINTH ORDER OF BUSINESS

Other Business

****This item, previously the Eighth Order of Business, was presented out of order.****

There being on other business, the next item followed.

TENTH ORDER OF BUSINESS

Staff Reports

****This item, previously the Ninth Order of Business, was discussed out of order.****

a. Attorney

There being no report, the next item followed.

b. Manager

i. NEXT MEETING DATE: February 23, 2011 at 8:00 A.M.

Mr. Adams indicated the next meeting will be held on February 23, 2011 at 8:00 a.m., at this location.

c. Operations Manager

Ms. Crismond reported that Management is still working on the front entry decorative fountains. She stated the current contractor provided a "quick fix" and she would like to have the work done properly, without spending a large amount of money. She advised, once the additional quote/proposal is obtained, it will be presented to the Boards for consideration.

Ms. Crismond indicated that the problem with the signature water fountain features was that the FPL transformer was producing too high of a voltage, thereby causing the computer system to shut down. They are now in working order.

Ms. Crismond stated Management completed a tour to review the lakes with Supervisor DiNardo and Mr. Kurth, of LakeMasters. She reported that the lakes are in excellent condition, with minimal invasives observed. She continues to tour the landscaping with TruGreen, on a weekly basis. She indicated there was frost damage during the holidays, which caused plant damage in both CDDs #1 and #2. She noted that there are still numerous areas of sod replacement that have not yet been completed; TruGreen will commence with this project in the spring. Ms. Crismond further noted Management is in the process of obtaining cost and determining locations to commence with the 2nd phase of the tree trimming program, as approved by the Boards in 2009. She will be working with Mr. Vajen to identify locations, prior to work commencement.

Ms. Crismond indicated that a work order was submitted to repair the handicap mat located on the corner of Fiddler's Creek Parkway and Championship Drive. She also discussed a work order received to replace a section of turf on Bent Creek/Pepper Tree. She stated the issue is that the irrigation is controlled by the Bent Creek Association landscaper and she advised TruGreen to keep that landscaper apprised of any issues that may arise. She noted that one (1) section of sod in that area will be replaced at TruGreen's expense.

Ms. Crismond reported Management scheduled the installation of a hedge to buffer the Mahogany Bend lift station, as requested by Mr. Blicher.

As of Thursday, January 20, 2011, The patrol stats include ten (10) total stops, of which five (5) were issued to residents, two (2) were issued to guests and three (3) are unknown. Two (2) citations and eight (8) warnings were issued, one (1) for an expired tag and nine (9) for stop sign violations.

With regard to pressure cleaning, Ms. Crismond indicated that several residents on Mahogany Bend requested that the gutters and the curbs be cleaned. She stated, in the past, there have been several areas where the cleaning was completed, which resulted in controversy among the Board Members over spending money to clean the curbs, rather than addressing mildew slip and fall situations. Cardinal Management asked her when this would be done. Ms. Crismond requested Board approval.

Mr. Schutt felt scrubbing the gutters was a waste of money. Mr. Brougham stated CDD #1's past policy on power washing has been to take care of mildew, mold and slick situations, on sidewalks. He does not feel they can afford to power wash the curbs. He noted, as specific situations are reported or observed, they will be taken care of.

Ms. Crismond stated, last week, it was brought to her attention, that there are some issues with the Veneta fountain. The current contractor, Pinnacle Pools, would like the Districts to implement a once-a-year maintenance program to perform some technical work on the fountains, not currently included in the contract. Last Friday, Ms. Crismond contacted another large contractor to obtain comparable pricing, prior to bringing the proposal before the Board. She will be meeting with C.K., the current contractor, at the end of the week to review the two (2) pump motors that require replacement. Mr. Robertson suggested obtaining a specific annual maintenance plan to perform preventive maintenance. Mr. Correia pointed out that the fountain is operating at reduced capacity. Ms. Crismond advised this is due to clogged lines. She indicated that she will obtain three (3) bids.

Ms. Scott advised Ms. Crismond of a large pothole on Aviamar, heading towards Callista.

Mr. Brougham stated Mr. Adams, Mr. Jackson or Mr. Wrathell may have begun working, in conjunction with the debtors, on a plan and a procedure for how the Districts and the debtors will keep track of what money is advanced, any on-roll partial payments, any reimbursements if shortfalls are advanced and what the agreement will be, between the Districts and the debtors, as to the legalities, the payback, the timing, etc. He stated once they become involved in the payment of county taxes, over a five (5)-year period, it will be important to have a formalized agreement in place to avoid interest charges for shortfall payments or advances. Mr. Brougham

suggested contacting the tax collector, in advance of the bankruptcy, to find out if the Districts can obtain a pro-rata share of property taxes, as they are being paid.

Mr. Adams indicated that is the normal course of action. He stated, as they go through the bankruptcy hearings, it is important for the Districts to make the case that they would like to have the CDD O&M assessments handled separately and distinctly, as those monies are a direct benefit to the community and its presentation/stability. Mr. Adams indicated that he will have that dialog with Special Counsels, as well, and establish a position. Mr. Brougham did not feel this would be problematic for the debtor.

Mr. Slater advised, every morning, from 6:45 a.m., to 7:15 a.m., students are standing outside of the Main Gate, waiting for a bus. He feels this is a safety issue and there should be a cut-in in the hedge or a shelter to avoid the students being hit by a car. He suggested that someone find out why the children are not being picked up at their homes or perhaps have the bus pick them up at the Sales Office parking lot. Ms. Scott advised they will need to have the school system change the bus stop. Mr. Slater will contact the school.

FIDDLER'S CREEK CDD #2 ITEMS

ELEVENTH ORDER OF BUSINESS

Unaudited Financial Statements as of December 31, 2010

****This item, previously the Fourteenth Order of Business, was discussed out of order.****

Mr. Adams presented the Unaudited Financial Statements as of December 31, 2010. He pointed out that they received a good portion of their assessments, primarily the on-roll assessments that are not developer related. He also noted that the expenses, year-to-date, are on target.

TWELFTH ORDER OF BUSINESS

Audience Requests

Comments/Supervisors'

****This item, previously the Fifteenth Order of Business, was discussed out of order.****

There being no audience comments or Supervisors' requests, the next item followed.

THIRTEENTH ORDER OF BUSINESS

Adjournment: Fiddler's Creek CDD #2

****This item, previously the Sixteenth Order of Business, was presented out of order.****

<p>On MOTION for Fiddler's Creek CDD #2 by Mr. Robertson and seconded by Mr. Correia, with all in favor, the Fiddler's Creek CDD #2 meeting adjourned at 10:38 a.m.</p>
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FIDDLER'S CREEK CDD #1 ITEMS

FOURTEENTH ORDER OF BUSINESS

Discussion: Investment Options

****This item, previously the Tenth Order of Business, was discussed out of order.****

- **CDARS**
 - **BB&T Rates**
- **Federated Money Market**
 - **Treasury Obligations Fund**

Mr. Adams advised the TAG program expired on December 31st and, as a result, any investments the District has, which actually earn interest, no longer receive insurance coverage beyond the FDIC level of \$250,000 per institution, which becomes a liability exposure. Mr. Adams noted the seasonal large amounts of cash flowing into the District, as the assessments are paid. He stated their ability to spread the cash assets over accounts such as money market fund savings and an operating account, where they will stay under the \$250,000 FDIC coverage, becomes problematic. Mr. Adams indicated that for the short term, and to ensure preservation of the cash, the surplus dollars were moved into a Direct Demand Account, which provides unlimited protection on the amount deposited; however, there is zero interest. He discussed the CDARS rates and investment terms and noted the alternative is to allow the funds to remain in the Direct Demand Account. Mr. Adams pointed out the idea is to maximize their operating account at \$250,000, maximize the MMF savings account at \$250,000, with a .3% return, and deposit the remainder into a Direct Demand Account or a staggered CDARS investment strategy.

Mr. Pires stated, under Florida law, the statutory requirements for depositing excess governmental funds are first, safety; second, liquidity; and third, return. Mr. Adams indicated

his firm will maximize the operating account, maximize the savings account, ensuring that both remain under the FDIC, with the remainder broken up over CDARS terms to match their cash flow requirements.

On MOTION for Fiddler's Creek CDD #1 by Mr. Brougham and seconded by Mr. Bergmoser, with all in favor, authorization for Staff to maximize the operating account, maximize the savings account, ensuring that both remain under the FDIC insurance coverage limits, with the remainder broken up over CDARS, terms to match the cash flow requirements, was approved.

FIFTEENTH ORDER OF BUSINESS

**Unaudited Financial Statements as of
December 31, 2010**

****This item, previously the Eleventh Order of Business, was discussed out of order.****

Mr. Adams presented the Unaudited Financial Statements as of December 31, 2010. Mr. Brougham inquired about the amount due from the developer and asked why the payments are behind. Mr. Adams advised part of the reason is that the check for December was received but not booked in time for the December 31, 2010 financial statements. Mr. Brougham inquired about the amount for access control contractual services. Mr. Adams indicated the bulk of the submittal had not been paid, for the prior period, in December. He confirmed that the amount for access control is less than the prior contract.

Mr. Adams pointed out the amount received for the on-roll assessment levy, noting that the developer remains on target. He stated their expenses are slightly above where they should be, year-to-date, due to some seasonal expenses, such as the one (1)-time insurance payment and the influx of \$180,000 in legal foreclosure fees.

Mr. Brougham inquired about the \$4,900 for repairs to the gate house. Mr. Adams suspected that it was for the scanner and indicated he would clarify the expense for the Board. Mr. Brougham asked Mr. Adams to email the Board once he verifies what the amount was for.

Mr. Curland advised Mr. Adams that his email is not working. Discussion ensued regarding the email process. Mr. Adams stated his firm is looking at expanding its corporate

email boxes, for some of their clients, whereby the clients' email addresses will run through the corporate server. He will provide an update at the next Board meeting.

SIXTEENTH ORDER OF BUSINESS

**Audience
Requests**

Comments/Supervisors'

******This item, previously the Twelfth Order of Business, was discussed out of order.******

Mr. Joe Riccio, a resident, inquired about future landscaping at the end of Club Center Drive. Mr. Albeit advised there are no plans for additional landscaping at that location. Mr. Brougham indicated that the property has not been turned over to the District; it is owned by the developer and it is not the CDD's responsibility.

There being no Supervisors' requests, the next item followed.

SEVENTEENTH ORDER OF BUSINESS

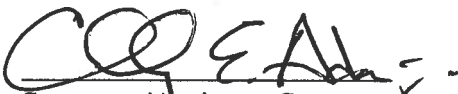
Adjournment: Fiddler's Creek CDD #1

******This item, previously the Thirteenth Order of Business, was discussed out of order.******

There being no further business, the meeting was adjourned.


On MOTION for Fiddler's Creek CDD #1 by Mr. Brougham and seconded by Mr. Bergmoser, with all in favor, the Fiddler's Creek CDD #1 meeting adjourned at 10:57 a.m.

Fiddler's Creek CDD #1


Secretary/Assistant Secretary


Chair/Vice Chair

Fiddler's Creek CDD #2


Secretary/Assistant Secretary


Chair/Vice Chair