

Meeting Summary
Fiddler's Creek CDD#1
August 25, 2010

The joint meeting of CDD#1 and CDD#2 was called to order by Chuck Adams, District Manager at 8:00am. All Supervisors for CDD#1 were present with Mr. Curland participating via telephone. All Supervisors for CDD#2 were present except for Mr. Correia.

The Boards received an update on the Fiddler's Creek LLC bankruptcy proceeding from Doug Gonzales, Counsel to the Boards for the bankruptcy case. The debtors have indicated they will file for another 13 week interim DIP loan at the hearing on September 2, 2010. Mr. Battista, attorney for Fiddler's Creek LLC who participated by phone stated that the debtors would again include in the DIP budget monies to pay CDD off roll assessments as well as fund any shortfalls CDD Operating and Maintenance (O&M) expenses.

A lengthy discussion among Board Supervisors and District staff ensued over the events of early August whereby District staff filed a "partial joinder" with Fiddler's Creek LLC's response to a motion by the bondholders trustee to find Fiddler's Creek LLC a SARE (Single Asset Real Estate) entity, on behalf of CDD #2. This action was contrary to a vote taken by CDD#2 and CDD#1 at the July 28, 2010 meeting to take no position with respect to the bondholder's SARE motion. Mr. Adams explained the sequence of events which led to the instruction to District Counsel to file the joinder as well as the basis for the new direction. In summary, it was recollected that in a previous meeting it was discussed and determined that Mr. Gonzalez in consultation with Mr. Adams, were delegated the authority to take actions on behalf of the Board, in time sensitive situations, that would be ratified at the next available meeting of the Board. It was further acknowledged that Mr. Adams would review items of significance with the Chairman, as a minimum, and individually with the remainder of the Board as circumstances warranted and prior to exercising staff's delegated authority. Mr. Brougham, Chairman of CDD#1 stated he had been contacted with respect to filing a joinder to the response by the Debtors and informed Mr. Adams that CDD#1 had voted to remain neutral and unless a special meeting was called to address the question, the vote of July 28, 2010 stood as voted. Subsequently, each Board entertained clarifying motions stating what delegated authority was authorized to staff outside a public meeting.

CDD#2 voted to grant authority to District Manager in consult with counsel for bankruptcy and the Chairman to make decisions outside of a public meeting in an “emergency” situation. CDD#1 Board voted that any direction to District Manager or counsel for bankruptcy must be made within the context of a public meeting and voted on by the Board of Supervisors.

The next item discussed was a recommendation to engage Bond Counsel which the Boards had not retained for over a year. The issue centered around a proposed letter to the Bondholders Trustee advising them that construction fund withdrawals, by the Trustee for non construction related activities, maybe in violation of exceeding a 10% “private use” threshold established by IRS tax exemption laws. The Boards voted to direct District Counsel, Tony Pires to add additional and appropriate language to the draft memo and for the Treasurer to then forward to the Bondholders’ Trustee and Trustee’s Counsel. Additionally, there was discussion concerning a \$4 million transfer from the 2005 Series Construction Fund to make an unscheduled “principal prepayment ” on the Series 2005 Debt Service Fund.

The public hearing on adopting the proposed 2011 fiscal year budget was then opened for CDD#1. There was a brief discussion in the public hearing which was subsequently closed and the Board of CDD#1 approved the enabling resolution adopting the budget and assessing each property owner \$1,137 for Operating and Maintenance versus \$1,111 for the current fiscal year.