

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

A Special Meeting of the Board of Supervisors of the Fiddler's Creek Community Development District #1 was held on **Wednesday, May 11, 2011 at 1:00 p.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 (via telephone)	Vice Chair
Jim Schutt	Assistant Secretary
Gerald Bergmoser	Assistant Secretary
Robert Slater	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Cleo Crismond	Operations Manager
Aleida Martinez Molina	Weiss Serota, CDD #1 Special Counsel
Daniel Abbott	Weiss Serota, CDD #1 Special Counsel
Amanda Barton	ITG Holdings
Jim Robertson	Resident
Eileen Robertson	Resident

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the meeting to order at 1:01 p.m., and noted, for the record, that Supervisors Brougham, Schutt, Bergmoser and Slater were present, in person. Supervisor Curland was attending by telephone.

SECOND ORDER OF BUSINESS

Executive Session

Mr. Brougham noted the Board will hold an attorney-client session, in accordance with Florida Statute 286.011, regarding litigation in Re: Fiddler's Creek, LLC. He estimated the session to last about one (1) hour. The attendees will include Mr. Brougham, Mr. Slater, Mr. Bergmoser, Mr. Schutt, Mr. Curland, Mr. Daniel Abbott, Ms. Martinez Molina and Mr. Adams.

The proceedings will be recorded by a certified court reporter and the transcript will be made part of the public record at the conclusion of all litigation.

Mr. Brougham asked all individuals, not named, to leave the meeting.

*****The meeting recessed at 1:02 p.m.*****

*****The meeting reconvened at 2:15 p.m.*****

Mr. Adams noted all Board Members were present in person, with Mr. Curland attending by telephone.

THIRD ORDER OF BUSINESS

Public Session – Consideration of Action Items Resulting from Executive Session

Mr. Abbott stated an adversarial proceeding was filed in bankruptcy court and a motion for a temporary restraining order. He asked for the Board's direction as to whether the District should oppose the motions.

On MOTION by Mr. Brougham and seconded by Mr. Slater, with Mr. Bergmoser and Mr. Curland in favor and Mr. Schutt dissenting, authorization for counsel to file a motion opposing the restraining order motion was approved. (Motion passed 4-1)

Mr. Abbott asked for direction on the possibility of moving the state court complaint from circuit court to bankruptcy court. He explained the District would file a notice of removal for the case to be considered in the federal bankruptcy court system. He noted the complaint raises federal bankruptcy issues and believed the case to be properly removable to bankruptcy court.

On MOTION by Mr. Brougham and seconded by Mr. Slater, with Mr. Bergmoser and Mr. Curland in favor and Mr. Schutt opposing, authorization for counsel to file a motion to move state circuit court complaint to the bankruptcy court was approved. (Motion passed 4-1)

Mr. Brougham stated the Board needs to consider the actual ballots.

Ms. Martinez Molina reported an amendment was filed in which the exit financing was increased to \$45 million. She stated she has not reviewed the document in its entirety.

Ms. Amanda Barton reported the debtors filed amended financial projections. Supervisor Schutt asked if there was an indication what the additional \$20 million was about. Ms. Barton stated she did not review entire document.

▪ **Consideration of the Plans of Reorganization Ballots**

Mr. Brougham recalled that the District has four (4) ballots because the District is involved with four (4) of the entities in bankruptcy. Spread across the four (4) ballots are 11 of the District's plan. Ms. Martinez Molina stated the District is voting for four (4) different plans of reorganization. Mr. Brougham explained that each ballot will have at least one, if not more, of the claims/classes listed. He stated the Board has the opportunity to file one (1) ballot and file yes/no on each class. The Board also has the opportunity to vote yes, or no, on all of the classes; vote yes/no for the entire ballot. Ms. Martinez Molina stated the voting is completed on a per class basis.

Discussion followed on how the ballots were set up. Mr. Brougham noted one could vote by class, within a ballot. Ms. Martinez Molina explained that if one would like to vote differently for certain classes, for a given ballot, photocopies would have to be made. Mr. Brougham recalled that, at the end of the last town hall meeting, he discussed the ballot with Mr. Battista, Ms. Martinez Molina and Mr. Guso. He recalled that he asked Mr. Battista if the District could vote each class separately and Mr. Battista responded affirmatively. Mr. Battista explained such a vote would complicate and extend the debtors' work. Mr. Brougham explained that it was his understanding that, regardless of the way the vote is cast, the debtors will have to prove the feasibility, at the confirmation hearing. He speculated the bondholders to object to the feasibility and force the argument on feasibility. Mr. Brougham stated the votes must be submitted by the end of business day on May 16; the District does have the right to abstain. The mediation occurs on May 13 and may or may not result in a settlement.

Mr. Brougham believed there is no advantage to the constituents or the Board in delaying the votes of the plans.

Mr. Bergmoser noted the plan calls for an issuance of another \$45 million in CDD bonds. Should the District vote yea, nay, or abstain, it will be difficult to issue another \$45 million in bonds to any investment company that knows that the District does not preserve the rights of the

bondholders as the indenture trustee desires. The state statutes pertaining to CDDs explain the mission of the Board is to preserve the monies for principal and interest for the bondholders. Any obligations to the homeowners apply only to the operations and maintenance funds that are collected. Mr. Bergmoser stated the debtor would like the District to believe that, if a plan is not confirmed, Fiddler's Creek shuts down almost immediately; whereas, their plan specifically says they have three (3) alternatives. The debtor could continue in Chapter 11, under the debtor-in-possession (DIP) financing, liquidate in Chapter 11 or liquidate and sell. Mr. Bergmoser noted the area has suffered due to the bankruptcy and believed prolonging the bankruptcy would add to the community's loss.

Mr. Schutt noted the concern of voting prior to the mediation because the balance in the mediation would be tipped; however, the ability of the Board voting prior to the May 16 deadline is an issue. He recalled reading the plan to float another \$45 million in the disclosure plan but he was not sure that it was in the second disclosure plan.

Ms. Barton believed the original language was contained in the financial projections and the language was removed from the second amended financial projections. She stated she was not sure if it was included in the recently filed document.

Mr. Curland did not have any comments.

Mr. Slater noted the Board recently discovered the receipt of \$45 million from Mount Kellett and did not believe the Board had all the data necessary for voting on the ballots. He believed there is time to vote and that he would like to know as much as possible before voting. Mr. Slater recommended waiting until Thursday to vote, which will allow the Board to know what would happen at today's meeting scheduled for 3:30 p.m.

Mr. Brougham was not sure what substantial facts could come out of the mediation, or the hearing scheduled for the afternoon, that would alter the Board's opinion. He noted his reluctance to get into a time squeeze waiting for potential events to unfold that may not change opinions. Mr. Brougham noted the judge has the ultimate authority.

Mr. Schutt recommended calling a vote.

On MOTION by Mr. Brougham and seconded by Mr. Curland, with Mr. Schutt and Mr. Bergmoser dissenting and Mr. Slater in favor, the plans of reorganization and treatment of all District claims were approved. (Motion passed 3-2)

FOURTH ORDER OF BUSINESS

Supervisors' Requests

There were no Supervisors' requests.

FIFTH ORDER OF BUSINESS

Adjournment

There being no further business, the meeting was adjourned.

**On MOTION by Mr. Bergmoser and seconded by Mr. Schutt,
with all in favor, the meeting adjourned at 2:42 p.m.**

Fiddler's Creek CDD #1


Secretary/Assistant Secretary


Chair/Vice Chair