

**FIDDLER'S CREEK
COMMUNITY DEVELOPMENT
DISTRICT #1**

**CONTINUED PUBLIC
HEARING AND REGULAR
MEETING AGENDA**

November 16, 2011

Fiddler's Creek Community Development District #1

6131 Lyons Road, Suite 100 • Coconut Creek, Florida 33073

Phone: (954) 426-2105 • Fax: (954) 426-2147 • Toll-free: (877) 276-0889

November 8, 2011

ATTENDEES:
Please identify yourself each time you speak to facilitate accurate transcription of meeting minutes.

Board of Supervisors
Fiddler's Creek Community Development District #1

Dear Board Members:

A Continued Public Hearing and Regular Meeting of The Board of Supervisors of the Fiddler's Creek Community Development District #1 will be held on **Wednesday, November 16, 2011 at 8:00 a.m.**, at the **Fiddler's Creek Club and Spa, 3470 Club Center Boulevard, Naples, Florida 34114**. The agenda is as follows:

1. Call to Order/Roll Call
2. **Public Hearing to Consider Resolutions Relative to the Adoption of Revised Supplemental Assessment Methodologies, Revised Assessment Rolls and the Imposition of Special Assessments on Certain Specially Benefitted Lands within the District to Secure Special Assessment Revenue Bonds, Series 2002A, Series 2002B and Series 2005; Providing a Severability Clause; and Providing an Effective Date**
 - **2012-1 (Series 2002A & 2002B)**
 - **2012-2 (Series 2005)**
3. Other Business
4. Audience Comments/Supervisors' Requests
5. Adjournment

NEXT MEETING DATE: **December 14, 2011 at 8:00 A.M.** (*Joint Board Workshop followed by Regular Meeting*)

Should you have any questions, please do not hesitate to contact me directly at 239-464-7114.

Sincerely,



Chesley E. Adams, Jr.
District Manager

FOR BOARD MEMBERS AND STAFF TO ATTEND BY TELEPHONE:

CALL IN NUMBER: 1-888-354-0094

CONFERENCE ID: 8593810

CA:dg

RESOLUTION 2012-1

A RESOLUTION OF FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT 1 EQUALIZING, APPROVING, CONFIRMING, AND LEVYING SPECIAL ASSESSMENTS ON CERTAIN PROPERTY SPECIALLY BENEFITED BY PROJECTS FINANCED WITH CERTAIN PROCEEDS OF THE DISTRICT'S SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2002A AND SERIES 2002B; PROVIDING FOR THE PAYMENT AND THE COLLECTION OF SUCH SPECIAL ASSESSMENTS BY THE METHODS PROVIDED FOR BY CHAPTERS 170 AND 190, FLORIDA STATUTES; MAKING PROVISIONS FOR TRANSFERS OF REAL PROPERTY TO GOVERNMENTAL BODIES AND OTHER EXEMPT ENTITIES; PROVIDING FOR THE RECORDING OF AN ASSESSMENT NOTICE; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE

WHEREAS, Fiddler's Creek Community Development District 1 (the "District") has previously issued its Special Assessment Revenue Bonds, Series 2002A and Series 2002B (the "2002 Bonds") to construct certain types of public improvements and community facilities (the "2002 Project"); and

WHEREAS, the 2002 Bonds are secured by special assessments against those properties specially benefitted by the 2002 Project (the "2002 Assessments"); and

WHEREAS, on February 23, 2010, Fiddler's Creek, LLC ("Fiddler's Creek") and twenty-seven (27) of its subsidiaries and affiliates (collectively, the "Debtors"), including entities owning real property within the boundaries of the District specially benefitted by the 2002 Project, each filed a voluntary petition in the United States Bankruptcy Court, Middle District of Florida, for relief under Chapter 11 of the Bankruptcy Code, Jointly Administered under Case 8:10-bk-03846-KRM (the "Chapter 11 Cases"); and

WHEREAS, the District filed its claims in the Chapter 11 cases as amended; and

WHEREAS, the United States Bankruptcy Court, Middle District of Florida, Tampa Division, has entered a Memorandum Opinion and Order Confirming the Debtors' Second Amended Plans of Reorganization as Modified dated August 29, 2011 (the "Order"), confirming reorganization plans providing for payment of the claims of the District on certain terms, and the District being bound by that Order and bankruptcy law to accept payment in accordance with those terms, and is thus required to restructure certain of the 2002 Assessments (the "Restructured 2002 Assessments") as set forth in the report of Fishkind & Associates, Inc. attached hereto as **Exhibit "A"** (the "Report"); and

WHEREAS, the District Board of Supervisors (the "Board") has noticed and conducted a public hearing pursuant to Chapters 170 and 190, Florida Statutes, relating to the imposition, levy, collection and enforcement of the Restructured 2002 Assessments as more particularly set forth in **Exhibit A** hereto.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT 1 AS FOLLOWS:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the Order and Chapters 170 and 190, Florida Statutes, including without limitation, Section 170.08, Florida Statutes.

SECTION 2. FINDINGS. The Board of Supervisors of the Fiddler's Creek Community Development District 1 hereby finds and determines as follows:

(a) The District is a local unit of special-purpose government organized and existing under and pursuant to Chapter 190, Florida Statutes, as amended.

(b) It is in the best interests of the District and its residents and owners of property therein that the District, in accordance with the requirement of the Order, restructure and levy the Restructured 2002 Assessments as set forth in **Exhibit A** hereto.

(c) By its Resolution 11-08, the Board determined to restructure the Restructured 2002 Assessments as set forth in Exhibit A thereto and **Exhibit A** hereto. Resolution 11-08 was adopted in compliance with the requirements of Section 170.03, Florida Statutes.

(d) As directed by Resolution 11-08, said Resolution 11-08 was published as required by Section 170.05, Florida Statutes, and a copy of the publisher's affidavit of publication is on file with the Secretary of the Board. As directed by Resolution 11-08, a preliminary assessment roll was adopted and filed with the Board as required by Section 170.06, Florida Statutes.

(e) As required by Section 170.07, Florida Statutes, after completion of the preliminary assessment roll, the Board adopted Resolution 11-09 fixing the time and place of a public hearing at which owners of the property to be assessed and other persons interested therein may appear before the Board and be heard as to the restructuring of such Restructured 2002 Assessments and provided for publication of notice of such public hearing and individual mailed notice in accordance with Chapters 170 and 190, Florida Statutes.

(f) Notice of such public hearing was given by publication and also by mail as required by Section 170.07, Florida Statutes. Affidavits as to such publications and mailings are on file in the office of the Secretary of the Board.

(g) On October 28, 2011, being the date referenced in Resolution 11-09 and at the time provided in the notice and at the place specified in said Resolution 11-09, the Board met as an Equalization Board, conducted a public hearing and heard and considered all complaints and testimony as to the matters described in paragraph (e) above. The Board has made such

modifications in the preliminary assessment roll as it deems necessary, just and right in the making of the final assessment roll.

(h) Having reviewed **Exhibit A** hereto and hearing all complaints and evidence presented at such public hearings, the Board of Supervisors of the District further finds and determines:

(i) it is reasonable, proper, just and right to equalize the Restructured 2002 Assessments as set forth in **Exhibit A** hereto;

(ii) it is hereby reaffirmed that the 2002 Project constitutes a special benefit to all assessable parcels of real property within the District listed on said final assessment roll set forth in **Exhibit A** hereto and that the special benefit, in the case of each such parcel, will be equal to or in excess of the special assessments thereon when allocated as set forth in **Exhibit A**;

(iii) that the special assessments allocated as set forth in **Exhibit A** have been fairly and reasonably allocated; and

(iv) it is in the best interests of the District that the special assessments be paid and collected as herein provided.

SECTION 3. EQUALIZATION, APPROVAL, CONFIRMATION AND LEVY OF SPECIAL ASSESSMENTS. The Restructured 2002 Assessments on the parcels described in **Exhibit A** hereto are hereby equalized, approved, confirmed and levied. Immediately following the adoption of this resolution, the Restructured 2002 Assessments shall be recorded by the District Manager in a special book, to be known as the "Improvement Lien Book". Such Restructured 2002 Assessments against each respective parcel shown on **Exhibit A** and interest and penalties thereon, as hereafter provided, shall be and shall remain a legal, valid and binding

first lien on such parcel until paid and such lien shall be coequal with the lien of all state, county, district, municipal or other governmental taxes and superior in dignity to all other liens, titles, and claims. The District may make any other such acreage and boundary adjustments to parcels listed on such final assessment roll as may be necessary in the best interests of the District as determined by the Board by subsequent resolution. Any such adjustment in the assessment roll shall be consistent with the requirements of law.

SECTION 4. PAYMENT OF ASSESSMENTS AND METHOD OF COLLECTION.

(a) The Restructured 2002 Assessments shall be paid at such time as set forth in **Exhibit A** hereto. The Board hereby approves and adopts **Exhibit A** hereto and the provisions thereof are hereby incorporated by reference.

(b) The District Manager is directed and authorized to take all actions necessary to collect such Restructured 2002 Assessments using any and all methods available to the District authorized by Florida law. The District Manager shall prepare or cause to be prepared each year a tax roll for purposes of effecting the collection of the Restructured 2002 Assessments and present same to the Board as required by law.

SECTION 5. GOVERNMENT PROPERTY; TRANSFERS OF PROPERTY TO UNITS OF LOCAL, STATE, AND FEDERAL GOVERNMENT. Real property owned by units of local, state, and federal government shall not be subject to the Restructured 2002 Assessments without specific consent thereto. In addition, property owned by a property owners association or a home owners association that is exempt from special assessments under Florida law shall not be subject to the Restructured 2002 Assessments. If at any time, any real property on which Restructured 2002 Assessments are imposed by this resolution is sold or otherwise

transferred to a unit of local, state, or federal government (without consent of such governmental unit to the imposition of the Restructured 2002 Assessments thereon), or to a property owners association or a home owners association that is exempt from special assessments under Florida law (without the consent of such association to the imposition of Restructured 2002 Assessments thereon), all future unpaid Restructured 2002 Assessments for such tax parcel shall become due and payable immediately prior to such transfer without any further action of the District.

SECTION 6. ASSESSMENT NOTICE. The District Manager is hereby directed to record a general notice of such Restructured 2002 Assessments in the Official Records of Collier County, Florida.

SECTION 7. SEVERABILITY. If any section or part of a section of this resolution be declared invalid or unconstitutional, the validity, force and effect of any other section or part of a section of this resolution shall not thereby be affected or impaired unless it clearly appears that such other section or part of a section of this resolution is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unconstitutional.

SECTION 8. CONFLICTS. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, superseded and repealed.

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SECTION 9. EFFECTIVE DATE. This Resolution shall become effective upon its adoption.

APPROVED AND ADOPTED THIS 16th DAY OF NOVEMBER, 2011.

**FIDDLER'S CREEK COMMUNITY
DEVELOPMENT DISTRICT 1**

Secretary

Chair

Exhibit A

SUPPLEMENTAL ASSESSMENT METHODOLOGY REPORT FOR FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT 1

Revised November 2, 2011

Prepared for

**Board of Supervisors
Fiddler's Creek Community Development District 1**

Prepared by

**Fishkind & Associates, Inc.
12051 Corporate Boulevard
Orlando, Florida 32817
407-382-3256**

SUPPLEMENTAL ASSESSMENT METHODOLOGY REPORT FOR FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT 1

1.0 Introduction

The Board of Supervisors ("Board") of the Fiddler's Creek Community Development District 1 ("District") adopted the master assessment methodology report ("Master Report") for the District at its November 27, 1996 meeting which was updated December 4, 1996 to reflect the sale of the District's Series 1996 Bonds.¹ The Master Report provided the methodology by which the District allocated debt it issued to fund infrastructure improvements that specially benefit all developable property in the District. The Master Report was supplemented in 1999, 2002, and 2005 when the District issued its Series 1999, 2002, and 2005 Bonds.² These supplements applied the master assessment methodology to the particular circumstances surrounding each bond issue reflecting the Developer's (951 Landholdings, LTD and affiliated companies) expected development plan and the District Engineer's updated cost estimates for the District's Capital Improvement Plan ("CIP") at those times. Over this period the Developer's development plan evolved to reflect changing market conditions, and the cost estimates for the CIP were updated all as expected under the master methodology.

On September 9, 2009 the District authorized the commencement of foreclosure proceedings against the Developer. Subsequently, the Developer filed for bankruptcy and issued its Second Amended Joint Consolidated Disclosure Statement for Plans for Reorganization of the Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code ("Plan") dated February 15, 2011. The District voted to support the proposed Plan, thereby committing itself to supplement the assessment methodology to reflect the restructuring of the Series 2002 and Series 2005 bond issues. On August 29, 2011 Judge May confirmed the Plan. This supplemental report ("Supplement") updates the allocation of debt associated with the Series 2002 and 2005 bonds in accord with the master methodology and in light of the Plan.

¹ Fishkind & Associates, Inc, "Assessment Methodology Report for Fiddler's Creek Community Development District", December 4, 1996.

² Fishkind & Associate, Inc., "Assessment Methodology Update Series 1999 Bonds", April 9, 1999; "Supplemental Assessment Report for the Series 2002 Bonds", February 22, 2002; and "Supplemental Assessment Report Series 2005 Bonds", November 30, 2005.

2.0 Restructured Assessments based on the Plan

2.1 Amount of Assessment to be Restructured

Based on the Plan, \$34,114,175 of District's assessments associated with the Series 2002 and 2005 bonds will be restructured³. The amount includes: (a) the outstanding bond balance as of February 2009 when the Developer first filed for bankruptcy, (b) past due interest payments for 2009-2011, and (c) future interest payments for the balance of 2011 and for 2012. The Plan provides for level amortization of the outstanding bonds at their initial coupon rates over their initial projected terms. Table 1 provides the calculations supporting the restructured bond assessment amount of \$34,114,175.

Table 1. District Bond Assessments Restructured

<i>Series 2002A</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>
Beginning	\$9,365,000	\$10,008,844	\$10,652,688	\$11,296,531
Interest	\$643,844	\$643,844	\$643,844	\$643,844
Ending	\$10,008,844	\$10,652,688	\$11,296,531	\$11,940,375
Coupon	6.88%			
<i>Series 2002B</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>
Beginning	\$4,920,000	\$5,245,950	\$5,571,900	\$5,897,850
Interest	\$325,950	\$325,950	\$325,950	\$325,950
Ending	\$5,245,950	\$5,571,900	\$5,897,850	\$6,223,800
Coupon	6.63%			
<i>Series 2005</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>
Beginning	\$18,095,000	\$19,180,700	\$14,766,400	\$15,652,384
Interest	\$1,085,700	\$1,085,700	\$885,984	\$885,984
Principal	\$230,000	\$0	\$0	\$0
Bonds Called	\$0	\$5,500,000	\$0	\$588,368
Ending	\$19,410,700	\$14,766,400	\$15,652,384	\$15,950,000
Coupon	6.00%			
Total District Bonds				=====
				\$34,114,175

³ The Plan dated February 15, 2011 indicates that \$34,095,000 of bonds will be restructured. This was based in part on incorrect information provided by the District. This error has subsequently been corrected by the District in its corrected proof of claim.

2.2 Debt Allocation

Based on the District's proof of claim and the Developer's land plan, Table 2 presents the allocation of the restructured assessments to the unplatted acreage remaining in the District. Until plats are processed the District allocates debt on an equal basis per net acre.

Table 2. Debt Allocation for Restructured Assessments Bonds

<i>Parcel</i>	<i>Unplatted Properties</i>	<i>Net Acreage</i>	<i>Par Debt</i>
6	Parcel 6	18.67	\$2,907,210
32	Parcel 32	9.24	\$1,438,812
37	Parcel 37	12.12	\$1,887,273
36	Parcel 36	13.90	\$2,164,447
40	Parcel 40	12.79	\$1,991,603
41	Parcel 41	14.80	\$2,304,591
42	Parcel 42	8.70	\$1,354,726
43	Parcel 43	7.89	\$1,228,596
39	Parcel 39	10.13	\$1,577,399
101	Parcel 101	10.13	\$1,577,399
102	Parcel 102	10.13	\$1,577,399
107	Parcel 107	9.30	\$1,448,155
106	Parcel 106	14.10	\$2,195,590
105	Parcel 105	9.90	\$1,541,585
104	Parcel 104	11.06	\$1,722,215
103	Parcel 103	14.30	\$2,226,733
	Retail 951	31.92	\$4,970,442
		=====	=====
Totals		219.08	\$34,114,175

2.3 True Up Analysis

The assessment methodology provides for a true up test to preclude the build-up of debt on unplatted land in the District. Initially, the District based its true up test on: (1) an estimate for the total amount of debt needed to fund the CIP and (2) the total gross acres contained in the District. The resulted in a ceiling level of debt of \$66,916 per gross acre that was not to be exceeded on unplatted property in the District. In 2002 the District adjusted the estimate for the remaining CIP downward and shifted to a net acre basis for the true up test. This resulted in a ceiling level of \$172,702 per net acre.

Now the District is anticipating restructuring \$34,114,175 in assessments to accommodate the Plan. The remaining net acres to be developed total 219.08. This results in a new ceiling amount of \$158,089 per net acre as shown in Table 3, which will be used for the true up test on a going-forward basis. Since the proposed debt per net acre is lower than the ceiling level, no true up payment or further analysis is necessary at this time.

Table 3. Calculation of the Ceiling Amount of Debt for The True Up Test

<i>Category</i>	<i>Amounts</i>
Total District Assessments Restructured	\$34,114,175
Net Acres Remaining	219.08
	=====
Debt/Net Acre	\$155,716

2.4 Analysis of Liens

Following the process laid out in Chapter 170, F.S. the District established the liens for its bonds at \$66,916 per gross acre as shown in Table 4. The District anticipated issuing a maximum of \$93,000,000 in bonds across its 1,390 gross acres producing the lien per gross acre of \$66,916.

Table 4. Analysis of Initial Lien and Proposed Lien Per Net Acre

<i>Category</i>	<i>Amount</i>
Estimated Debt 1996	\$93,000,000
Gross Acres	1,390
Debt/Gross Acre	\$66,916
Net Residential Acres	541.78
Net Commercial Acres	33.62
	=====
Total Net Acres 1996	575.40
Gross to Net Acres	2.42
Debt/Net Acre 1996	\$161,627

The proposed Plan would result in an assessment debt of \$155,716 per net acre. Therefore, we must adjust the initial lien to a net acre amount to make a comparable analysis of the amount of lien the District initially established on a net acreage basis.

According to the District Engineer's Report contained in the offering statement ("OS") for the Series 1996 Bonds the District planned to construct the residential products on 541.78 acres and the commercial products on 33.62 acres for a total of 575.40 net acres. This represents a ratio of 2.42 gross-to-net acres. Using this ratio of gross-to-net acres to adjust the original lien of \$66,916 per gross acre produces an equivalent debt per net acre of \$161,627. Since the initial lien imposed in 1996 on a net acre basis is higher than the lien per net acre in the Plan, the Plan is consistent with the District's 1996 assessment liens and assessment process.

2.5 Analysis of Special Benefit

Legal assessments in Florida must satisfy two basic principles.

- (1) The assessments must confer a special benefit on the properties to be assessed.
- (2) The assessments must be allocated to benefiting properties on an equitable basis consistent with the benefits they receive.

In this section of the report the special benefits are analyzed. Section 3 provides the allocation analysis consistent with the master assessment methodology.

As discussed in the master methodology report, the improvements undertaken by the District create both: (1) special benefits to properties within its borders and (2) general benefits to properties outside the District. However, as discussed below, these general benefits are incidental in nature and are readily distinguishable from the special benefits which accrue to property within the District.

The infrastructure program of the District enables properties within its boundaries to be developed. Without the District's capital improvement program (CIP) there would be no infrastructure to support development of land in the District. Furthermore, the development order for Fiddler's Creek requires many of these improvements. Without these improvements development of property in the District would be prohibited by law.

There is no doubt that the general public, and property owners outside the District, will benefit from the provision of District infrastructure. However, these are incidental to the District's infrastructure program, which is designed solely to meet the needs of property within the District. Properties outside the District do not depend upon the District's improvement program to obtain, or to maintain, their development

entitlements. This fact alone clearly distinguishes the special benefits which District properties receive compared to those lying outside of the District's boundaries, which may be expanded from time to time.

Florida case law recognizes three types of special benefits: (1) increase in marketability or in market value, (2) reduced insurance premiums, or (3) added use and enjoyment. In this case the value of the special benefits provided by the District's improvement program is far greater than the costs associated with providing these same benefits. The Plan anticipates restructured total assessment debt of \$34,114,175 or \$155,716 per net developable acre. Without the improvements funded by the bonds the property would be worth no more than \$25,000-to-\$30,000 per acre as entitled agricultural lands, because there would be no ability to develop the property and no infrastructure to support development.

Even during the pendency of the bankruptcy process, the Developer has a contract with DR Horton for the purchase of 50-foot wide improved lots priced at \$100,000 per lot. In addition, Horton has agreed to accept bond debt with a value in excess of \$60,000 per lot. Thus, the effective price Horton agreed to pay is over \$160,000 per lot. Since the density is over 2 lots per net acre, Horton is effectively paying over \$320,000 per net acre. This alone demonstrates that the proposed debt levels satisfy the special benefit test by virtue of the improvements funded by the bonds increased the value of the property by more than the amount of debt imposed.

Considering that this transaction was consummated while Fiddler's Creek was still involved in the bankruptcy, this transaction clearly demonstrates the value of the special benefits created by the Plan. Coming out of the bankruptcy, there is every reason to believe that even higher prices for its land will be achieved. In fact, this is exactly what the Plan anticipates. Finally, the Financial Advisor testified in the Bankruptcy proceedings that it was his opinion that the values in the Developer's Plan were realistic.

3.0 Allocation of Debt Using the Assessment Methodology

3.1 Assessment Methodology

The assessment methodology established by the District is a process by which the District allocates debt to benefitting properties. Prior to a final platting of properties, the precise land uses cannot be determined. Therefore, the District allocates debt to all developable acres in the District (net acres) on an equal pro rata basis. As platting occurs, the District can refine the debt per net acre to a debt based on the specific land use shown in the plat. The amount of debt allocated to each land use depends upon the number of trips the land use will generate on the

District's roads and the value of other infrastructure needed to support that land use measured in terms of equivalent units ("EU").

3.2 Updated Development Plan for Fiddler's Creek

The Developer has updated the development plan for their unplatted property in Fiddler's Creek. Table 5 presents the updated development plan. The plan is subject to change and therefore the actual assessment amounts shown in this report are illustrative. If this land use plan were developed without change, then the allocations provided herein would be correct without need for future updates (which is unlikely).

Table 5. Developer's Land Use Plan for the Balance of Developable Land in the District

<i>Land Plan</i>	<i>Units</i>
Single-family	
50' wide lots	114
65' wide lots	252
80' wide lots	90
100' wide lots	41
Commercial (sf)	265,000

3.3 Analysis of Restructured Assessments for Roads and Other Uses

The District's original estimates for the CIP indicated that 13.53% of the CIP was for roads and the balance for other infrastructure, as shown in Table 6. Since there is no data for the composition of the CIP remaining for the Plan and since the infrastructure has been installed for the District's portion of the improvements, it is reasonable to assume that these same percentages apply to the debt to be allocated in this supplement.

Table 6. Analysis of District's Restructured Assessments by Component

<i>Category</i>	<i>Total Amount</i>	<i>Percent</i>	<i>Plan</i>
Roads	\$8,847,000	13.53%	\$4,616,144
Other	\$56,534,000	86.47%	\$29,498,031
	=====	=====	=====
Total	\$65,381,000	100.00%	\$34,114,175

Therefore, \$4,616,144 of debt will be allocated for roadway costs using trips to allocate the costs to benefiting properties and the balance will be allocated using the EU method to the benefiting properties.

3.4 Allocation of Roadway Costs

The District's methodology allocates roadway costs to benefiting properties based upon the volume of trips that they generate. Trip rates are derived from the Institute of Transportation Engineer's "Trip Generation", 7th edition which is widely viewed as authoritative on trip rates. One adjustment was made. The commercial trip rate was reduced by 50% to reflect the fact that at least half of its trips would be generated from residences in the District. Without this adjustment trips would be double counted to the commercial property.

Table 7. Allocation of Roadway Costs

<i>Land Plan</i>	<i>Units</i>	<i>Trip Rate</i>	<i>Total Trips</i>	<i>% Trips</i>	<i>Par</i>
Single-family					
50' wide lots	114	9.57	1,091	10.44%	\$482,117
65' wide lots	252	9.57	2,412	23.09%	\$1,065,733
80' wide lots	90	9.57	861	8.25%	\$380,619
100' wide lots	41	9.57	392	3.76%	\$173,393
Commercial (sf)	265,000	21.47	5,690	54.47%	\$2,514,281
Totals			=====	=====	=====
			10,446	100.00%	\$4,616,144

3.5 Allocation of Other Costs

The District's assessment methodology allocates the costs for all other components of the CIP based on an equivalent unit method. The standard unit is a 50-foot wide residential lot. All other residential units are scaled relative to their widths. These roughly correspond to the size of the lots and to the relative benefits that each receives from the non-roadway portion of the CIP.

The EU rate for commercial property is set at 0.5 per square foot. This reflects the fact that the commercial properties provide most of their own drainage and mitigation for their development on site. Therefore, they do not rely on these expensive District facilities.

Table 8. Allocation of Other Costs

<i>Land Plan</i>	<i>Units</i>	<i>ERU/Unit</i>	<i>Total ERU</i>	<i>% ERU</i>	<i>Par</i>
Single-family					
50' wide lots	114	1.00	114.00	14.25%	\$4,202,944
65' wide lots	252	1.30	327.60	40.94%	\$12,077,934
80' wide lots	90	1.60	144.00	18.00%	\$5,308,982
100' wide lots	41	2.00	82.00	10.25%	\$3,023,170
Commercial (sf)	265,000	0.50	132.50	16.56%	\$4,885,001
			=====	=====	=====
Totals			800.10	100.00%	\$29,498,031

3.6 Total Allocation of Costs of the Plan

Table 9 summarizes the total allocation of cost to benefitting properties in the District. The debt or par per unit is consistent with the Plan. Unless or until the land use plan changes for the District, the costs per unit shown in Table 9 would be allocable to properties when they receive their final plats. The total amounts per unit in Table 9 are consistent with the Plan.

Table 9. Allocation of Total Plan Costs

<i>Land Plan</i>	<i>Units</i>	<i>Par</i>	<i>Par/Unit</i>
Single-family			
50' wide lots	114	\$4,685,061	\$41,097
65' wide lots	252	\$13,143,667	\$52,157
80' wide lots	90	\$5,689,601	\$63,218
100' wide lots	41	\$3,196,563	\$77,965
Commercial (sf)	265,000	\$7,399,282	\$28
		=====	
Total		\$34,114,175	

3.7 Order of Allocation of Lien by Bond Series

As noted above, until such time as a plat is filed benefiting properties are allocated debt on a net acre basis. As plats are processed the District refines the allocation of debt from a per net acre basis to a per land use basis according to Table 9. In addition, the debt on each plat is assigned to the District's various bond issues in series order starting with the Series 2002 Bonds. When the entire lien of the Series 2002 Bonds is assigned to platted properties, then the lien from additional plats is assigned to the Series 2005 Bonds.

4.0 Tax Roll

Table 10 presents the tax roll showing the annual assessment payments needed to amortize the restructured bond assessments with a par value of \$34,114,175 as per the Plan.

Table 10. Tax Roll

<i>Parcel</i>	<i>Par Debt</i>	<i>Annual Payment</i>	<i>Administrative Charges</i>	<i>Total Annual Payment</i>
6	\$2,907,210	\$255,995	\$20,480	\$276,475
32	\$1,438,812	\$126,695	\$10,136	\$136,831
37	\$1,887,273	\$166,184	\$13,295	\$179,479
36	\$2,164,447	\$190,591	\$15,247	\$205,838
40	\$1,991,603	\$175,371	\$14,030	\$189,401
41	\$2,304,591	\$202,931	\$16,235	\$219,166
42	\$1,354,726	\$119,291	\$9,543	\$128,834
43	\$1,228,596	\$108,184	\$8,655	\$116,839
39	\$1,577,399	\$138,898	\$11,112	\$150,010
101	\$1,577,399	\$138,898	\$11,112	\$150,010
102	\$1,577,399	\$138,898	\$11,112	\$150,010
107	\$1,448,155	\$127,518	\$10,201	\$137,719
106	\$2,195,590	\$193,333	\$15,467	\$208,800
105	\$1,541,585	\$135,745	\$10,860	\$146,604
104	\$1,722,215	\$151,650	\$12,132	\$163,782
103	\$2,226,733	\$196,076	\$15,686	\$211,762
Retail 951	\$4,970,442	\$437,674	\$35,014	\$472,688
	=====	=====	=====	=====
Totals	\$34,114,175	\$3,003,934	\$240,315	\$3,244,249

RESOLUTION 2012-2

A RESOLUTION OF FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT 1 EQUALIZING, APPROVING, CONFIRMING, AND LEVYING SPECIAL ASSESSMENTS ON CERTAIN PROPERTY SPECIALLY BENEFITED BY PROJECTS FINANCED WITH CERTAIN PROCEEDS OF THE DISTRICT'S SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2005; PROVIDING FOR THE PAYMENT AND THE COLLECTION OF SUCH SPECIAL ASSESSMENTS BY THE METHODS PROVIDED FOR BY CHAPTERS 170 AND 190, FLORIDA STATUTES; MAKING PROVISIONS FOR TRANSFERS OF REAL PROPERTY TO GOVERNMENTAL BODIES AND OTHER EXEMPT ENTITIES; PROVIDING FOR THE RECORDING OF AN ASSESSMENT NOTICE; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE

WHEREAS, Fiddler's Creek Community Development District 1 (the "District") has previously issued its Special Assessment Revenue Bonds, Series 2005 (the "2005 Bonds") to construct certain types of public improvements and community facilities (the "2005 Project"); and

WHEREAS, the 2005 Bonds are secured by special assessments against those properties specially benefitted by the 2005 Project (the "2005 Assessments"); and

WHEREAS, on February 23, 2010, Fiddler's Creek, LLC ("Fiddler's Creek") and twenty-seven (27) of its subsidiaries and affiliates (collectively, the "Debtors"), including entities owning real property within the boundaries of the District specially benefitted by the 2005 Project, each filed a voluntary petition in the United States Bankruptcy Court, Middle District of Florida, for relief under Chapter 11 of the Bankruptcy Code, Jointly Administered under Case 8:10-bk-03846-KRM (the "Chapter 11 Cases"); and

WHEREAS, the District filed its claims in the Chapter 11 cases as amended; and

WHEREAS, the United States Bankruptcy Court, Middle District of Florida, Tampa Division, has entered a Memorandum Opinion and Order Confirming the Debtors' Second Amended Plans of Reorganization as Modified dated August 29, 2011 (the "Order"), confirming reorganization plans providing for payment of the claims of the District on certain terms, and the District being bound by that Order and bankruptcy law to accept payment in accordance with those terms, and is thus required to restructure certain of the 2005 Assessments (the "Restructured 2005 Assessments") as set forth in the report of Fishkind & Associates, Inc. attached hereto as **Exhibit "A"** (the "Report"); and

WHEREAS, the District Board of Supervisors (the "Board") has noticed and conducted a public hearing pursuant to Chapters 170 and 190, Florida Statutes, relating to the imposition, levy, collection and enforcement of the Restructured 2005 Assessments as more particularly set forth in **Exhibit A** hereto.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF FIDDLER'S CREEK COMMUNITY DEVELOPMENT DISTRICT 1 AS FOLLOWS:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the Order and Chapters 170 and 190, Florida Statutes, including without limitation, Section 170.08, Florida Statutes.

SECTION 2. FINDINGS. The Board of Supervisors of the Fiddler's Creek Community Development District 1 hereby finds and determines as follows:

(a) The District is a local unit of special-purpose government organized and existing under and pursuant to Chapter 190, Florida Statutes, as amended.

(b) It is in the best interests of the District and its residents and owners of property therein that the District, in accordance with the requirement of the Order, restructure and levy the Restructured 2005 Assessments as set forth in **Exhibit A** hereto.

(c) By its Resolution 11-10, the Board determined to restructure the Restructured 2005 Assessments as set forth in Exhibit A thereto and **Exhibit A** hereto. Resolution 11-10 was adopted in compliance with the requirements of Section 170.03, Florida Statutes.

(d) As directed by Resolution 11-10, said Resolution 11-10 was published as required by Section 170.05, Florida Statutes, and a copy of the publisher's affidavit of publication is on file with the Secretary of the Board. As directed by Resolution 11-10, a preliminary assessment roll was adopted and filed with the Board as required by Section 170.06, Florida Statutes.

(e) As required by Section 170.07, Florida Statutes, after completion of the preliminary assessment roll, the Board adopted Resolution 11-11 fixing the time and place of a public hearing at which owners of the property to be assessed and other persons interested therein may appear before the Board and be heard as to the restructuring of such Restructured 2005 Assessments and provided for publication of notice of such public hearing and individual mailed notice in accordance with Chapters 170 and 190, Florida Statutes.

(f) Notice of such public hearing was given by publication and also by mail as required by Section 170.07, Florida Statutes. Affidavits as to such publications and mailings are on file in the office of the Secretary of the Board.

(g) On October 28, 2011, being the date referenced in Resolution 11-11 and at the time provided in the notice and at the place specified in said Resolution 11-11, the Board met as an Equalization Board, conducted a public hearing and heard and considered all complaints and testimony as to the matters described in paragraph (e) above. The Board has made such

modifications in the preliminary assessment roll as it deems necessary, just and right in the making of the final assessment roll.

(h) Having reviewed **Exhibit A** hereto and hearing all complaints and evidence presented at such public hearings, the Board of Supervisors of the District further finds and determines:

(i) it is reasonable, proper, just and right to equalize the Restructured 2005 Assessments as set forth in **Exhibit A** hereto;

(ii) it is hereby reaffirmed that the 2005 Project constitutes a special benefit to all assessable parcels of real property within the District listed on said final assessment roll set forth in **Exhibit A** hereto and that the special benefit, in the case of each such parcel, will be equal to or in excess of the special assessments thereon when allocated as set forth in **Exhibit A**;

(iii) that the special assessments allocated as set forth in **Exhibit A** have been fairly and reasonably allocated; and

(iv) it is in the best interests of the District that the special assessments be paid and collected as herein provided.

SECTION 3. EQUALIZATION, APPROVAL, CONFIRMATION AND LEVY OF SPECIAL ASSESSMENTS. The Restructured 2005 Assessments on the parcels described in **Exhibit A** hereto are hereby equalized, approved, confirmed and levied. Immediately following the adoption of this resolution, the Restructured 2005 Assessments shall be recorded by the District Manager in a special book, to be known as the "Improvement Lien Book". Such Restructured 2005 Assessments against each respective parcel shown on **Exhibit A** and interest and penalties thereon, as hereafter provided, shall be and shall remain a legal, valid and binding

first lien on such parcel until paid and such lien shall be coequal with the lien of all state, county, district, municipal or other governmental taxes and superior in dignity to all other liens, titles, and claims. The District may make any other such acreage and boundary adjustments to parcels listed on such final assessment roll as may be necessary in the best interests of the District as determined by the Board by subsequent resolution. Any such adjustment in the assessment roll shall be consistent with the requirements of law.

SECTION 4. PAYMENT OF ASSESSMENTS AND METHOD OF COLLECTION.

(a) The Restructured 2005 Assessments shall be paid at such time as set forth in **Exhibit A** hereto. The Board hereby approves and adopts **Exhibit A** hereto and the provisions thereof are hereby incorporated by reference.

(b) The District Manager is directed and authorized to take all actions necessary to collect such Restructured 2005 Assessments using any and all methods available to the District authorized by Florida law. The District Manager shall prepare or cause to be prepared each year a tax roll for purposes of effecting the collection of the Restructured 2005 Assessments and present same to the Board as required by law.

SECTION 5. GOVERNMENT PROPERTY; TRANSFERS OF PROPERTY TO UNITS OF LOCAL, STATE, AND FEDERAL GOVERNMENT. Real property owned by units of local, state, and federal government shall not be subject to the Restructured 2005 Assessments without specific consent thereto. In addition, property owned by a property owners association or a home owners association that is exempt from special assessments under Florida law shall not be subject to the Restructured 2005 Assessments. If at any time, any real property on which Restructured 2005 Assessments are imposed by this resolution is sold or otherwise

transferred to a unit of local, state, or federal government (without consent of such governmental unit to the imposition of the Restructured 2005 Assessments thereon), or to a property owners association or a home owners association that is exempt from special assessments under Florida law (without the consent of such association to the imposition of Restructured 2005 Assessments thereon), all future unpaid Restructured 2005 Assessments for such tax parcel shall become due and payable immediately prior to such transfer without any further action of the District.

SECTION 6. ASSESSMENT NOTICE. The District Manager is hereby directed to record a general notice of such Restructured 2005 Assessments in the Official Records of Collier County, Florida.

SECTION 7. SEVERABILITY. If any section or part of a section of this resolution be declared invalid or unconstitutional, the validity, force and effect of any other section or part of a section of this resolution shall not thereby be affected or impaired unless it clearly appears that such other section or part of a section of this resolution is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unconstitutional.

SECTION 8. CONFLICTS. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, superseded and repealed.

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SECTION 9. EFFECTIVE DATE. This Resolution shall become effective upon its adoption.

APPROVED AND ADOPTED THIS 16th DAY OF NOVEMBER, 2011.

**FIDDLER'S CREEK COMMUNITY
DEVELOPMENT DISTRICT 1**

Secretary

Chair

Exhibit A

November 7, 2011

VIA EMAIL (adamsc@whhassociates.com)

Fiddler's Creek Community Development District 1
c/o Wrathell, Hart, Hunt and Associates
Attention: Chuck Adams, Director of Operations

Re: 2005 Fiddler's Creek Community Development District 1 Bonds

Ladies and Gentlemen:

This letter is a follow up to my letter of October 26, 2011 and your meeting of October 28, 2011.

I listened to Dr. Fishkind's explanation at the meeting of why he thought a "first in first out" ("FIFO") methodology was appropriate, but he misses, or at least did not address, our point.

Our point is that, as a legal matter, FIFO represents a change from the basis upon which the bonds were offered to my client. This is reinforced by the fact that on the very same day, November 30, 2005, Fishkind & Associates prepared two Supplemental Assessment Reports, one for Community Development District 1 ("CDD 1") and another for Community Development District 2 ("CDD 2"). The language of the two reports was different. It is an elementary legal principle that where different language is used different results apply. In this case, a potential bond purchaser reviewing the two reports, both dated the same date, would have seen that the CDD 2 report specifically provided for FIFO in Section 3.4 while the Special Assessment Report for the CDD 1 bonds contained no such allocation. Accordingly, the law provides -- and it was reasonable and logical for a bond purchaser to conclude -- that there was a difference between the two offerings. Again, this is reinforced by the fact that the Supplemental Assessment Report for each District was prepared by the same company, was dated the same date, and included different terms.

Dr. Fishkind is not an attorney and his suggestion in 2011 to change a methodology promised in 2005 is legally incorrect. The proper answer for the CDD 1 Series 2005 Bonds is to adopt the 2011 Supplemental Report without Section 3.7, thereby allowing for proportionate allocation of platted lots among the series, and thereby conforming to the basis upon which the Bonds were sold.

As stated in our earlier letter, a copy of which is attached, MMA objects to applying a FIFO methodology for the Fiddler's Creek CDD 1 Series 2005 Bonds. MMA has instructed us to take such actions as may be necessary to protect its interest if the FIFO methodology is

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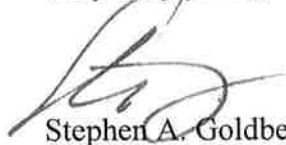
GALLAGHER
EVELIUS & JONES LLP

ATTORNEYS AT LAW

Fiddler's Creek Community Development District 1
November 7, 2011
Page 2

applied to the CDD 1 Series 2005 Bonds in violation of MMA's contractual, securities law and other rights. We reiterate that MMA has no objection to the application of the FIFO methodology to the Fiddler's Creek CDD 2 Series 2005 Bonds where the FIFO methodology was properly disclosed.

Very truly yours,



Stephen A. Goldberg

SAG/mmr
Enclosure

cc: Kathy Broecker (kathy.broecker@usbank.com)
Warren Bloom (bloomw@gtlaw.com)
Kris Wiebeck (kris.wiebeck@munimae.com)

October 26, 2011

VIA EMAIL (adams@whhassociates.com)

Fiddler's Creek Community Development District 1
c/o Wrathell, Hart, Hunt and Associates
Attention: Chuck Adams, Director of Operations

Re: 2005 Fiddler's Creek Community Development District 1 Bonds

Ladies and Gentlemen:

We represent MuniMae TE Bond Subsidiary, LLC ("MMA"), which hold 100% of the Fiddler's Creek Community Development District No. 1 ("CDD 1") Series 2005 Bonds and 100% of the Fiddler's Creek Community Development District No. 2 ("CDD 2") Series 2004 Bonds. The purpose of this letter is to advise you that MMA hereby objects to the proposal in Section 3.7 of the Supplemental Assessment Methodology Report for Fiddler's Creek CDD 1 prepared by Fishkind & Associates dated September 28, 2011.

The Supplemental Assessment Methodology Report proposes in Section 3.7 to allocate all platted lots to the CDD 1 Bonds in the order of issuance of the CDD 1 Bonds starting with the Series 2002 Bonds. This proposal violates both the language of the Offering Memorandum and the history of the CDD 1 Series 2005 Bonds.

Specifically, when the CDD 1 Series 2005 Bonds were issued, the offering documents made no distinction between the allocation of platted lots to the CDD 1 Series 2002 Bonds and the CDD 1 Series 2005 Bonds. Pursuant to Section 3.1 of the Supplemental Assessment Report for the Fiddler's CDD 1 Bonds dated November 30, 2005 prepared by Fishkind & Associates and included in the offering materials, no distinction is drawn between the bonds of the various series. The clear intent was that as lots are platted, the assessment allocable to such lots would support both the CDD 1 Series 2002 Bonds and the CDD 1 Series 2005 Bonds pro rata. This is consistent with the fact that an affiliate of MMA owned 100% of both the CDD 1 Series 2002 Bonds and CDD 1 Series 2005 Bonds and agreed to a pro rated methodology.

In complete contrast, Section 3.4 of the Supplemental Assessment Report for Fiddler's Creek CDD 2, also prepared by Fishkind & Associates and also dated November 30, 2005, a different methodology was proposed. Specifically, in Section 3.4 of the November 30, 2005 Special Assessment Report for CDD 2, the following additional paragraph appears:

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October 26, 2011
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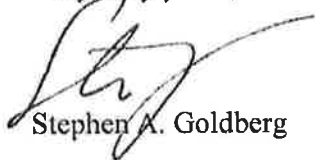
“The assignment of assessments associated with Series 2005 Bonds to Defined Development Units will begin after the completion of the assignments associated with the Series 2003 and Series 2004 Bonds. The process of assigning assessments to Defined Development Units will continue on a first platted or first ‘Defined’ basis until all of the debt associated with the Series 2005 Bonds has been allocated.”

Thus, the CDD 2 Series 2005 Bond Offering specifically contemplated a “first in first out” (“FIFO”) methodology, while the CDD 1 Series 2005 Bonds issued pursuant to a Special Assessment Report prepared by the same company, dated the same date, did not include a FIFO methodology. Plainly, given the same authoring organization and the same date, but different language, a different result was intended.

Accordingly, MMA objects to applying a FIFO methodology to the Fiddler's Creek CDD 1 Series 2005 Bonds as proposed in Section 3.7 of the Supplemental Assessment Report expected to be considered on Friday, October 28, 2011. MMA has no objection to the application of FIFO methodology to the Fiddler's Creek CDD 2 Series 2005 Bonds.

MMA will consider all of its options if the FIFO methodology is applied to the CDD 1 Series 2005 Bonds in violation of the Offering Memorandum by which the District sold the bonds to MMA, including whether there are securities law violations.

Very truly yours,



Stephen A. Goldberg

SAG/mmr

cc: Kathy Broecker (kathy.broecker@usbank.com)
Warren Bloom (bloomw@gtlaw.com)
Kris Wiebeck (kris.wiebeck@munimae.com)