

## Fiddler's Creek files Chapter 11 bankruptcy protection

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Originally published 11:16 a.m., February 24, 2010

Updated 09:02 p.m., February 24, 2010

**COLLIER COUNTY** — The financially troubled developer of Fiddler's Creek has filed for Chapter 11 bankruptcy, hoping to reorganize with the help of a new \$25 million loan.

On Tuesday, Fiddler's Creek LLC and its affiliates filed for bankruptcy protection in U.S. District Court in Fort Myers. They have \$160 million in mortgage debt. On top of that they are obligated to pay \$66 million to bondholders in two community development districts, which are generally set up by developers to finance roads, utilities and other community needs.

The Chapter 11 filing was made "to preserve the substantial equity that exists in the 4,000-acre luxury residential development," according to a news announcement.

The Chapter 11 filing will stop foreclosure actions, while the developer looks to reorganize over the next 18 months.

The developer plans to continue building, selling and delivering homes, without interruption.

"Business will continue as usual, and the stabilization of a Chapter 11 proceeding will benefit the Fiddler's Creek sales efforts," said Joseph Parisi, general counsel for the Gulf Bay Group of Cos.

Fiddler's Creek LLC is an affiliate of the Gulf Bay Group of Cos., whose founder and president is Aubrey Ferrao.

The Gulf Bay Group of Cos. is one of the largest privately owned development companies in Southwest Florida. The company has built waterfront condominiums in Pelican Bay, Park Shore Beach and Marco Island. It developed the Marco Beach Ocean Resort and the Tarpon Club Yachting center, along with launching Fiddler's Creek more than a decade ago.

The developer has defaulted on several loans and has sought ways to restructure

them to avoid foreclosure at Fiddler's Creek.

In September, the boards for the two community development districts gave their attorneys the go-ahead to proceed with foreclosure, but lawsuits have not yet been filed.

In January, Regions Bank, headquartered in Alabama, filed a foreclosure action against the developer in Collier County Circuit Court, seeking a more than \$48 million judgment for monies owed on a mortgage that matured in May.

Fiddler's Creek has filed a counterclaim, seeking damages of its own from the lender and alleging fraud, negligence and breach of contract. Regions agreed to extend the loan and then didn't – and interfered with the developer's ability to find other financing, Parisi said.

With the housing crash in Southwest Florida, the developer has struggled to keep sales going.

Sales in Fiddler's Creek – off Collier Boulevard – began in 1998. According to the developer's Web site, about 2,000 homes have been sold.

The gated golf community – with an 18-hole course designed by Arthur Hills – is planned for 6,000 homes in about 100 neighborhoods. The projected build-out is 2020.

The resort community has a mix of home types: coach, villa and single-family, including custom Mediterranean-style estates.

Gulf Bay Capital – an investment affiliate of the Gulf Bay Group of Cos. – has agreed to provide the \$25 million loan. The amount of the loan is the estimated cost to continue the day-to-day operations while the developer reorganizes.

In 2007, the real estate assets of Fiddler's Creek LLC were valued at \$700 million. At the time of the Chapter 11 filing, the value had dropped to \$312 million, showing the impact of a housing slump and economic slow down in Southwest Florida, the company said.

“The Chapter 11 reorganization is the most efficient and timely process for accomplishing the orderly restructure of debt, which takes place under supervision of the court,” Parisi said.

The filing is a way to protect the value of homes and the amenities, the company said.

The developer said the \$25 million loan will allow it to continue operating and maintaining the golf club, the Tarpon Club, which offers a full-service marina off-site to members, and other amenities in the community with the same standards and customer service.

"Fiddler's Creek will continue to deliver extraordinary lifestyle experiences through this reorganization, staffed by its full complement of current employees," the company said.

According to the court filing, the board for Fiddler's Creek LLC voted unanimously to voluntarily file for Chapter 11 bankruptcy. Ferrao is a board member. The other members are Mark Woodward, Anthony DiNardo and Joseph Parisi. Gulf Bay Capital – the investment affiliate – has the same four directors.

David Kaster, a Fiddler's Creek resident and a Realtor specializing in resales in the community, said he doesn't expect the filing to affect homeowners. A town hall meeting with residents is planned for today.

"Fiddler's Creek, the way it was designed, is beautiful," Kaster said. "It's not as though we have new construction all over the place. It was done in phases."

"Eventually that undeveloped property will be developed and that will be market driven," Kaster said.

He said the restructuring is a sign of the times. Many other developers have been through it locally and nationally.

The filing could slow resales in Fiddler's Creek in the short-term, Kaster said, adding that they have been stronger this season.

"Our sales have increased dramatically just in the last three to four months," he said. "The prices are lower. People are just seeing incredible value right now."

The developer said it will continue to update homeowners and club members on its progress as it reorganizes.

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