

MINUTES OF MEETING
TESORO
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Tesoro Community Development District was held Thursday, May 25, 2017 at 10:00 a.m. at the Tesoro Club, 3rd Floor, 2000 S.E. Via Tesoro, Port St. Lucie, Florida.

Present and constituting a quorum were:

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|----------------|---------------------|
| Sal Spano | Chairman |
| Kathy Fialco | Vice Chairman |
| Everardo Ortiz | Assistant Secretary |
| Hal Fenner | Treasurer |

Also present were:

| | |
|---------------|-------------------------|
| George Flint | District Manager |
| William Capko | District Counsel |
| Brian Smith | Field Manger |
| Ed Rivera | Tesoro Property Manager |
| Lisa Doran | Palm Beach Polo Club |

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order.

SECOND ORDER OF BUSINESS

Public Comment Period

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Organizational Matters

A. Administration of Oaths of Office to Newly Elected Supervisors

Mr. Flint stated we did have a Landowner Election last November and as a result of the Landowner Election Mr. Fenner and Mr. Ortiz were elected to four-year terms and Ms. Lordi was elected to a two-year term. We need to administer the Oath of Office to Mr. Fenner and Mr. Ortiz. We will send the Oath to Ms. Lordi and she can have it administered by a Notary or we can do it at the next meeting.

Mr. Flint being a Notary Public of the State of Florida administered the Oath of Office to Mr. Fenner and Mr. Ortiz.

B. Consideration of Resolution 2017-01 Canvassing and Certifying the Results of the Landowners' Election

Mr. Flint stated Resolution 2017-01 canvasses and certifies the results of the Landowners' Election. It indicates Mr. Fenner received 61 votes, Mr. Ortiz 61 votes and Ms. Lordi 60 votes.

On MOTION by Mr. Spano seconded by Ms. Fialco with all in favor Resolution 2017-01 was approved.

C. Consideration of Resolution 2017-02 Electing Officers

Mr. Spano stated the following recommendations for officers are: Sal Spano Chairman, Kathy Fialco Vice Chair, Hal Fenner Treasurer, Tara Lordi Assistant Treasurer and Everardo Ortiz Secretary.

Mr. Flint stated I will also ask if you could make Ariel Lovera an Assistant Treasurer, he is currently an Assistant Treasurer and for purposes of administering the bank accounts and signing checks you have to have a Treasurer or Assistant Treasurer sign those.

Mr. Spano stated you are bonded and insured as part of your contract.

Mr. Flint responded yes. There are two signatures on every check, I sign and Ariel signs and if you would make me an Assistant Secretary that would also facilitate that and I am currently designated as an Assistant Secretary.

On MOTION by Mr. Spano seconded by Ms. Fialco with all in favor Resolution 2017-02 was approved as follows: Sal Spano Chairman, Kathy Fialco Vice Chair, Hal Fenner Treasurer, Tara Lordi Assistant Treasurer, Ariel Lovera Assistant Treasurer, Everardo Ortiz Secretary and George Flint Assistant Secretary.

FOURTH ORDER OF BUSINESS

Approval of the Minutes of the August 23, 2016 Board of Supervisors Meeting and Acceptance of the Minutes of the August 23, 2016 Audit Committee Meeting and November 29, 2016 Landowner Meeting

On MOTION by Mr. Spano seconded by Mr. Ortiz with all in favor the minutes of the August 23, 2016 Board meeting were approved, the minutes of the August 23, 2016 Audit Committee meeting and November 29, 2016 Landowners' meeting were accepted.

FIFTH ORDER OF BUSINESS

**Consideration of Resolution 2017-03
Approving the Proposed Fiscal Year 2018
Budget and Setting a Public Hearing**

Mr. Flint stated next is Resolution 2017-03 approving the proposed Fiscal Year 2018 budget that starts on October 1st and setting the date, place and time of the public hearing.

The statutes require the Board to approve what is called a proposed budget by June 15th of each year and set the date, place and time of the public hearing for its final consideration. The proposed budget is sent to St. Lucie County and City of Port St. Lucie at least 60 days in advance of the public hearing. They have the ability to review but they have no approval authority and we have never received any comments. Attached to the resolution is Exhibit A, which is the proposed budget.

Mr. Spano stated this budget is consistent with prior years budgets and we have a carry forward surplus and we have used part of that surplus to bring our budget in compliance so we have a cost charged to each individual lot of \$40.69, which appears in the non-ad valorem tax portion of the real estate tax bill and for the undeveloped lots it is \$30.52 and that is the same amount that has been in place since 2014. We do have adequate funding in the CDD and the budget we are proposing for 2018 is \$397,150 it is a zero based budget.

On MOTION by Mr. Spano seconded by Mr. Ortiz with all in favor Resolution 2017-03 approving the proposed Fiscal Year 2018 budget and setting a public hearing for August 22, 2017 at 10:00 a.m. at this location was approved.

SIXTH ORDER OF BUSINESS

**Ratification of Agreement with Grau &
Associates, Inc. to Provide Auditing Services
for Fiscal Year 2016**

Mr. Flint stated next is an agreement with Grau & Associates to provide auditing services for Fiscal Year 2016. You went through a process and selected Grau & Associates as the

independent auditor and we executed that agreement since you haven't met since August and I'm asking the Board to ratify that.

On MOTION by Mr. Spano seconded by Mr. Fenner with all in favor the engagement letter with Grau & Associates to perform the Fiscal Year 2016 audit was ratified.

SEVENTH ORDER OF BUSINESS

Consideration of Work Authorization from Culpepper & Terpening, Inc. to Prepare a Public Facilities Report

Mr. Flint stated next is a work authorization with the District Engineer, Culpepper & Terpening to prepare a public Facilities Report. Under Chapter 189 CDDs are required every seven years to prepare a public facilities report and now the requirements have been amended that this actually has to be posted on the District's website. The fee being proposed is consistent with what we are seeing in other Districts and is a fee of \$4,000 with estimated reimbursable expenses of \$300.

Mr. Spano asked at the end of the day what does the report tell the people who are reading it?

Mr. Flint responded it basically tells what the District's facilities are, gives some assurance they are being maintained properly and indicates any major repairs that may be needed and any major planned capital improvements. In this case we don't foresee any major capital improvements coming down the road so it is going to be a rather steady view with not a lot of planning in the future but it is still a requirement that we submit it.

Mr. Spano stated as a prelude to this before we turned over the east side we went in and did a lot of mitigation in that area.

On MOTION by Mr. Spano seconded by Ms. Fialco with all in favor the work authorization from Culpepper & Terpening to prepare the public facilities report was approved.

EIGHTH ORDER OF BUSINESS

Consideration of Termination of Agreement with Crossroads Environmental Consultants, Inc.

Mr. Flint stated we currently have an agreement with Crossroads Environmental Consultants and we also have an agreement with EW Consultants. The Board in 2012 at the time

this agreement was entered into we went through the process of issuing a request for qualifications for environmental consulting services and at the time Crossroads was providing some services and the Board decided to retain Crossroads but they also retained another company called EW Consultants, which is a local environmental consulting firm. We actually retained EW Consultants to review the east side before we took it over as kind of a check and balance. We have had very limited communication with Crossroads and my understanding is that his company may have merged with another company.

Mr. Spano stated I also understand he may be running for a political office. George and I have spoken multiple times about this issue and it is now time for us to cut the cord and move forward so we can complete the items on transferring of all the platting, transitions, permits, conveyances that we have been working on for the last three years. The recommendation is termination of agreement with Crossroads Environmental.

Mr. Capko stated you may want to clarify whether or not the termination is with or without cause.

Mr. Flint stated there is a 30 day termination provision without cause. We will provide a letter giving them the 30 day notice as required under the agreement.

On MOTION by Mr. Spano seconded by Mr. Ortiz with all in favor the agreement with Crossroads Environmental Consultants, Inc. was terminated without cause.

NINTH ORDER OF BUSINESS

Update Regarding Platting, Transition of Permits and Conveyance of Land

Mr. Flint stated the prior action is related to this action. The environmental consultant is supposed to provide the exhibits to the easement agreement that was prepared by Lee Dobbins and irrespective of my attempts to follow-up and get that done they have not been provided. Culpepper & Terpening is now communicating with Lee Dobbins and they indicated that they should have the exhibits to us within a couple of weeks.

Mr. Spano asked once we get those exhibits what is the next step?

Mr. Flint responded I think the easement agreement has been approved in form so the exhibits will be attached to that and you can ratify it.

Mr. Spano stated I also had Al Moore read that easement agreement and he contributed some language to Dobbins, which he accepted readily in terms of making it on a par level for everybody.

Mr. Flint stated it is kind of a band-aid approach but at least it puts everyone in good legal standing as far as what they are actually maintaining. At some point there likely will need to be a replat done but in the interim this will give us the authority to maintain what we are maintaining and give the POA authority to maintain what they are maintaining and the developer to maintain what they are maintaining.

Mr. Spano stated going back two years ago we took a look at this and had the attorneys look at it and made a determination it was in the public's interest for us to start to maintain that area before we had this done so we had standing and attorney review in doing that.

Mr. Flint stated this is just an update we were hoping to have the exhibits but there will be some expense related to the Engineer preparing those because the environmental consultant was supposed to be preparing those in their role as the developer's consultant so we may see some additional engineering expenses related to preparation of the exhibits. I have asked for an estimate of those costs and I will keep the Chairman informed.

Mr. Fenner asked what event would trigger the need to replat?

Mr. Flint stated I think from a maintenance perspective we are probably okay because we are on good legal ground based on the reciprocal easements that we have. It is possible that the owner of the golf course and club at some point if they want to sell it will probably have to be sold subject to those encroachments and subject to that easement and if the buyer is okay with that then it is fine. It may have to get cleaned up or it may not have to get cleaned up.

TENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

Mr. Flint stated I have been talking to Butch about this easement issue, he had a conflict today and offered to send Stef Mathis and I thought it probably wasn't necessary to have Stef

here. There is no report other than he is working on the exhibits and because of the historical knowledge other than Toby he is in the best position to prepare those.

Mr. Spano stated Culpepper & Terpening was the group that did the original work here at Tesoro so they have first hand knowledge of this whole thing and they have a lot of the data digitally on their system so that is something we don't have to create.

C. Manager

i. Approval of Check Register

On MOTION by Mr. Spano seconded by Ms. Fialco with all in favor the check run summaries were approved.

ii. Balance Sheet and Income Statement

A copy of the balance sheet and income statement was included in the agenda package.

iii. Presentation of Number of Registered Voters - 214

Mr. Flint stated each year we have to announce as of April 15th the number of registered voters and you can see there are 214 according to the Supervisor of Elections. That number becomes important when it hits 250. If it had hit 250 this year, next year in November two of the five seats would transition to general election. If it hits it next year it won't be until 2020 that two seats will transition to general election and in 2022 two more seats and in 2024 the last seat will transition. To be able to run for office once that transition occurs it is like running for City Commission or County Commission, you qualify through the Supervisor of Elections office. They have streamlined the process of qualifying for special District seats it is not as onerous as if you were running for a City Commission seat but you do have to go through the Supervisor of Elections and if you choose not to open a campaign account you don't have to submit treasurer's reports and all the things that are required. They also reduced the fee for special District elections.

ELEVENTH ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

TWELFTH ORDER OF BUSINESS Supervisor's Requests

Mr. Spano stated we don't have any large projects except this transition of documents.

Mr. Flint stated one of the things that Brian is working on is the one fountain and water feature that the District owns he is spearheading the repair of that.

Mr. Smith stated the electrical panel has deteriorated to the point that it needs to be completely replaced.

Mr. Spano asked is there any change in terms of the guy who is on property?

Mr. Flint stated Brian will be the one. He and Alan have come down together and Brian is transitioning to taking that responsibility over.

On MOTION by Mr. Spano seconded by Ms. Fialco with all in favor the meeting adjourned at 10:28 a.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman