

MINUTES OF MEETING
TESORO COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Tesoro Community Development District was held Tuesday, May 29, 2012 at 9:30 a.m. at the Tesoro Club, 3rd Floor, 2000 S.E. Via Tesoro, Port St. Lucie, Florida.

Present and constituting a quorum were:

Sal Spano	Chairman
Kelly Straub	Vice Chairman
Brian Lacusky	Assistant Secretary
Jake Ivey	Assistant Secretary – by telephone

Also present were:

George Flint	District Manager
Bill Capko	District Attorney
Butch Terpening	District Engineer
Alan Scheerer	Field Manger
Glenn Straub	WCI

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the February 16, 2012 Meeting

Mr. Flint stated the next item is approval of the minutes of the February 16, 2012 meeting. Are there any additions, deletions or corrections to the minutes?

There not being any,

On MOTION by Mr. Spano seconded by Ms. Straub with all in favor the minutes of the February 16, 2012 meeting were approved as presented.
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THIRD ORDER OF BUSINESS

Consideration of Agreement with Berger Toombs Elam Gaines & Frank to Provide Auditing Services for Fiscal Year 2012

Mr. Flint stated the next item is consideration of agreement with Berger Toombs Elam Gaines & Frank to provide auditing services for Fiscal Year 2012. The Board previously went through a competitive selection process as prescribed by the statutes and Berger Toombs was selected to provide those services. Their proposal includes a proposed fee of \$3,200, which is actually \$100 less than what they charged for Fiscal Year 2011 and it is consistent with their proposal when they submitted their bid. The budget for the current year is \$4,000 for auditing services.

On MOTION by Mr. Spano seconded by Mr. Ivey with all in favor the agreement with Berger Toombs to perform the Fiscal Year 2012 audit was approved.

FOURTH ORDER OF BUSINESS

Review of RFQ/RFP for District Services

- A. Review of Submittals and Selection of a Firm to Provide Legal Services (RFQ 2012-001)**
- B. Review of Submittals and Selection of a Firm to Provide Professional Engineering Services (RFQ 2012-002)**
- C. Review of Submittals and Selection of a Firm to Provide Environmental Consulting Services (RFQ 2012-005)**

Mr. Flint stated the next section of the agenda deals with bidding District services and per the Board's direction at the last meeting we issued a request for qualifications for legal services for the District. The RFQ was mailed to seven law firms and as a result of that we received three responses to the RFQ, one from Lewis Longman & Walker, the current District Counsel, one from Sachs Sax & Caplan and one from Latham Shuker Eden & Beaudine. The Board was provided copies of each one of those responses with the evaluation criteria for the legal services there were basically two included in the packet, one is the qualifications and experience of the respondents and/or their firm which will be evaluated based on the breadth and depth of the individual firms experience as a whole and their representation of other clients and two, on their qualifications and experience with regard to community development districts and Chapter 190.

Mr. Spano stated in reviewing these packets not only are they laborious and detailed and so on and so forth but one of the significant things I did not see in these packets was cost of services. Without that core thing as a group I think we are kind of handicapped in terms of looking at this and making sure that it is fair market, competitive services. So, help me with that.

Mr. Flint stated engineering and environmental consulting fall under the Consultants Competitive Negotiation Act and that requires any work in excess of \$25,000 you have to go through a competitive selection process. Typically that is done based on an RFQ which is a selection based on qualifications. Then you enter into a continuing services agreement where you basically have them on board and then you would issue work authorizations off that master agreement and the work authorization would define the cost to the District.

In regards to the attorney you are not required statutorily to bid attorney services but based on the Board's direction we prepared an RFQ for the services. The three responses do indicate the range with the exception of Sachs Sax & Caplan in regards to fees they indicated on the last page of their letter that they provided their governmental clients a reduced hourly rate or can work on a retainer basis. Lewis Longman & Walker provided a range of hourly rates for their shareholders and associates and paralegals, which is page 7 of their proposal. Latham Shuker also provided the hourly rates for the two principal individuals that would be working on the District if they were selected. In regards to legal services you typically select on qualifications but they have provided the hourly rates that the District would be billed.

With the engineering and environmental consulting they haven't provided rates. Typically you would rank them based on qualifications and then you would negotiate with the number one ranked firm and at that point you would get into the economics of the arrangement and if you couldn't reach an arrangement with the number one ranked firm then you would enter into negotiations with the number two ranked firm.

Mr. Spano stated we put down the economics of a budget and we are saying our attorney budget as an example is \$10,000, our engineering budget is only \$5,000 so we are saying this year is a minimum effort in terms of services being performed. Is it based on four meetings a year and general correspondence and anything above that is something that is billed out per task?

Mr. Flint responded yes, for example on legal services the \$10,000 is just an estimate of attending meetings, answering legal questions as we go but if we get into a lawsuit or we get into a situation where we are issuing bonds or something like that obviously the cost would be in addition to what is in the budget. The \$5,000 for engineering services is really just to attend meetings. If the District Engineer was directed to work on a specific project then there would be a work authorization that would be issued and we eventually would have to amend the budget to accommodate it. In the budget process you can't always anticipate what those are going to be.

Mr. Spano stated I'm speaking personally but I didn't have that understanding when I got all this paperwork so I'm looking for something I can't find so I felt a little uncomfortable doing that. Now that I have a little better understanding I think one of two things is going to happen. I would like to take this and table it or have the Board look to give me and maybe the Vice Chair the latitude in selecting services. I didn't see anybody that wasn't qualified. I think all we are saying is let's select people that are going to benefit us the most in terms of what our trials are going to be for the upcoming year and I think some of that is going to be impacted by some of the requests we make today of the management company because of the other issues we have with transfers of property and some bond issues that we want to go forward with. I would like the other Board members to entertain my recommendation to either postpone this for one meeting until we get our arms around it or give the Chair and Vice Chair the latitude to make a selection with the management company.

Mr. Flint stated I don't know that you can delegate and Bill would have to confirm it but I don't think you can delegate the decision but you could create a review committee and typically you would have one Board member on that. You can decide how that is comprised and that committee could review the responses and come back to the Board with a recommendation. That way each Board member at this meeting doesn't necessarily have to go through that process but you can evaluate the recommendation of a selection committee. That might be one alternative for you.

Mr. Spano stated that sounds better. Do any of the Board members have comments?

Mr. Lacusky asked do we have any agreements that are expiring that need to be extended?

Mr. Flint responded no, we are going to have to deal with the lake and wetland maintenance and I have the agreement in here. We don't have an environmental consultant engaged right now but for the Engineer and the Attorney those are ongoing agreements so they are not expiring or have expired. If the Board wants to do that we can take one of these individually and consider the action on each one of them.

Mr. Spano stated I would rather do them as a group because I think there is further review to be done. I don't mind volunteering my time with the management company and any other Board member that wants to participate as a review committee and come back to the Board at the next meeting with firm recommendations. That is a motion I'm making.

Mr. Flint stated it will be an advertised meeting so more than one Board member can be there. If you want to appoint more than one Board member to the committee you can do that.

Mr. Spano stated I'm open to suggestions.

Ms. Straub stated I submit my name.

Mr. Ivey stated I agree that it is for the qualification of what we are looking at right now it certainly merits to reviewing this again.

On MOTION by Mr. Spano seconded by Mr. Ivey with all in favor a committee comprised of Mr. Spano, Ms. Straub and Mr. Flint was set up to review the legal, engineering and environmental submittals and to bring back to the Board at their next meeting recommendations for Board consideration.

D. Review of Proposals and Selection of a Firm to Provide Wetland, Lake and Upland Preserve Maintenance Services (RFP 2012-004)

Mr. Flint stated the next item is review of proposals and selection of a firm to provide wetland, lake and upland preserve maintenance services. We advertised that in the local newspaper, the bids were issued on April 22nd and they were due May 22nd at 2:00 p.m. We provided copies of the bids to 17 potential respondents that requested copies as a result of the notice. We received four responses, one from Aquatic Vegetation Control, one from Biotech Consulting, one from DeAngelo Brothers, Inc., which is also known as Aquagenix and one from Native Lands Management. The evaluation criteria that were included in the bid document and provided to the Board included, quality of personnel at 25 points, their experience in similar work at 25 points, understanding of the scope of work at 25 points, their financial capability at 10 points and price at 15 points.

Mr. Spano stated I have been trying to at least once a month go on a tour with these guys and I think we are entering a difficult period because of what is happening in Florida and the lack of water we have with Lake Okeechobee and I would be hesitant to go to a different vendor at this point. I need to stress that we are going to need additional support from them working with South Florida Water Management and the local constituents in terms of making sure this property is not forgotten. The guy from the City of Port St. Lucie wasn't too interested in my concerns of the water area, which tells me that we have to put ourselves in front of them a little bit more so we get recognized. I'm going to ask for the contractor to work more with the

management company to make sure we are represented in some of these decisions. We have to be a pretty good size user in this community. Are we the largest or maybe second largest?

Mr. Terpening stated probably the largest.

Mr. Spano stated that is my point. We are not being treated as though we were a major client we are being treated as somebody that is just in the neighborhood. I will make a motion to renew this contract. I know we have a 90 day cut clause also so I think the Board has some latitude in terms of future services with the proviso that we organize ourselves to go in front of the City of Port St. Lucie and make our presence known. If that means we have to go to a council meeting and have a formal meeting or meet with the powers that be there then George I am going to look to you to help organize that.

Mr. Spano moved to renew the existing contract with Native Lands Management and Ms. Straub seconded the motion.

Mr. Flint stated I just have a question for the attorney just to make sure that we are okay on our bidding. We went out for a formal bid and we received four responses and the current contractor was one of the four that responded. I guess the Board could reject all the bids and choose to extend the existing contract or they could find that Native Lands was ranked number one and move forward that way.

Mr. Capko stated that is what I would recommend if that is the case that they actually vote to find Native Lands the top choice and then they can in another motion consider the sixth extension if that is what they would like to do.

Mr. Flint asked do you think the Board needs to go through the process of ranking the four responses from one to four at a minimum or do you think they are okay?

Mr. Capko responded I think they are okay. If there is a clear second choice that would be helpful just because then if for some reason the Native Lands agreement didn't get approved by Native Lands then you would at least have that formality of being able to negotiate with your second choice.

Mr. Ivey asked is it basically being conveyed that the subjective ratings we put on these for qualifications to bid allow us to selectively place a high value on Native Lands' knowledge of the property?

Mr. Spano stated they want to put on record that there was a ranking because we went through a bid process just to cover ourselves from a legal standpoint.

Mr. Ivey stated I agree that a high value be placed on Native Lands.

Mr. Flint stated price is only 15% of the total ranking the other criteria is personnel, their experience, their understanding of the scope of work and financial capability is 10 points. Clearly based on their knowledge of the project they could be ranked high relative to the other providers.

Mr. Spano stated I think my motion will carry and I think on a separate motion we are going to ask you to rank and record in the documents of the CDD that there was a ranking. I would like you to review that ranking before you do the final. I would like to see it myself.

Mr. Capko asked have the individual Board members provided rankings?

Mr. Flint responded no they haven't. In an abundance of caution because there is a process for bid protests in these governments bids I ask that each Board member at least rank the top two and then I can take those cumulative rankings and then we have something in the record that shows that. You don't necessarily need to go through and award all the points, if you want to rank them 1, 2, 3 and 4 or 1 and 2 that would be helpful just so we have a record.

Mr. Straub stated not to interfere with the attorney's decision but postponing it if the Board members aren't familiar with the other four there are advisors as to this property that are out there if you want to do the same as you are doing for legal, engineering and environmental. If you postpone it with the other ones some people out here can probably give you some advice. I'm not sure they were asked right now because until legal said, which is a good recommendation, just in case Natives is not in business or for some reason you let them go, you are going to have to go through this process again so if you want to postpone advisors can maybe give individual members of the Board advice as to what the ranking should be.

Mr. Flint stated Jake since you are on the phone are you able to provide us with your ranking?

Mr. Ivey responded yes, as we discussed before with all the firms involved I don't see concerns about their ability to perform the tasks but I would certainly give a higher value to the knowledge that Native Lands already has. All things being equal with them being a 15 point favorite I would rank them first then other bidders second because any have the ability to perform the tasks.

Mr. Spano stated for protocol you are going to report the results of that.

Mr. Flint responded yes and I will just announce it right now so that it is on the record. All four Board members have ranked Native Lands number one, three Board members have ranked Aquatic Vegetation as number two because Mr. Ivey has ranked the other responses equally, and Mr. Spano has ranked them third, Biotech has two Board members ranking them third and one fourth and DeAngelo has one ranking number two and no. 4 and no. 3. It is clear from the rankings that Native Lands Management with all four Board members ranking them no. 1 would be the first and then Aquatic Vegetation Control would be ranked no. 2.

Mr. Spano asked with that said can we move on? We are past the review.

Mr. Flint stated the motion would be to accept these rankings and the next motion would be consideration of the extension of Native Lands.

On MOTION by Mr. Lacusky seconded by Mr. Spano with all in favor the ranking of Native Lands no. 1 and Aquatic Vegetation Control as no. 2 was accepted.

FIFTH ORDER OF BUSINESS

Consideration of Sixth Extension of Agreement with Native Lands Management, Inc.

Mr. Flint stated the next item is consideration of the sixth extension of the agreement with Native Lands Management, Inc. The date has been left blank in the agreement so I would just ask the Board as part of their discussion and motion to indicate a date and preferably the term of their agreement would correspond with the end of a fiscal year so September 30, 2013 or you can do it for a year if you like but it is nice to have the contracts end with the fiscal year just so they all get renewed at the same time.

On MOTION by Mr. Spano seconded by Mr. Lacusky with all in favor the sixth extension of agreement with Native Lands Management, Inc. was approved with a term through September 30, 2013.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2012-01 Approving the Proposed Fiscal Year 2013 Budget and Setting a Public Hearing

Mr. Flint stated the next item is Resolution 2012-01 approving the proposed budget and setting a date, place and time of the public hearing to consider its final adoption. The Board has to approve what is called a proposed budget by June 15th of each year, then the proposed budget is transmitted to the City of Port St. Lucie and St. Lucie County at least 60 days before the public hearing for its final adoption. The suggested date of the public hearing is August 30, 2012 at 9:30 a.m. in this location. The exhibit to the resolution is the proposed budget and this doesn't bind the Board in any way if you want to make changes to this you can do that up to and including at the public hearing.

Mr. Spano stated in reviewing the budget it s pretty consistent and you can see that you have maintained assuming next year is what I call a normal business period. This year our engineering fees went up five times and attorney fees went up by 20% because we had different projects that we had allocated and now we are completing those projects. I did notice in the field operations area on the west side and east side that you took the contingencies on the west side from \$5,000 to \$25,000 and on the east side from \$5,000 to \$18,000 and I want to understand the rationale.

Mr. Flint stated in the current year we had two lines, we had a maintenance reserve line and a contingency line and the maintenance reserve line was 10% of the maintenance lines. Because there really isn't a difference between those two we zeroed out the maintenance reserve and we are just using the contingency line for that purpose rather than having both. We got rid of the maintenance reserve, we zeroed it out and we are basing the contingency line on the 10%. Overall the total went down slightly it is just that we combined those two line items.

Mr. Spano stated I want to make sure that everybody understands that in the year 2013 we will be assessing. We have gone two years without assessments but in 2013 we will reinstate assessments. We have gone through about half of our cash reserves.

Mr. Flint stated you will see at the bottom of page 1 there is a per unit assessment summary and as the Chairman said in 2011/2012 that assessment was at zero and this proposed budget has that going back up to \$222.60 per household.

Mr. Spano asked tongue in cheek do we have any wiggle room with these governmental groups that are collecting for us that they are taking 25% of our revenues? I don't see what they are doing for us other than sending us a check.

Mr. Flint responded the stormwater utility which we receive 75% back from the city we get charged 7% and that is part of our interlocal agreement with them. As part of collecting the assessments on the tax roll we have to enter into an agreement with the property appraiser and tax collector and statutorily they can charge that level of fee and we don't have any ability to negotiate it.

Mr. Terpening stated I notice on the draft budget the assessment per unit, no assessments in 2011 and 2012. But in that proposed budget of 2013 shouldn't there also be a classification for the non-residential areas?

Mr. Spano responded there is a worksheet on page 3 that breaks that down and shows the developed lots, tracts, and undeveloped.

Mr. Flint stated basically the developed lots are \$222 the undeveloped are 75% of that which is consistent with the city's methodology for the stormwater fee so that would be \$166.95 and the undeveloped tracts are assigned units by Port St. Lucie for the stormwater fees and we utilize that same methodology for this. You can see that the number of ERUs for the developed tracts there are 146 developed lots, there are 573 ERUs or 765 undeveloped lots and there are 573 because an undeveloped lot is 75% of a developed lot and the undeveloped tracts there are 1,136 units and that comes straight from the City of Port St. Lucie.

Mr. Spano asked you are saying in the PUD that this is the tracking they have for the units in the PUD that they did their trips and everything?

Mr. Flint responded the units for the lots are based on what the tax roll shows as developed and undeveloped. Then there are undeveloped tracts and the city assigns them units based on the acreage. I think Toby went through the list of those properties fairly extensively on behalf of the developer and as a result of that there were some that were pulled out that were incorrectly assessed by the city. This reflects the revised amount.

Mr. Spano stated my question is these developable units were given consideration when they did all the impacts and did all the roads and the assessments and all of that.

Mr. Flint stated these are based on platted units and this is consistent with what the District used in 2009 and 2010 when the assessments were put in place.

Mr. Lacusky asked did that answer your question Butch?

Mr. Flint stated the information came from the city and I can provide it to the District Engineer to review and if there are questions or changes that need to be made they can be made

prior to the public hearing. You are not approving an assessment today. At the public hearing is when you will be approving the actual assessment.

Ms. Straub stated this can be revised.

Mr. Flint stated this can be revised you are not bound by this. This is really a start.

Ms. Straub asked in the project there are 907 platted lots and why are we getting 911? That needs to be double checked.

Mr. Flint stated they give us an excel spreadsheet that lists all the properties. They are supposed to provide us with a revised one on June 1st and what we are using is something they gave us back in February, not saying that 911 was right in February either but it was a preliminary roll they provided us for putting the budget together. By June 1st they are statutorily required to provide us another roll so if there are any changes on that roll we can incorporate that in here.

Ms. Straub asked the tracts they keep talking about are those tracts owned by or controlled by the CDD, are they put into this or is it just developer tracts only?

Mr. Flint responded it is developer tracts. The CDD tracts are not assessed nor POA. I have a list of the tracts as well. We can circulate that and I will be looking at it to see if there are any changes that need to be made.

Mr. Spano stated I would like that.

On MOTION by Mr. Spano seconded by Mr. Lacusky with all in favor Resolution 2012-01 was approved.

SEVENTH ORDER OF BUSINESS

**Status Update from Developer Regarding
Platting, Transition of Permits, and
Conveyance of Land**

Mr. Flint stated the next item is informational. I didn't know if there were any updates on the status of the platting or transition of the permits or conveyance of lands.

Ms. Straub stated the transfer of titles and things we are still working with the trustee so it is still being held.

Mr. Spano stated I think they need to understand in doing the research what they found is the way these properties were titled and the way they were improperly transferred they left debt obligations on properties that should not have debt obligations. To go through the public record and clear that obligation requires a corrective deed, a higher deed than would normally be done

in this type of process so that added another 30 to 45 days to the process but it could be 60 days. We continue to work on it.

Mr. Straub stated I think at each hearing I try to give you an update. The bankruptcy judge works very slowly the appointed attorney for the bankrupt estate is even slower. Ginn people have taken the position that they don't want anything to be done on some of these issues that they have title of so the process that normally takes 90 days have taken over a year and a half. So far I don't think the CDD has seen any of the bills and I know just one law firm alone I have paid two \$70,000 checks to them so we are working on it and trying to get everything straightened around so the lakes are owned by the proper people and the wetlands are owned by the right people and the golf course reclamation I can assure before the end of summer they will be completely done to allow the legal transfer of certain items. It is complicated for the declarant but that is what you have professionals for and they are trying to advise how to get this to where everything is proper even though some of these things will change a few years afterwards. It is not like this is in stone but because there are other projects going on and water being what water is water changes and try to keep it within the banks of where it is right now but if it shifts then you are going to have to change things. There is turmoil with water flowing through this District and the state laws are changing. What they feel today as probably not proper in that the federal government is going to be spending more and more time on how Florida cleans its water so it is going to have an affect on titles and property and easements and things of that nature. It is a never ending battle.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There not being any, the next item followed.

B. Engineer

Mr. Terpening stated just to go with what the Chairman said the conveyance of lands are almost completed so we are ready as soon as the courts get the other components cleaned up.

Ms. Straub asked those lands that need to be transferred those are actually in the current developer's name or is that still where the title report shows in the former developer's name?

Mr. Terpening stated most of those could be transferred now from the developer to the District. There are some that went through the POA that need to get back over to the District. I think generally speaking those are the two big categories there are a few parcels the Chairman mentioned that are title-wise all wrapped up and we can address at this moment.

Ms. Straub state because those parcels that are owned and titled to the POA are owned and titled to West Coast Investors those should be easy those could be just conveyance of title type of situation. It is the ones we have to double check to make sure they are not still held by the old developer and those are the parcels you might want to double check. I think it was more of a POA thing but it was a full platting issue. You have to have all of the owners sign your plat so even if you wanted to convey those by deed, if you want to plat you still have to wait for all owners to line up on the side.

Mr. Capko stated the Board directed us not to move ahead with any of those until the entire package would be ready.

Ms. Straub stated if you have the list of them we can easily look at it and say these are not going to cause us problems so we can easily transfer whereas other ones might be a little more difficult.

Mr. Terpening stated at the moment the completion of the wetland maintenance on the east side was not done as well as we didn't want to accept those properties because of non-compliance issues. Those issues have since been remedied so I think we are in a position except for the one with the title problems.

Ms. Straub stated to transfer the ones we can transfer over to the CDD it doesn't necessarily have to be platted, once the transfer happens then the CDD can take over the maintenance area and really get it done. It doesn't necessarily have to have the platting done because that is just an extra step.

Mr. Terpening stated I want to defer to Mr. Capko.

Mr. Capko stated we will have to look at that issue to see if that is required.

Ms. Straub stated we will follow-up.

Mr. Flint stated we are going to want to review the status of the permit over there too on the east side.

C. Manager

i. Approval of Check Register

Mr. Flint stated you have the check register for the general fund checks 354 through 374 in the amount of \$138,023.44 and the detailed register is behind the summary.

On MOTION by Mr. Spano seconded by Mr. Ivey with all in favor the check register was approved.

ii. Balance Sheet and Income Statement

Mr. Flint stated the balance sheet and income statement you have in your agenda book through April 30th. There is no action required but if you have any questions I will try to answer those for you.

iii. Presentation of Number of Registered Voters

Mr. Flint stated the District is required to announce the number of registered voters that live within the District as of April 15th of each year. There is a letter in your agenda packet indicating that there were 148 registered voters. This becomes relevant for the District after the District has existed for six years and there are 250 registered voters the Board begins to transition to a general election process. You have hit the six years but you haven't hit the 250 registered voters so two years from now we will look at it again and if you hit the 250 then in November 2014 two of the seats would transition to general election.

iv. Designation of November 26, 2012 as Landowners' Meeting Date

Mr. Flint stated the next item is designation of a landowner election date and we have included a sample set of instructions and an agenda as well as a landowner proxy and we are suggesting the Board set November 26, 2012 at 9:30 a.m. in this location as the time, date and location of the landowner election. In November you will have three seats that are up for election and those are Mr. Lacusky's, Mr. Reikenis' and Mr. Ivey's seats.

Mr. Spano stated I was asked a question about Board members today versus Board members in November.

Mr. Capko stated if you had a vacancy, if you had a Board member resign then the remaining Board members would make an appointment until the end of that term.

Mr. Flint stated the action requested of the Board would be to designate November 26, 2012 as the landowner meeting date. It is not necessarily a Board meeting date, although if there are Board actions we often will do it in conjunction with a Board meeting date but this would be a landowner meeting date so anyone who would be participating in the landowner action would need to be here as well as I would be here to run the landowner meeting.

On MOTION by Mr. Spano seconded by Ms. Straub with all in favor November 26, 2012 was designated as the landowners' meeting date.

NINTH ORDER OF BUSINESS

Audience Comments

There not being any, the next item followed.

TENTH ORDER OF BUSINESS

Supervisor's Requests

Mr. Lacusky asked did we confirm the date for the budget meeting?

Mr. Flint responded August 30th.

Mr. Lacusky stated Thursdays are tough for me, Wednesdays or Fridays are better if that is available for everyone else.

Mr. Flint stated the resolution designated August 30th but if we need to go back and amend the resolution the Board can do that.

Mr. Spano asked is there anything blocking us from doing that? I would like to accommodate the Board members.

Mr. Flint stated if the 29th is okay with everybody we will need a motion to amend Resolution 2012-01 changing the date of the public hearing from August 30th to August 29th.

On MOTION by Ms. Straub seconded by Mr. Lacusky with all in favor Resolution 2012-01 was amended to set the public hearing date on the budget to Wednesday, August 29, 2012.

Ms. Straub stated due to new developments with the SAD bond and such within the PUD the city is going to approach us with some sort of proposal to deal with the bond. I would like to submit a motion to direct the District Manager to meet with city personnel to get more

information on that so that they can bring it to the Board if anything comes to light that the CDD needs to know about especially due to what's going on.

Mr. Spano stated I think we have to recognize that this bond that is placed on this community is probably one of the most economically stressful things that has ever been done to a community and for future buyers, builders, for people to participate at a business level this is having a terrible economic affect to their ability to work. Anything we can do to lessen that stress and have a better position with the city whether it be alternatives to the bond or amortization or whatever those options are I think if there is any objective we have in this Board that would have to be one of the highest.

Ms. Straub moved to direct the District Manager to meet with the city regarding the special assessment districts and any options the CDD may have to either refinance or otherwise benefit the District.

Mr. Spano stated if you need support in any of those meetings I would like to know about it because I can be present.

Mr. Flint stated at some point depending on how those discussions progress the District may need to consider retaining an underwriter, financial advisor and bond counsel but I can have preliminary discussions and I can communicate with the Chair.

Mr. Spano stated I had asked George before the meeting if his group had any experience in this. Why don't you share you experience with the Board?

Mr. Flint responded this is a little bit different because I think there are some legal questions in this situation but in other community development districts that have issued debt we have been able to refinance those deals but a lot of times those are in situations where the community is more developed and a higher percentage of the properties are on the tax roll as platted so your collection rates are high. The collection rates here are good but you have a lot of undeveloped property. In this situation the city was the issuer of the debt and I don't know if there are any options where the District might be able to in conjunction with the city refinance that debt or take on the obligation.

Mr. Capko stated that is a question that would have to be looked into. I actually worked on the original SAD financing that the city did. There are some issues as to whether or not it

made sense for the CDD to actually refund those bonds and there would have to be some real serious research on those issues to see if that could happen.

Mr. Spano asked is there a way to get camera shot of the status of this bond? In other words the bond was issued on a certain date, certain parts of the bond were paid down and so many of these bonds have been paid into and are active and current and so many are delinquent.

Mr. Terpening stated I can give you a very quick snapshot of a 2003 issue of some \$53 million there is a current outstanding debt the B series has been paid in full on both east and west and there is in the vicinity of \$20 million total outstanding debt, the largest single owner is about \$9.9 million. We have looked at the distribution and I have those spreadsheets from the city we have been working with the city and giving them facts on build-outs for their analysis. I think the primary landowner is about \$9.9 million of that debt.

Mr. Spano asked did he tell you how many are in default?

Mr. Terpening responded I didn't ask that but there is a good collection rate in the District but I can certainly find out. I would hope that within the next two weeks or so the city will be in a position to give some information back.

Ms. Straub stated we want to be prepared when they do give us the information so we know what they are talking about.

Mr. Flint asked was the original amortization a 30-year deal?

Mr. Terpening responded 20 year.

Mr. Flint stated so there may be an opportunity to extend it.

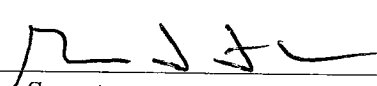
Mr. Terpening stated they are looking at spreading that out as well.


Mr. Straub stated the only thing for the declarant to interject on this conversation about bonding is that the reason they are not in default for Mr. Spano to ask is because I think we have kicked in \$8 million for something to keep the redemptions of the bond going on and things of that nature but I can assure you this economy, Ginn probably calculated this thing would have been paid off by now by selling off, we wouldn't have this four year recession, they would have been sold to third parties and those people would have paid during their time period. Any suggestion that the city has we will look highly to and help both financially and supportive of what is best for the CDD. We enjoy dealing through a CDD and it was already in place and it seems like it is the responsibility of the bond issue is for the CDD and it should be here and not into other types of financing so let's hear what the city has to say because they are obligated,

they are on the hook for the underwriting liability, their credit worthiness came about and Ginn got that through them when they floated this bond issue and I'm sure the new administration up there will look highly of how the city is potentially liable for defaults if there are going to be defaults with the bonds. We are monitoring it and let's see what they come up with so if your management company can follow it through I think they are ready to talk. Maybe the old administration wanted to not discuss it because they potentially could be no longer here and that is what has happened, the new guys are on the block are looking at it for the betterment of everybody for the whole District.

Mr. Spano seconded the motion and with all in favor the District Manager was directed to meet with the city along with legal and engineering available for backup regarding the special assessment districts and any options the CDD may have to either refinance or otherwise benefit the District.

On MOTION by Mr. Spano seconded by Mr. Lacusky with all in favor the meeting adjourned at 10:30 a.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman