

MINUTES OF MEETING
TESORO COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Tesoro Community Development District was held Wednesday, June 1, 2016 at 9:00 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
Kathy Fialco	Vice Chairman
Tara Lordi	Secretary
Everardo Ortiz	Assistant Secretary
Hal Fenner	Treasurer by telephone

Also present were:

George Flint	District Manager
Bill Capko	District Counsel
Brian White	Field Manger
Toby Overdorf	Crossroads Environmental
Ed Rivera	Tesoro Property Manager
Ronnie Howell	Native Lands

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. Acceptance of Resignation of Perry Lancianese and Vera Stewart and Appointment of Individuals to Fill the Board Vacancies with Terms Engineer November 2016 and November 2018

Mr. Flint stated in your agenda you have a resignation from Perry Lancianese, he desires to resign from the Board and has indicated so in his letter to the Board.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor Parry Lancianese’s resignation was accepted.

Mr. Fenner joined the meeting by telephone at this time.

Mr. Flint stated I handed out a resignation from Vera Stewart.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor Vera Stewart’s resignation was accepted.

Mr. Flint stated we have two vacancies and anytime there is a vacancy the remaining Board Members appoint an individual to fill that term.

On MOTION by Mr. Spano seconded by Mr. Ortiz with all in favor Mr. Fenner was appointed to fill the vacancy left by Mr. Lancianese.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor Kathy Fialco was appointed to fill the vacancy left by Ms. Stewart.

B. Administration of Oaths of Office to Newly Appointed Board Member

Mr. Flint stated Mr. Fenner I can’t swear you in because you are not here and you can listen but can’t actually vote on any item until you are sworn in.

Mr. Flint being a notary public of the State of Florida administered the Oath of Office to Ms. Fialco.

Mr. Flint stated the top sheet of the handout is an information sheet for us so that we have your contact information. Under that is the Form 1 Statement of Financial Interests that has to be filed within 30 days of today with the Supervisor of Elections in the county in which you reside and annually they will mail that to you to revise. We have also given you a Form 1F that has to be filed within 60 days of leaving the Board and we will mail that to you if you resign or at the end of your term. As a Board member you are subject to the sunshine law and public records laws and you need to make sure you don’t have any conversations about CDD business outside of a publicly noticed meeting with other Board Members. You can talk with staff or anybody else but not other Board Members about anything that is CDD related or you believe may come

in front of the Board for action. That applies to emails, texts, phone conversations and one on one conversations. Anything you have in your possession that is CDD related could be subject to a public records request so we suggest you keep your CDD information separate from your personal and professional files in the event there is ever a request. You are not required to keep the documents if I have a copy for example the blue agenda book you don't need to keep that I have a copy in the District's records so you can dispose of that and therefore you don't have to produce it.

Mr. Capko stated I will make sure you have my card I'm the attorney for the Board and if you have any questions about public records or Sunshine Law feel free to contact me.

Mr. Flint stated Mr. Fenner, we will mail you the Oath form and any Florida Notary can administer it or we can do it at the beginning of the next Board meeting. In the meantime we will mail the information to you so that you have it.

C. Consideration of Resolution 2016-01 Electing Officers

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor Resolution 2016-01 was approved reflecting the following: Sal Spano Chairman, Kathy Fialco Vice Chairperson, Tara Lordi Secretary, Harold Fenner Treasurer subject to taking office, Everardo Ortiz Assistant Secretary, George Flint Assistant Secretary and Ariel Lovera Assistant Treasurer.

FOURTH ORDER OF BUSINESS

Approval of the Minutes of the July 29, 2015 Meeting

Mr. Flint stated next is approval of minutes from the July 29, 2015 meeting. Are there any additions, deletions or corrections to the minutes?

There being none,

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor the minutes of the July 29, 2015 meeting were approved as presented.

FIFTH ORDER OF BUSINESS

Review and Acceptance of Fiscal Year 2015 Draft Audit Report

Mr. Flint stated the next item is review and acceptance of the Fiscal Year 2015 audit report. As a governmental entity the CDD is required to have an annual independent audit performed and you selected Grau & Associates to perform that audit.

Mr. Spano stated I reviewed the audit and the auditor gave us a compliance recommendation that we are in concurrence with generally accepted accounting practices that there is no material items missing from the audit and it represents our assets and liabilities.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor the Fiscal Year 2015 audit was accepted and staff authorized to transmit the final document to the State of Florida.

SIXTH ORDER OF BUSINESS

Ratification of Engagement Letter from Dean Mead to Provide Specialized Legal Services

Mr. Flint stated item six is ratification of engagement letter from Dean Mead to provide specialized legal services.

Mr. Spano stated I want to make sure the Board Members understand that originally when Tesoro was put together they didn't have the appropriate land entitlements under the appropriate party that hold the permits to maintain and control that land. This has been an ongoing issue and we are transferring the permits to the CDD and the POA and out of WCI and taking it off their real estate rolls because they are all easements, lakes or buffers that fall under the POA as a common property or the CDD under their multiple permits.

Mr. Flint stated this first engagement letter was just an initial engagement letter because we didn't have a Board meeting and we needed to get the work going because of the timing required of the permit transfers. The Chairman authorized an engagement letter with Dean Mead to provide some initial services with a not to exceed amount of \$2,500.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor the engagement letter with Dean Mead to provide specialize legal services in an amount not to exceed \$2,500 was ratified.

Mr. Spano stated we are fortunate in that Lee Dobbins with Dean Mead has been involved with this project since inception and he knows every piece, every parcel, every area we

are working with so by engaging this firm versus going to another firm we are going to save a lot of start up fees in terms of having them review all of our documents, plats and transfers.

Mr. Flint stated the next related item is the memorandum dated May 18, 2016 that we handed out to the Board. The initial \$2,500 was for him to get his boxes back out. There have been several starts and stops on this and his boxes and files were in storage. There was an initial onsite coordination meeting we had with everyone and coming out of that one of the items was he needed to come up with an estimate of the costs not knowing everything that is going to happen during this process because there is a lot of cleanup that needs to take place.

Mr. Spano stated at the end of the day we are going to see who is receiving the benefit of these services then split the bill at the end and the POA will pay a portion, the CDD will pay a portion and WCI will pay a portion.

Mr. Flint stated we might want some discussion for allocating those costs to the developer and POA because it really is a coordination and cleanup of ownership of all three entities. I'm not sure if the workload falls into splitting it evenly among the parties.

Mr. Overdorf stated I agree with George that primarily it is going to be one-thirds in that there are going to be aspects of each property that is going to have some different ownership associated with it and the POA is going to have some areas on the east side as is the developer and the CDD.

Mr. Spano stated as part of our motion on this memorandum we will use a one-third recommendation. We have discussed this with the developer already and he is anxious to get these real estate items off his real estate tax roll and moved over because there is liability in holding those things.

On MOTION by Mr. Spano seconded by Mr. Fenner with all in favor the proposal from Dean Mead dated May 18, 2016 in which the total cost will be split evenly (1/3) between the developer, the POA and the CDD was approved.
--

Mr. Flint stated I also handed out an email from Mr. Dobbins there is some title work that needs to be done and he has estimated \$2,800 for that title work. I suggest setting a not to exceed of maybe \$3,500 in case it exceeds his estimate.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor Chicago Title was engaged for an amount not to exceed of \$3,500 for related title work.

SEVENTH ORDER OF BUSINESS

**Consideration of Resolution 2016-02
Approving the Proposed Fiscal Year 2017
Budget and Setting a Public Hearing**

Mr. Flint stated next is Resolution 2016-02 approving a proposed budget and setting the date, place and time of the public hearing for its final consideration. We are suggesting August 23, 2016 at 9:00 a.m. in this location for the public hearing. Attached to the Resolution as Exhibit A is the proposed budget. The District every year prior to June 15th has to approve a proposed budget and set the date, place and time of the public hearing and then we have to send this to the City of Port St. Lucie and St. Lucie County at least 60 days before the public hearing. They have the ability to comment they have no approval authority over the budget. We have never received any comments from either entity but it is a statutory requirement that we do that. We also have to post it on the website, etc.

Mr. Spano stated we have worked in the last eight years to reduce the cost to the individual property owners and the undeveloped property owners and have been using the surplus that has built up over time when they weren't doing the east side. We have accomplished that task and this budget we are presenting for 2017 maintains the cost per lot for a developed lot at \$40.69, which is what it has been for the last three years and also for the undeveloped \$30.52. We have kept the costs in check, we bid each of the major contracts and have been refining those things and staying in conformity to our obligations under the Community Development District guidelines.

Mr. Flint stated the Board has the ability to make changes to this up to and at the public hearing. If you have any comments on it you can make those changes either at a meeting between now and August if we have one or at the August meeting as long as you are not increasing the per unit assessment you can make adjustments to the budget.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor Resolution 2016-02 approving the proposed Fiscal Year 2017 budget and setting a public hearing for August 23, 2016 at 9:00 a.m. in the same location was approved.

EIGHTH ORDER OF BUSINESS**Appointment of Audit Committee and Chairman**

Mr. Flint stated next is appointment of an Audit Committee and designation of a Chairman. Every three years we typically will bid out the auditing services. The audit you just accepted was the third year of that engagement with Grau. The statute lays out the process you have to follow for bidding auditing services and that includes appointing an Audit Committee and designating a Chairman. My suggestion is that the Board appoint themselves as the Audit Committee and a Board member as Chairman. The only role the Audit Committee has is to approve the form of the notice and the RFP and when the bids come in, review and rank those but the Board makes the ultimate decision. We do have an Audit Committee meeting advertised to take place right after this Board meeting and in the event you appoint the Board Members as the Audit Committee we would roll right into that Audit Committee meeting.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor the Board Members were appointed to serve as the Audit Committee and Mr. Spano was designated Chair.

NINTH ORDER OF BUSINESS**Status Update Regarding Platting, Transition of Permits, and Conveyance of Land**

Mr. Flint stated this item is related to the Dean Mead agreements we just approved.

Mr. Spano stated there is going to be title searches, review of legal descriptions, sketch documents developed on the easements, which involves the POA, WCI and the CDD. There is going to be a tri-party operating agreement to be developed that show the individuals responsible for these properties. The CDD would have certain responsibilities in terms of maintenance, the POA would have responsibilities in terms of creating an open area that can be used then there is a statement to be developed on compliance and we are going to add the CDD to the appropriate permits when we transfer them using the tri-party agreement and a certification issued by the CDD showing compliance. Those are the steps we are doing and Toby can fill you in on some of the details.

Mr. Overdorf stated we have been working with the Water Management District and there were roughly 42 permit applications or permits that were spread throughout the property, dated from before Mr. Ginn owned the property all the way through to the current ownership. We were transferring some of those permits, permit applications putting them back into other

names and we have actually completed all of them except yesterday I thought I was going to get the final document from the District and I got a letter from a gentleman over there that said we have one more that slipped through the cracks through all of our reviews. It is an old dock application that I will get with Sal afterwards on. That is the only thing that is the current outlier for the Water Management District but from here forward we will be transferring properties so that the rightful entity is in charge of that particular property and it is something we are in the process of doing on the west side when the property went into bankruptcy and eventually sold and now we are going to be doing it for the entire property, specifically focusing first on the east side and get that taken care of so everybody has the right to be wherever they want to be on the property whether it is golf or POA or CDD. All those issues are going to be taken care of and I will be working with Culpepper and Terpening, Mr. Dobbins, as well as the Board here to coordinate those efforts.

TENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Capko stated along with a host of other Districts we received a public records request from an unnamed source asking for a lot of basic District information and I received them over a weekend at midnight and on a Sunday and I think the intent of those was to try to catch somebody not responding and then be able to go to circuit court and get attorney's fees and maybe fines against the different Districts. As soon as I got those I forwarded them and George's office was very quick in responding. Tesoro was not being singled out I received about 15 of those over that weekend.

Mr. Flint stated every CDD in the State of Florida has received one. It is not someone focused on Tesoro.

Mr. Spano stated in the POA under Florida Statutes we have a 30-day period to respond. What is the period to respond for the CDD?

Mr. Capko stated as soon as we can reasonably respond so there is no deadline.

Mr. Flint stated reasonably is assumed to be a lot sooner than 30 days. We try to acknowledge within 48 hours and we acknowledged and responded within 72 hours of the request.

Mr. Capko stated a previous iteration of that I was fortunate to even find because they were picked up by my spam filter because they didn't look like anything reasonable or businesslike. The legislature has been trying to address that issue and there was some progress this session and maybe next session they will do a better job of not making the process so one-sided that whoever is claiming and asking for public records requests if they are not received timely that it is not always attorneys fees should be given to that party.

B. Engineer

There being none, the next item followed.

C. Manager

i. Approval of Check Register

Mr. Flint stated next is approval of the check register for the general fund from July 20th through May 16th and that totals \$279,793.39.

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

ii. Balance Sheet and Income Statement

Mr. Flint stated next is the unaudited financial statements through April 30th. There is no action required by the Board if you have any questions we can discuss those.

iii. Presentation of Number of Registered Voters - 208

Mr. Flint stated each year we are required to announce the number of registered voters within the District and as of April 15, 2016 there are 208 registered voters.

Mr. Spano stated when we reach a threshold of 250 we start turning over the Board to general electors.

Mr. Flint stated at that point the Board Members will have to be registered voters residing within the District. If we hit 250 in 2017 then in 2018 two of the five seats will transition and in 2020 two more seats will transition and the last seat in 2022. If we don't hit it next year it will shift to 2020 to begin the transition.

iv. Designation of November 29, 2016 as Landowners' Meeting Date

Mr. Flint stated we do have a landowner election that is required this year and the Board is required to set a meeting date in the month of November and we are recommending November 29, 2016. You will have three seats up for election and those seats are Tara's, Everardo's and Hal's. That is a landowner meeting not a Board meeting so if there is no Board business the Board doesn't need to meet. Enclosed in the agenda package is a sample agenda for the landowner meeting as well as the form of proxy. Landowners can designate a proxy holder to be at the meeting to vote on their behalf.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor November 29, 2016 was designated as the landowners' meeting date.

Mr. Flint stated Brian White is here, he has been training with Alan Scheerer and he is here onsite at least two times a month. Ronnie Howell of Native Lands is here as well. We will make sure to notify Ed every time they are on property.

Mr. Spano stated I want him to go through and see the process we go through in inspecting the contractors.

ELEVENTH ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

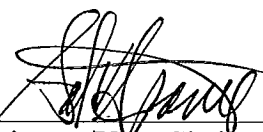
TWELFTH ORDER OF BUSINESS

Supervisor's Requests

There being none,

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor the meeting adjourned at 9:41 a.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman