

MINUTES OF MEETING  
TESORO COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Tesoro Community Development District was held Tuesday, August 23, 2016 at 2:35 p.m. at the Tesoro Club, 3<sup>rd</sup> 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

Also present were:

George Flint	District Manager
Bill Capko	District Attorney
Brian White	Field Manger
Toby Overdorf	Crossroads Environmental
Lee Dobbins	Dean Mead
Ed Rivera	Tesoro Property Manager
Ronnie Howell	Native Lands

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Flint called the meeting to order.

Mr. Flint stated Mr. Fenner provided his oath of office form prior to the meeting and he has been duly sworn and I understand you are waiving compensation.

Mr. Fenner stated yes.

**SECOND ORDER OF BUSINESS**

**Public Comment Period**

There being none, the next item followed.

**THIRD ORDER OF BUSINESS**

**Approval of the Minutes of the June 1, 2016 Meeting**

Mr. Flint stated the next item is approval of the minutes of the June 1, 2016 meeting. Mr. Fenner brought to my attention that he is seconding a motion at the bottom of page 5 and he did participate by phone but doesn't believe he seconded that motion. If there are any other changes we can discuss those but if not I would ask for a motion to approve subject to clarification.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor the minutes of the June 1, 2016 meeting were approved subject to clarification of the motion on page 5.

**FOURTH ORDER OF BUSINESS**

**Consideration of Resolution 2016-03 Amending Resolution 2016-02 Designating a Time for the Public Hearing on the Budget for Fiscal Year 2017**

Mr. Flint stated subsequent to the Board approving the proposed budget and setting the date, place and time of the public hearing we ended up changing the time of the meeting to 2:30 p.m. versus what was in the prior resolution and that was because the availability of the meeting location dictated that we move it to the afternoon. This resolution merely confirms my actions as District Manager in noticing the meeting for 2:30 p.m. versus the time that was indicated in the prior resolution.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor Resolution 2016-03 was approved.

**FIFTH ORDER OF BUSINESS**

**Public Hearing**

**A. Consideration of Resolution 2016-04 Adopting the Fiscal Year 2017 Budget and Relating to the Annual Appropriations**

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor the public hearing was opened.

Mr. Flint stated for the record it is a public hearing I will note there are no members of the public here to provide comment or testimony, we have staff and Board members so we will bring it back to the Board for discussion.

Mr. Spano stated the budget is in line with our past meetings, we are using the surplus from prior years of \$115,000 still leaving us adequate equity and investment and with that action we will have a cost per unit of developed lots of \$40.69, which has been the same for the last three years and this will be four years that we have maintained that level of cost and for the undeveloped properties the lot cost will be \$30.52 in line with the last previous years.

Mr. Flint stated I will note that this year we had \$114,810 budgeted in carry forward to balance the budget and we are projecting that we only need to recognize \$49,614 to balance the current year's budget at year end.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor Resolution 2016-04 was approved.

**B. Consideration of Resolution 2016-05 Imposing Special Assessments and Certifying an Assessment Roll**

Mr. Flint stated the next resolution is a resolution imposing assessments and certifying an assessment roll. There are two exhibits to this resolution, the first is the budget that was just approved by the Board and the second exhibit is the assessment roll, which lists all the properties within the District and applies the per unit assessment amounts that are contained in that budget.

Mr. Spano stated these assessments will appear in the non-ad valorem portion of the real estate tax bills and they will be at the rate quoted previously.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor Resolution 2016-05 was approved.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor the public hearing was closed.

**SIXTH ORDER OF BUSINESS**

**Contract Renewals**

**A. Consideration of Wetland, Lake and Upland Preserve Maintenance Agreement with Native Lands Management, Inc.**

Mr. Flint stated we have the agreement for wetland, lake and upland preserve maintenance with Native Lands Management, Inc. They have agreed to hold their pricing at the

same rate as the current year and the only thing this amendment is doing is extending the term of that agreement for a period of one year and allowing two addition one-year extensions.

Mr. Spano stated we want to commend them for their work they have done a great job and it is being recognized by the staff, outside people and all the residents. A review of this shows we have the same specifications and there is no reduction in service and the dollar amount of the contract continues at the same value as it was last year.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor the agreement with Native Lands Management, Inc. was approved.

**B. Consideration of Second Amendment to the Wetlands Boundary and Lake Banks Landscape Maintenance with Wellington Pro Lawn Care**

Mr. Flint stated next is an extension of the agreement with Wellington Pro Lawn Care, the company that maintains the upland buffer areas that the CDD has responsibility for. A copy of the agreement is in your agenda book and the current agreement goes through September 30, 2016 and we want to extend this contract through September 30, 2017.

Mr. Spano stated they have done a good job for us in the area, we get good feedback from the residents and from our staff and management reviewing their work and in our bi-weekly meeting. The scope of services is consistent with prior years there is no reduction in services and the total dollar amount of the contract matches our budget and is comparable to last year's amount.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor the second amendment to the wetlands boundary and lake banks landscape maintenance agreement with Wellington Pro Lawn Care was approved.

**SEVENTH ORDER OF BUSINESS**

**Consideration of Agreement Regarding Responsibility for Environmental Permits**

Mr. Flint stated included in your agenda packet was a draft agreement relating to responsibility for environmental permits. Also provided to you before the meeting was a copy of another reciprocal easement agreement, both agreements are three party agreements involving

the Tesoro Property Owners Association, the CDD and WCI as the developer. Lee Dobbins of Dean Mead is here today and he has been retained as Special Counsel for the District to work with the District in drafting these agreements. The cost as indicated in the minutes from the prior meeting is intended to be shared between those three entities so we are tracking those expenses and we will be billing the POA and developer.

Mr. Spano stated Lee Dobbins has done a great job on this document and we did a thorough review and I brought in Al Moore who is our general Counsel at large for the POA and also does work for WCI. He reviewed the document, he reviewed the language, he made some recommended changes, which were incorporated in the document so this document is a threefold document tying in the CDD, WCI and the POA so that we all fall into entitlements that match up to the permits that were issued.

Mr. Dobbins stated there are two documents, the reciprocal easement and the agreement as to responsibility for environmental permits. They fit together hand in glove. The easement is to address the fact that throughout the property you have platted properties that don't necessarily match up as the party who should be responsible. Ultimately, the way to fix that is to amend the plat and someday that should be done so that what is platted matches up. As an example part of the golf course drainage facility is in a conservation site. There are little encroachments and in some cases quite large encroachments throughout the community. Ultimately the way to fix that is to amend the plat so that they match on the plat, you plat it as is actually built on the ground. This is basically an interim fix because amending plats is a long process. This at least gives you a quick and dirty fix so what the easement agreement says is regardless of who owns what with respect to these certain properties WCI is going to be able to get onto them to do what it needs to do, with respect to these properties the POA is going to be able to get on them to do what it needs to do and with respect to these properties the CDD will be able to do what it needs to do. Toby is going to help with putting together some exhibits that will be attached to show those three areas, the POA, WCI and the CDD. The reciprocal easement agreement is an agreement between the three parties that says WCI can go on these properties, the POA can get onto these properties and the CDD can get onto these properties. It also has some requirements with respect to indemnification and insurance so that if one party is on another party's property and somebody gets hurt there are protections going to whoever the owner of that property is. That is the easement agreement.

Then there is the agreement as to responsibility for environment permits and that is specifically dealing with the fact that you have in the community South Florida Water Management District permits in particular that are blanket permits that cover properties and they may be owned by different parties but we want to be clear as to who is responsible regardless of who the permit holder is. A permit may be jointly WCI and POA but it may encompass some things that are really the responsibility of the CDD. This basically is a three-way agreement again that says that this party will be responsible for this set of things, this party will be responsible for this set of things and so on and regardless of who the permittee under the permit is we all understand that each party has their own area of responsibility, they are going to be responsible for that area of responsibility and if they don't do what they are supposed to do under the District permit and create a permit violation then they potentially will indemnify the permit holder for that violation. Again, it divides up the responsibility so that regardless of permittee under the permit we know who is responsible for what and that party ultimately could indemnify the permit holder in the event they cause the permit holder to be in violation because they didn't do what they were supposed to do.

Mr. Fenner stated you mentioned that the process was likely to be very lengthy. What do you mean by lengthy in terms of time or dollars or both?

Mr. Dobbins stated both. To replat you have to go into each section of the community you would have to have a plat document prepared, which means that somebody has to go out there and survey all the boundaries. We can sit around the table and look at it at a very microscopic level and say that line shouldn't be there it should be here, we can't get to this part of the golf course unless we have a cart path easement that crosses your drainage tract and that sort of thing. You have to really go page by page and make sure the lines are drawn correctly. The plats also have dedication language in there dedicating the tracts to different parcels and that needs to be right and ultimately it is something that gets submitted to the City of Port St. Lucie for review and approval so you have staff feedback you have to respond to their concerns and objections. One thing we came up against when we were doing that exercise before to try to replat and we got pretty far through the process but there are a number of drainage tracts that are dedicated to the City of Port St. Lucie in some cases they shouldn't have been. For example there is a drainage tract that I happen to know goes right across one of the golf course tracts and cuts right into the green. That should be taken out it should not be a drainage tract dedicated to

the city it should be part of tracts dedicated for the golf course. The city was looking at it and saying you are going to have a political issue when you get to the Board because you are changing the boundary lines and whatever acreage or properties being taken out of dedication to the city is now being dedicated to others and you are going to get the question, why does the city have 50 less acres dedicated to it or whatever. It really shouldn't matter because these are obligations as well as dedications and it is dedicated to them but they would have maintenance obligations. We were told at the time that it would be an issue and that we would have to explain it or offset it or something. You get into issues like that with staff and with the Board and you just have to work through them and it takes time.

Mr. Overdorf stated we were delayed in the environmental permits by the Water Management District it was no fault of this Board or anybody at this table. They were dragging their feet for the last almost six months on a consent order that was a result of some actions that happened out here. That consent order was literally issued within the last hour. I am going to review it and have Mr. Straub sign off on it and then we will be able to have that as an exhibit for this as well. Finally, that is completed and that way we will be able to list out all of our various permits that are here and will basically be an attachment to the agreement associated with the environmental permits and we can finalize them.

Mr. Flint stated the issues have been resolved it is just the consent order is memorializing those steps that have already been taken so there is no additional steps as a result of the consent order. There may be some monitoring.

Mr. Overdorf stated there is some minor monitoring that WCI has agreed to continue to pay for, it is not the responsibility of the CDD but other than that everything else fits into our regular protocol.

Mr. Spano asked does this now accomplish what we started out to do as a governmental body we now have easements and rights to function under the permits that have been issued?

Mr. Flint responded yes, the issue is the CDD took on some maintenance responsibility on an interim basis because it was in the public's best interest to do that and the Board made a determination. This at least now from a legal perspective gives us the easements in place that allows us to do that. As Lee indicated it is an interim fix but at least it gives us the legal standing that we need. I think there are still some permits that may have been conveyed to the POA that we have to look at to see if those now need to be transferred to the CDD or who the right entity is

on some of those. At least with the reciprocal easement agreement even if they are in their own party's name they are able to indemnify each other.

Mr. Spano asked who is looking at that issue?

Mr. Flint stated I think that is the next step and Toby is looking into that.

Mr. Spano asked Toby are you looking at that?

Mr. Overdorf stated yes.

Mr. Spano asked what do we need to do as a Board?

Mr. Flint stated the Board needs to takes action. Bill Capko is the District's Counsel and he has reviewed these agreements as well and I think the Board needs to take action on these and approve them in substantial form. There are still some exhibits that have to be finalized and attached to these but I think you can approve them in substantial form subject to the exhibits being incorporated.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor the agreement as to responsibility for environmental permits between the Tesoro Property Owners Association, Tesoro Community Development District and WCI was approved in substantial form subject to the exhibits being incorporated and final review by District Counsel and execution by the Chairman.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor the reciprocal easement agreement between the Tesoro Property Owners Association, Tesoro Community Development District and WCI was approved in substantial form subject to the exhibits being incorporated and final review by District Counsel and execution by the Chairman.

**EIGHTH ORDER OF BUSINESS**

**Acceptance of Audit Committee Recommendation and Selection of #1 Ranked Firm to Provide Auditing Services for Fiscal Year 2016**

Mr. Flint stated next is acceptance of the Audit Committee recommendation. The Board met as the Audit Committee just prior to this meeting and ranked Grau & Associates no. 1.



On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor the Audit Committee's recommendation of Grau & Associates no. 1, McDirmit Davis no. 2, Berger Toombs no. 3 and Carr Riggs no. 4 was accepted.

**NINTH ORDER OF BUSINESS**

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

Mr. Flint stated this item is related to the discussion we just had on the reciprocal easement agreement.

Mr. Spano stated the last part of this is conveyance of land so let's talk about that.

Mr. Flint asked Toby, is there anything new in that regard other than what we have been working on?

Mr. Overdorf stated no, other than the consent order, which has an exhibit inside it that shows all the permits and how they spread out the various applications, etc. their ultimate entity and I will be happy to submit that to George for distribution to the Board once I have had a chance to review it. All the permits have now been transferred to what the District believes to be their final entity and once we codify this agreement that the Board just voted on at that point in time we will also transfer it to the CDD.

Mr. Flint stated the conveyance of land is not as critical as it was before because now we have easements in place that allows us to maintain that land that is either owned by the golf course or WCI. We can probably take this standing item off the agenda.

Mr. Spano stated I think it was the wish of the declarant that we start to get some of this property that is under his name out of his name.

Mr. Dobbins stated the only way that is going to happen is if we go through the platting process.

Ms. Lordi asked couldn't you just do it with a fee simple agreement?

Mr. Dobbins stated you certainly could; however, the property alignment has a variety of entities that are within the properties. There are some we could do but most of them have overlaps such as on the east side we may have one that has a wetland in it that we think we should get over to the CDD but it also has a portion of a wall or a golf course or a drainage structure that may not be something that we would want to turn over to the CDD. That is the process of the platting. There are certainly some that we could turn over but a majority of them

no so I'm not sure it is worth the effort to do a couple of them. If you would like me to identify some that may work I will do so.

Mr. Spano stated identify them so I can look on the tax records and see if there is any exposure for the developer and if there is I will come back to you.

## **TENTH ORDER OF BUSINESS**

### **Staff Reports**

#### **A. Attorney**

There being none, the next item followed.

#### **B. Engineer**

There being none, the next item followed.

#### **C. Manager**

##### **i. Approval of Check Register**

Mr. Spano stated I have reviewed the check register and because of the timing of our meeting we have three months of charges for recurring contractual obligations and the vendors and amounts are all appropriate.

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 you also have the unaudited financial statements through July 31, 2016. There is no action required and if the Board has any questions we can discuss those. The Chairman had a question under other current charges and that was an outlier charge and \$1,800 of the \$1,869 was title work associated with the work Lee Dobbins was doing. We charged it to other current charges and it is really a miscellaneous charge.

##### **iii. Approval of Fiscal Year 2017**

Mr. Flint stated each year the Board has to approve an annual meeting schedule and in the past you have chosen to approve a notice that says you will meet on an as needed basis. If

you are comfortable with continuing with that approach you can approve the notice we provided or you can designate specific dates.

Mr. Spano stated I would like to continue with the notice that provides us more flexibility.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor the notice indicating that the Board will meet on an as needed basis for Fiscal Year 2017 was approved.

**ELEVENTH ORDER OF BUSINESS                      Audience Comments**

There being none, the next item followed.


**TWELFTH ORDER OF BUSINESS                      Supervisor's Requests**

Mr. Flint stated we do have a landowner election in November and three seats will be up for election. We don't have another meeting scheduled at this point but oftentimes we will schedule a meeting in conjunction with the landowner meeting.

On MOTION by Mr. Spano seconded by Ms. Lordi with all in favor the meeting adjourned at 3:05 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman