

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 29, 2012 at 9:30 a.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
Kelly Straub	Vice Chairman
Brian Lacusky	Assistant Secretary
Rick Reikenis	Assistant Secretary
Jake Ivey	Assistant Secretary – by telephone

Also present were:

George Flint	District Manager
William Capko	District Attorney
Butch Terpening	District Engineer
Alan Scheerer	Field Manger
Glenn Straub	WCI
Toby Overdorf	Crossroads Environmental

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Flint called the meeting to order.

**SECOND ORDER OF BUSINESS**

**Approval of the Minutes of the May 29, 2012 Meeting**

Mr. Flint stated the next item is approval of the minutes from the May 29, 2012 meeting. Are there any additions, deletions or corrections to the minutes?

There not being any,

On MOTION by Mr. Spano seconded by Mr. Reikenis with all in favor the minutes of the May 29, 2012 meeting were approved as presented.
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**THIRD ORDER OF BUSINESS**

**Review and Acceptance of RFQ/RFP Review Committee Recommendations and Selection of Firms to Provide District Services**

Mr. Flint stated the next item is review and acceptance of RFQ/RFP review committee recommendations. The Board had previously bid out District Counsel, District Engineer, environmental consulting and lake maintenance services. At the last meeting you appointed a review committee to review those responses in more detail and to bring back recommendations.

**A. District Counsel**

Mr. Flint stated the RFQ committee met twice, I sent an email out yesterday, we met on June 23<sup>rd</sup> and on August 17<sup>th</sup> and as a result of those meetings we ranked Lewis Longman Walker no. 1, Sachs, Sax, Caplin no. 2 and Latham, Shuker, Eden & Beaudine no. 3. The committee would recommend to the Board that you award the contract to Lewis Longman & Walker who is the current District Counsel.

The Board took a short recess after which the meeting reconvened.

Mr. Flint stated we were on item 3A.

On MOTION by Mr. Reikenis seconded by Mr. Lacusky with all in favor the committee's recommendation to award the contract to Lewis Longman & Walker was accepted.

**B. District Engineer**

Mr. Flint stated we received six proposals for District engineering services from Culpepper Terpening, AECOM, EDC, Laventure & Zeiss, Erdman Anthony and Conklin Porter and Holmes. The committee reviewed the responses and ranked them in that order, Culpepper Terpening no. 1, AECOM 2, EDC 3, Laventure & Zeiss 4, Erdman Anthony 5 and Conklin Porter and Holmes 6. The committee recommends awarding a continuing consulting contract to the existing Engineer, Culpepper & Terpening.

On MOTION by Mr. Reikenis seconded by Mr. Spano with all in favor the recommendation of the committee to award a continuing consulting contract to Culpepper & Terpening was accepted.

**C. District Environmental Consultant**

Mr. Flint stated we also bid out environmental consulting services and received seven responses and we are recommending awarding continuing consulting contracts to two firms, EW Consultants and Crossroads Environmental. The rationale there is that EW Consultants has done work for the District they were under contract on the east side cleanup. Crossroads has historical knowledge of the development and the community so there is a benefit to having them available as well and then the Board on a task authorization basis can choose whom they would award the specific task to. In the event that Crossroads may have a conflict, EW could be awarded the work, etc. we felt that was a fair approach.

On MOTION by Mr. Reikenis seconded by Ms. Straub with all in favor the committee's recommendation to award continuing consulting agreements to both EW Consultants and Crossroad was accepted.

**D. District Wetland, Lake & Upland Management**

Mr. Flint stated at the last meeting the Board did make a motion to award the lake maintenance contract to Native Lands, which is the current contractor. However, subsequent to that the committee did in their second meeting in August chose to ask the two low bidders to come in and present to the committee. The two low bidders were DeAngelo Brothers doing business as Aquagenix and Bio-Tech Consulting. The contract with Native Lands has a 30-day cancelation provision without cause. The committee as a result of the interviews is recommending the Board consider exercising the 30-day cancelation provision with Native Lands and awarding a contract to Aquagenix effective October 1<sup>st</sup>.

Mr. Spano stated just to everybody understands the economics of that Native Lands bid was \$289,000 and DeAngelo, which is Aquagenix, which is a master contract we use in our large properties elsewhere their bid was \$94,000 and the guy after them was within a couple thousand of that. We sat down and vetted them to make sure we were comfortable with their seven locations and offices in the area.

Mr. Reikenis stated I would like to ask one more time if everybody is comfortable that we have apples to apples because the cost is strikingly different.

Mr. Flint stated we were obviously concerned about the cost difference and that is why we invited both to come in and tried to get some assurance that they understood the scope of

work, they had the ability to perform work and they had experience in similar communities and Aquagenix does have the ability to perform the work, they do have experience in similar communities. I think time will tell whether they priced it appropriately and we will manage the contract and if they are not performing we will address that.

Mr. Reikenis asked is there the same 30-day clause in here too?

Mr. Flint responded yes.

Mr. Spano stated we had a third bidder that was within \$3,000 of their number so we can't go too far wrong. DeAngelo is a global group and Aquagenix is the water management portion of that company and we have experience with them.

On MOTION by Mr. Reikenis seconded by Mr. Spano with all in favor staff was authorized to give Native Lands 30 days notice of cancelation and to award the contract for environmental services to Aquagenix in the amount of their low bid to commence October 1, 2012.

Mr. Flint stated on that same issue the scope of work that was used to bid it is the same scope that is in the contract and the existing contractor was asked to review the scope to make sure it appropriately reflected what they were doing and to the extent there is a scope error I guess we will find out when the new contractor gets on but we did what we could do to verify that the scope reflects what they are doing.

#### **FOURTH ORDER OF BUSINESS**

#### **Public Hearing**

##### **A. Consideration of Resolution 2012-02 Adopting the Fiscal Year 2013 Budget and Relating to the Annual Appropriations**

Mr. Flint stated the next item is two public hearings, the first one is to consider adoption of the Fiscal Year 2013 budget and the second is a public hearing to impose special assessments and certify an assessment roll. The Board previously approved a proposed budget and set the public hearing for consideration of final adoption. We advertised the public hearing in the newspaper as required by statute and also sent it to Port St. Lucie and St. Lucie County 60 days in advance of today. The exhibit to the resolution is different than the proposed budget the Board previously saw, the main difference is it reflects the costs associated with the new lake maintenance contract.

Mr. Spano stated when you put that in perspective that means that where there was previously a charge of \$311 it is now going to be \$104 per unit so it is a dramatic change. Also I want to make sure the Board understands that as far as cash reserves we have \$526,000 still in the bank so even if we stumble a little bit I don't think we can hurt ourselves.

Mr. Flint stated we have included a 20% contingency in the lake maintenance line item to allow for unknowns in the event Aquagenix at \$95,000 has issues. As the Chairman mentioned we estimate that we will have \$526,000 in operating reserves at the end of this year. The proposed per unit assessment on a developed single family home would be \$104.78 and an undeveloped lot would be \$78.59.

Mr. Spano stated this is the first time we are doing an assessment since 2010. There was no assessment in 2011 and none in 2012 so this will be the first time.

On MOTION by Mr. Reikenis seconded by Mr. Lacusky with all in favor the public hearing was opened.
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Mr. Flint stated we will ask if there are any members of the public who would like to provide comment on the budget for Fiscal Year 2013.

Mr. Straub stated I'm the declarant but I'm also a taxpayer up here because I think we pay on 350 lots. Let me ask the Board and I didn't talk to them ahead of time to give them a chance to research anything but part of the reason we are seeing a decrease in some of these costs is that people like yourselves are getting divisions started and saying this isn't that complicated, we already have engineers who are hands on, this is not rocket science these places have been cleaned up over the years so it is not like it is the first time where you have to really spend a lot of money. The predecessor company did their work you paid them, we made sure the collection of the moneys was there to make sure this CDD is financed. The reason we believe that some of these guys are getting their price in line is that developers themselves will go ahead and do the work because it is not rocket science it is cleaning up weeds, having people to advise us when we are not doing things the right way or telling us of proper sprays or whatever.

I think that is what we found with this club, we brought in a company that we kind of brought along for the last 10 or 12 years and with 10 or 12 years experience they just go do it they don't sit here. They brought a manager up that was sophisticated enough not to have to sit in an office the whole day he is out there working a piece of equipment. You would be surprised

how much you can keep the cost down when they work with that philosophy. This is what they do, they understand it, they are not some big international company that is in the oil cleanup in the Gulf and everything else. That is to give you some peace of mind as to why the price could be as low as it is.

You touched based on something else and I had a comment about that for public comments, you covered half of that with environmental and how you broke that down into specialized area where two different companies are backup on that issue. Obviously, Terpening has the experience and we have had some experience on the club side to see that they know what they are doing and they have respect in the area.

As to the transfer of properties we are doing work on the east side golf course, we let the contract and I believe we already gave them money for the materials that were delivered. I think we made the pledge to the agency that all paperwork will be done by December but the work would be done by October.

Ms. Straub asked this is the project on the Watson Course?

Mr. Straub responded that is on the Watson Course. What one are you asking me about or declarant about where we stand on that one or what?

Ms. Straub stated the requirement as we have discussed before was Ginn never officially surveyed/replatted/did anything to really find out where the parcels were for what was developer what was CDD what was POA and in this case there are about three different entities. You can't just say if it is not this then it is has to be owned by these people, it is all a little bit more complicated. What we have been trying to discuss is from the developer's engineer there is surveying going on right now on the property and to survey first to find out where everything is really located and then try to find out if platting is actually necessary or if a boundary plat would be fine so there is just a little bit of trying to figure out where we stand with the legal side.

The other one is the bankruptcy courts are very slow so we have discussed that none of the parcels that need to be transferred just so we can sign off on any type of platting they are ones that were dedicated to the POA but the real owner on it is still Ginn St. Lucie LA so it has been controlled by the POA and everything is fine with it, it is just that we have to get Ginn to sign off on the plat and Ginn is supposed to be away from here. It is just trying to get that ironed out. None of those parcels from what I can see so far or been advised deal really with the CDD

so if we do the surveys and then slowly transfer in chunks or not it is still being discussed but maybe we can still do it without those parcels possibly if we can transfer around those somehow.

Mr. Straub stated as you can see Kelly has been helping me because being a lawyer she knows titles and this and that and she would like to get it off her desk as much I would like to not hear about it every time I come to these CDD meetings about what are we doing. I would like to get it done they would like to get it done but until the declarant is out of here there is less reason for us to just carve a trail and do everything and have to redo it again someplace down the road. We are working on it, it doesn't leave our desk but once every month we pull it out and see who is holding us up someplace and we will get to it so I have to have an answer because it is the only time for her to get something done. I don't know that anybody is being hurt other than the agencies getting impatient and they have been sticking with it.

Mr. Flint stated the issue is the CDD is maintaining those areas and the ownership of the land and the permit have not been transferred. The Board has made a finding that it is in the best interests of the public to do that and we will continue to do that but ultimately that is something that has to be cleaned up and that is why we keep it on the agenda so the record is updated.

Mr. Capko stated if I can add you are right it is that certification process and maintenance responsibility. The District has been maintaining those facilities. I believe there is a new survey now I think about 36 or 37 parcels in this transfer and transaction including another 30+ easements that the District is in need of. If I can answer with my knowledge of the city and platting process we can transfer property by metes and bounds.

Mr. Straub asked what about boundary?

Mr. Capko stated no, you need to transfer it metes and bounds. That is what got us in this mess with Ginn transferring property by metes and bounds. The only caveat to that if in the event any of those properties you want to come in and build on them and get a building permit from the city they will not view that as a legal autograph. If you are just transferring wetlands and drainage ponds we are not going to require it is something Counsel can do and they could be cleaned up by metes and bounds if it is something that we know is not ever have to get a building permit on.

Mr. Terpening stated the issue would really be only with any lots that might be built on in the future, if it is just the wetland areas and cleaning up those, that is not a problem.

Mr. Reikenis stated I think what everybody is saying as far as the CDD is concerned as far as we are concerned it is fine so having the information is perfect.

Mr. Flint stated Bill and I are going to meet with Kelly after the meeting on this issue.

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

Mr. Flint stated the only thing I would ask the Board is to approve the resolution subject to insertion of the proper numbers in the text of the resolution based on the attachment.

On MOTION by Mr. Reikenis seconded by Mr. Lacusky with all in favor Resolution 2012-02 was approved subject to insertion of the proper numbers in the text of the resolution based on the attachment.

**B. Consideration of Resolution 2012-03 Imposing Special Assessments and Certifying an Assessment Roll**

Mr. Flint stated the next public hearing is to impose special assessments.

On MOTION by Mr. Reikenis seconded by Mr. Lacusky with all in favor the public hearing was opened.

Mr. Flint stated the public hearing is open. Are there any members of the public who would like to provide comment on the resolution imposing assessments?

The resolution has two attachments one is the budget that was just adopted and the other is the assessment roll reflecting the per unit amounts that are in the budget.

There being no comments from the public,

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

Mr. Flint stated we will bring it back to the Board for consideration of Resolution 2012-03.



On MOTION by Mr. Lacusky seconded by Mr. Reikenis with all in favor Resolution 2012-03 was approved.

**FIFTH ORDER OF BUSINESS**

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

This item taken up earlier in the meeting.

**SIXTH ORDER OF BUSINESS**

**Staff Reports**

**A. Attorney**

There not being any, the next item followed.

**B. Engineer**

Mr. Terpening stated I wanted to check and see if you had any storm damage as a result of the rainfall. The city is putting together a package to ask for state funding and if we have had any damage to our major structures we should include it.

Mr. Scheerer stated none that we are aware of. We are doing some general cleanup on the bridges that come across the turnpike but as of this morning, no.

Mr. Terpening stated if you see any please document it.

Ms. Straub stated I know the city or somebody was going to put in a lock system so they can automatically raise and lower the water within Tesoro. Does anyone know where that project is?

Mr. Terpening stated yes it is over here on R-10.

Ms. Straub asked they did it?

Mr. Terpening stated yes, however, the back structure is not completed so you have 60-foot structures and they only have one of the two structures that control our flow.

Mr. Straub asked when do they expect to have the back structure?

Mr. Terpening stated I have no idea and they haven't contacted us.

Mr. Straub stated it is one thing for a developer doing it and another thing for a quasi-governmental agency to do it. Let's instruct the Engineer it would maybe be a technical answer to give a layman's view, it is a technical question if it turns out to be we don't have any money that don't take an Engineer to figure it out but he might also say South Florida has to move the C-72 Canal with the 42<sup>nd</sup> Canal.

Mr. Terpening stated it is the city that controls it and it is their structure.

Mr. Straub stated it could be an engineering question and he is close enough so I would think it would be his question.

Ms. Straub stated in Wellington the water is not going down, there have been flooding situations. If we have a system that is supposed to be working it would be nice to know it was working.

Mr. Straub stated we spent a lot of money down there doing it right and it still doesn't work. I see a place to jump in here with the declarant, which is appropriate, there has been a lot of activity up there. I know we have been dormant for a few years and we knew it wasn't something to spend millions of dollars on marketing and trying to sell something where the banks can't lend money but banks are coming around. We are going to be back up within the year to where it was before the recession. They are recovering very quickly.

The announcement would be that on a proper take down we brought in a house builder and sold him 11 lots in what I call the poor area of the property up closer to the water treatment plant. It is something we knew we weren't going to have multi-million dollar homes over there and he has a take down over the next year and a half or so the balance of 50 and we know him because we own another piece of property that he did a fine job all the houses look like million dollar houses. He knows how narrow the lots are and he will cover up that water treatment plant if it is still active or not. We sold it to him he definitely did due diligence and he will probably take down all 50 for sure based on his success everywhere else. That is one of three house builders as we do not build homes we are pretty much the people that takes things out of bankruptcies and hold onto them and try to make sure the golf courses are maintained and wait for people who know how to put vertical construction up. We aren't having people who don't carry a decent financial statement and they definitely have experience in having architects and interior designers and everybody else and the proper advertising so it should be done properly. I don't know if we are going to be as good as Ginn was in its heyday but we will be good enough for the lady who will be here five years from today. I think looking back over the past few years the place looks similar maybe it has a few areas we have to touchup but the golf course seems to be okay and we have ideas about other things.

### **C. Manager**

**1. Approval of Check Register**

Mr. Flint stated the next item is approval of the check register for the general fund checks 375 through 391 in the amount of \$110,343.33 and the detailed register is behind the summary.

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

**2. Balance Sheet and Income Statement**

Mr. Flint stated the balance sheet and income statement through July 31<sup>st</sup> are in the agenda packet. There is no action required but if you have any questions I will try to answer those.

**3. Approval of Fiscal Year 2013 Meeting Schedule**

Mr. Flint stated the next item is the annual meeting schedule. The Board is required annually to approve a meeting schedule and in the past you approved a schedule indicating that you would meet on an as needed basis and when you do meet we would fulfill the statutory noticing requirements.

On MOTION by Mr. Reikenis seconded by Mr. Spano with all in favor the notice indicating that the Board would meet on an as needed basis in Fiscal Year 2013 was approved.

Mr. Flint stated there is a landowners' meeting scheduled for November 26<sup>th</sup> at 9:30 a.m. It is not necessarily a Board meeting at this point, however, if there are business items a lot of times we will schedule a Board meeting in conjunction with the landowner election so we will be in touch with the Board members if that is needed.

Mr. Spano stated just for the record at that meeting the business that is conducted is the election of the Board members based on the votes.

Mr. Flint stated yes, there are three seats that will be up for election in November, the two seats receiving the most votes would serve a four-year term and the other seat will serve a two-year term. The seats that are up are Brian's, Rick's and Jake's seats. It is a landowner election, which means that any property owner within the District can participate, it is a one vote per acre

or part thereof basis so if you own one lot it is one vote if you own  $\frac{3}{4}$  acre it is one vote if you own 1.1 acres it is two votes. We will provide proxies to the developer in advance of that meeting and make sure they know that and we will also make sure the information is posted on the District's website.

**SEVENTH ORDER OF BUSINESS**

**Audience Comments**

There not being any, the next item followed.

**EIGHTH ORDER OF BUSINESS**

**Supervisor's Requests**

Mr. Spano stated the Wellington Pro Contract we need to extend it.

Mr. Flint stated the existing contract expires September 30<sup>th</sup> and it allows for extension through mutual agreement. The price is \$90,000 and I would ask for a motion to extend it one year.

On MOTION by Mr. Reikenis seconded by Mr. Spano with all in favor the Wellington Pro Contract was extended one year.

Mr. Reikenis stated if things go well this will probably be my last meeting here on the CDD so I wanted to thank everybody for however many years it has been that I have been on the Board. Mr. Straub the work you have done here is fantastic you kept the property very nice everybody has done a great job. I wanted to express my gratitude to everybody.

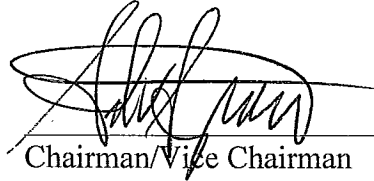
Mr. Lacusky stated I would like to add the same.

Mr. Straub stated with your help we appreciate that.

On MOTION by Mr. Reikenis seconded by Mr. Lacusky with all in favor the meeting adjourned at 10:15 a.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman