



Portofino Isles Community Development District

Earl Baker, Chairman

Ronald Willemstyn, Vice Chairman

Juan Azcona, Assistant Secretary

Dan Duncan, Assistant Secretary

Brian Mamo, Assistant Secretary

December 13, 2016



Portofino Isles

Community Development District

5385 N. Nob Hill Road, Sunrise, Florida 33351
Phone: 954-721-8681 - Fax: 954-721-9202

December 5, 2016

Board of Supervisors
Portofino Isles
Community Development District

Dear Board Members:

The regular meeting of the Board of Supervisors of **Portofino Isles Community Development District** will be held on **December 13, 2016 at 10:00 a.m. at the Newport Isles Clubhouse, 1856 SW Newport Isles Blvd., Port St. Lucie, Florida 34953.** Following is the advance agenda

1. Oath of Office for Newly Elected Supervisors at the General Election held on November 8, 2016 – Seat #2 and Seat #3
2. Roll Call
3. Organizational Matters
 - A. Consideration of **Resolution #2017-01** Confirming the General Election Results
 - B. Consideration of **Resolution #2017-02** Declaring a Vacancy on the Board of Supervisors and Appointing a Qualified Elector to the Vacant Seat for Seat #5
 - C. Oath of Office for Newly Appointed Supervisor
 - D. Consideration of **Resolution #2017-03** Electing Officers
4. Approval of the Minutes of the October 4, 2016 Meeting
5. Ratification of Joint Participation Agreement between Portofino Isles CDD and Newport Isles POA
6. Ratification of Agreement with John Jado
7. Consideration of Addendum to Engagement Letter with Grau & Associates to perform the Audit for Fiscal Year Ending September 30, 2016
8. Staff Reports
 - A. Attorney
 - B. Engineer
 - C. Manager
9. Financial Reports
 - A. Approval of Check Register
 - B. Balance Sheet and Income Statement
10. Supervisors Requests and Audience Comments
11. Adjournment

After the newly elected supervisors subscribes to an oath of office, we will then have quorum and be able to call the meeting to order, and then consider **Resolution #2017-01** Confirming the General Election Results. Since no one qualified for Seat #5 in the general election, we need to consider **Resolution #2017-02** Declaring a Vacancy on the Board of Supervisors and Appointing a Qualified Elector to the Vacant Seat. Once we give the newly appointed supervisor the oath of office, we can consider **Resolution #2017-03** Electing Officers. Copies of the resolutions are enclosed for your review.

Enclosed for your review is a copy of the minutes from the October 4, 2016 meeting.

The seventh order of business is consideration of addendum to engagement letter with Grau & Associates to perform the audit for fiscal year ending September 30, 2016. A copy of the addendum is enclosed for your review.

The financials are also enclosed. The balance of the agenda is routine in nature and staff will present their reports at the meeting. Any additional documentation will be provided under separate cover as soon as it becomes available or presented at the meeting. I look forward to seeing you at the meeting and in the meantime if you have any questions, please contact me.

Sincerely,



Paul Winkeljohn
Manager

cc: Dennis Lyles Steve Sanford Butch Terpening Roberto Cabrera Jacob Ensor

RESOLUTION 2017-01

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE PORTOFINO ISLES COMMUNITY DEVELOPMENT DISTRICT RECOGNIZING AND ACCEPTING THE ST. LUCIE COUNTY CANVASSING BOARD'S DECLARATION AND CERTIFICATION OF THE RESULTS OF THE NOVEMBER 08, 2016 GENERAL ELECTION FOR SUPERVISORS OF THE PORTOFINO ISLES COMMUNITY DEVELOPMENT DISTRICT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the **Portofino Isles** Community Development District (the "District") is required to hold elections for membership of the Board of Supervisors of the District (the "Board"), pursuant to the provisions of Section 190.006, Florida Statutes; and

WHEREAS, an election of Board members was held on November 8, 2016, in **St. Lucie** County in the manner prescribed by law for holding general elections; and

WHEREAS, the Supervisor of Elections of **St. Lucie** County appointed inspectors and clerks of elections, prepared and furnished ballots, designated polling places, and held the election for members of the Board of Supervisors of the District; and

WHEREAS, the Supervisor of Elections of **St. Lucie** County canvassed the returns of the election of District Board members by the qualified electors of the District; and

WHEREAS, the **St. Lucie** County Canvassing Board has declared and certified the results of the election for Board members which the District desires to recognize and accept.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE PORTOFINO ISLES COMMUNITY DEVELOPMENT DISTRICT, THAT:

Exhibit A

Portofino Isles, Seat 2

Earl Baker (Active- **Qualified**)

Portofino Isles, Seat 3

Ron Willemstyn (Active- **Qualified**)

RESOLUTION NO. 2017-02

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE PORTOFINO ISLES COMMUNITY DEVELOPMENT DISTRICT DECLARING A VACANCY ON THE BOARD OF SUPERVISORS PURSUANT TO SECTION 190.006(3)(b), FLORIDA STATUTES; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, pursuant to the provisions of Section 190.006, Florida Statutes, the members of the Board of Supervisors (the "Board") of the Portofino Isles Community Development District (the "District") are to be elected by the qualified electors of the District at a general election held in November; and

WHEREAS, the District provided notice of the qualifying period for election to the District Board at least two (2) weeks prior to the start of the qualifying period, as required by Section 190.006(3)(b), Florida Statutes; and

WHEREAS, the St. Lucie County Elections Department has confirmed that at the close of the qualifying period for election to the District Board, no electors qualified for Seat # 5 to be filled in the general election to be held on November 08, 2016 (the "General Election"); and

WHEREAS, the District is required by section 190.006(3)(b), Florida Statutes, to declare the seat to be filled by the election to which no qualified elector has qualified as vacant and to appoint a qualified elector to fill such vacancy within 90 days of the second Tuesday following the General Election.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE PORTOFINO ISLES COMMUNITY DEVELOPMENT DISTRICT, THAT:

1. The recitals above are true and correct and are hereby made a part of this Resolution.
2. The Board hereby declares Seat # 5 to be vacant, effective on the second Tuesday following the General Election.

3. The Board shall appoint a qualified elector to Seat # 5 within 90 days of the second Tuesday following the General Election, as required by Section 190.006(3)(b), Florida Statutes. Until such appointment to a seat, the incumbent board member in such seat shall remain in office.
4. This Resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED THIS, _____ DAY OF _____, 201__.

**PORTOFINO ISLES COMMUNITY
DEVELOPMENT DISTRICT**

Chairman / Vice Chairman

Secretary / Assistant Secretary

RESOLUTION 2017-03

A RESOLUTION ELECTING OFFICERS OF THE PORTOFINO ISLES COMMUNITY DEVELOPMENT DISTRICT

WHEREAS, the Board of Supervisors of **the Portofino Isles Community Development District** desires to elect the below recited persons to the offices specified.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE PORTOFINO ISLES COMMUNITY DEVELOPMENT DISTRICT:

1. The following persons were elected to the offices shown, to wit:

_____	Chairman
_____	Vice Chairman
_____	Treasurer
_____	Secretary
_____	Assistant Secretary
_____	Assistant Secretary
_____	Assistant Secretary

PASSED AND ADOPTED THIS _____ DAY OF _____

Chairman / Vice Chairman

Secretary / Assistant Secretary

**MINUTES OF MEETING
PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT**

The special meeting of the Board of Supervisors of the Portofino Isles Community Development District was held Tuesday, October 4, 2016 at 10:00 a.m. at the Newport Isles Clubhouse, 1856 SW Newport Isles Blvd., Port St. Lucie, FL.

Present and constituting a quorum were:

Earl Baker	Chairman
Ron Willemstyn	Vice Chairman
Dan Duncan	Assistant Secretary
Juan Azcona	Assistant Secretary

Also present were:

Michael Pawelczyk	District Counsel (by phone)
Paul Winkeljohn	District Manager
Pat Ferland	District Engineer
Greg Boggs	GB Plans
Mike Perelli	HOA Representative
Joe Passerelli	Resident
John Jado	Resident
Several Residents	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Winkeljohn called the roll and stated we have a quorum.

SECOND ORDER OF BUSINESS

**Approval of the Minutes of the
September 13, 2016 Meeting**

Mr. Winkeljohn: The minutes from the September 13th meeting have been circulated and if those are acceptable, or if there are any changes I can take those, or a motion to approve.

On Motion by Mr. Duncan seconded by Mr. Azcona with all in favor, the Minutes of the September 13, 2016 Meeting were approved.

Mr. Winkeljohn: Is that you on the phone Gerry?

Mr. Pawelczyk: It's Mike Pawelczyk.

Mr. Winkeljohn: Oh I'm sorry Mike, how are you?

Mr. Pawelczyk: I'm good.

THIRD ORDER OF BUSINESS

Discussion of Joint Participation Agreement between Portofino Isles CDD and Newport Isles POA

Mr. Winkeljohn: Today's meeting of course is a special meeting called for the purposes of finalizing the joint participation agreement. Greg and Pat have been working diligently as we hoped to get the cost estimates finalized, as well as the plans. I know Greg has his plans with him and that would be the exhibit to attach, nothing material on the plans, it was just basically everything we brought up to the point is my understanding.

Mr. Ferland: I think so.

Mr. Boggs: That's right.

Mr. Winkeljohn: And I saw a little of the dialogue with the city but we think most of that won't be material in terms of changing the plans. So the last part was the cost estimate exhibit and I believe we have that. I don't have a recent copy of it, did you bring that Pat?

Mr. Duncan: It's in the book.

Mr. Winkeljohn: The one in the book I know, but do we have any changes to it?

Mr. Boggs: I've brought my costs that we used.

Mr. Winkeljohn: Right, it's been updated, it changed. Ok that's the one, we have it here, to reference it, the total comes to \$824,379.76. We added basically some of the soft costs that are related to the project including supervision, accounting, engineering, and a

2% contractor bond, so those are the intended allowances, or expenses, that round out the project of phase I to the number I read. Are there any other discussions? Yes sir, go ahead.

Mr. Duncan: Yes. So again, these costs as we mentioned 10 times, are cost estimates. We do not have a contract with the vendors. The cost estimates are becoming costs only after the terms and conditions from the District are associated with the work scope, and before you sign the vendor will give you a final cost. So in the agreement the legal team came up with "estimated" costs and not actual costs. I want to make sure that people understand that these are not actual costs. The exhibit B which is the scope of work, the District has to follow the scope of work but the District does not know yet if that scope of work can be covered by this amount of money. Usually, you go into some contractual discussions with vendors, you associate the terms and conditions, the vendor comes back and says this is the fixed cost, whatever it says, and before you sign you have this cost here, we sign the agreement, we sign all the contracts. These cost estimates remove all the landscaping that was originally planned, especially Brigantine. So from \$200,000 of landscaping we are now at zero, and it does not include lighting, the fixtures for lighting. The agreement does not have a commitment for phase II. The commitment says we do phase I, if money will be available at a later time, we will continue with phase II. There is one other thing, originally in the agreement that we had with the HOA, the electronics part of the gates were not included, it was just the physical gates. The \$81,000 that you see here includes the electronics.

Mr. Boggs: It has everything for both entries, it's a full package of gates, electronics, sensors, lighting.

Mr. Duncan: So originally it was said that because electronics are HOA issue, we would include the physical part of the gates, motors, gates, electrical, and everything.

Mr. Winkeljohn: That's a good point, and they would buy directly their own bid out type of thing.

Mr. Duncan: Or whatever they want to do now or in the future.

Mr. Winkeljohn: Do you know that cost allowance in their proposals?

Mr. Boggs: For?

Mr. Winkeljohn: The electronics.

Mr. Boggs: Yes it's broken down.

Mr. Winkeljohn: So we would modify this to be that by other?

A resident: What is the total of that, the electronics of the gate?

Mr. Boggs: The total gates?

Mr. Winkeljohn: The electronic part of the gates.

Mr. Boggs: Oh they've broken that down, but I don't know, I'd have to find that real quick for you.

A resident: It's a little less than \$40,000.

Mr. Winkeljohn: Ok, so from that standpoint that would bring us back on the budget.

Mr. Duncan: No I would like to put in new landscaping because you need some landscaping.

Mr. Winkeljohn: Ok.

Mr. Baker: Right.

Mr. Azcona: And I think it will be important, initially we started with a proposal for landscaping and then we trimmed it down, and I don't think that's a benefit for the community. We compromised going with a type of fence that was not recommended by the engineer, that it was overkill, and we compromised with that, but I don't think it's a benefit to the community to remove 100% or 50% of what was suggested with regard to landscaping.

Mr. Duncan: And the previous costs included about \$100,000 for landscaping which was 50% of the total but you can actually do something, saving some landscaping and so forth. There are more savings that can be done by helping with the engineering, helping with the field supervisor that will reduce the costs, but that's a part of the HOA discussions, but this could reduce the cost by another \$40,000 to \$50,000. So between that and the electronics, we can go back to landscaping in the range of \$80,000 to \$90,000.

Mr. Boggs: Just so we know, if we make the electronics, that's about \$33,000.

A resident: What is your total bid on that whole gate package if you approve this?

Mr. Duncan: \$81,000.

Mr. Boggs: \$81,174.78, and it was \$32,970 for the electronics.

Mr. Winkeljohn: So for today's purposes, what I'm hearing is a recommendation to amend the exhibit with the cost to reduce the entry gate allowance by \$32,000 and move that out completely to phase II?

Mr. Duncan: By \$42,000, right the electronics is \$42,000?

Mr. Boggs: \$33,000.

Mr. Winkeljohn: Right it's \$32,970.

Mr. Duncan: Yes.

Mr. Winkeljohn: Is that the intent, and move that to phase II?

Mr. Duncan: No, this was a part of the HOA, gates on the HOA properties, and we're basically talking about physical stuff and the HOA will decide what electronics, or what security system they need which has to match the security system and other things.

Mr. Winkeljohn: But there's two topics, one is our agreement today which shows \$800,000 in phase I.

Mr. Duncan: It's \$850,000.

Mr. Winkeljohn: Ok was it \$850,000, so we're fine.

Mr. Baker: When you're saying electronics, is that just for the vehicular gates or does that include the pedestrian gate?

A resident: That is for all the gates so that the gates that we put on will be able to be locked.

Mr. Boggs: Just the car gates.

A resident: And I don't understand, having gates on a community with no locks.

Mr. Duncan: I don't know, we understood that we need this stuff, was how the budget was intended in the first place.

Mr. Winkeljohn: So we bid a few more things than the original intent is what you're saying beyond this.

Mr. Duncan: Yes.

Mr. Winkeljohn: Which makes sense, ok.

A resident: But if you add landscaping you have to add some irrigation to water those plants.

Mr. Duncan: Yes. So I looked at the numbers, and we can reduce the number based on what Pat provided and who will do field supervision. We can actually get \$40,000 or \$50,000 out of engineering and field supervisor.

Mr. Winkeljohn: So this number is too high?

Mr. Duncan: Well it depends on how you structure it, if everything is done by Pat, we have a proposal from Pat and these are the costs. If we help Pat with some engineering and field supervisor, the cost will be lower.

Mr. Winkeljohn: So we have overkill here with the engineering of \$91,000 which includes full services by Pat?

Mr. Duncan: Right.

Mr. Winkeljohn: And so the \$30,000 supervisor would be overkill.

Mr. Duncan: Yes, I would say that, and Pat you help here, yes you had the \$55,000 field supervisor.

Mr. Ferland: Right.

Mr. Duncan: So yes, the \$30,000 would be extra.

Mr. Winkeljohn: Ok, so we can subtract \$55,000, is that what I understand from the engineering?

A resident: No you would have to subtract \$55,000 and put in \$12,000 and \$15,000.

Mr. Winkeljohn: Ok, so does anybody want to tell me what that is for?

Mr. Azcona: Ok, we subtracted \$30,000 for the supervisor, and then out of the \$91,000 how much?

Mr. Duncan: No you can subtract at this moment \$80,000 and put back \$20,000, so it would be \$55,000, you can say \$55,000 out of \$120,000.

Mr. Azcona: A combination of the two.

Mr. Duncan: Yes.

Mr. Winkeljohn: Ok.

Mr. Azcona: So \$55,000, so if we remove \$30,000 from one, then we remove another \$25,000 from the other one. So we know it's \$30,000 from the supervisor, and then from the \$91,000 we remove another \$25,000.

Mr. Duncan: No, no. You have to remove from engineering which is all Pat. You have to remove the \$50,000 I would say, and leave the supervisor \$30,000 alone.

Mr. Azcona: As it is, ok.

Mr. Duncan: Because that's a different area.

Mr. Winkeljohn: So the corrected number at the bottom is?

Mr. Duncan: Now that implies some decisions that should be made by the District who gets the job.

Mr. Winkeljohn: Right I think we're already in that. At our last meeting that was a consensus.

Mr. Duncan: Ok.

Mr. Winkeljohn: So I think we're moving along in the spirit.

Mr. Duncan: So at this moment what I'm telling you is that between the \$33,000, you can actually put back about \$85,000 in landscaping.

Mr. Winkeljohn: Right and irrigation.

Mr. Duncan: Yes, irrigation would be \$20,000 or \$25,000 in irrigation and that would allow us to do some landscaping at Brigantine.

Mr. Winkeljohn: Ok, so for this project we're going to take the \$82,970 and we'll just call that all landscaping and irrigation, we can divide it on Greg's direction.

Mr. Duncan: Yes, Greg will actually give us a priority list, right Greg?

Mr. Boggs: Yes.

Mr. Duncan: What's more important for you.

Mr. Winkeljohn: Right. So this is what the new attachment will look like.

Mr. Boggs: Well it's the \$50,000 plus the \$82,970.

A resident: So the field supervision will be done by an independent contractor?

Mr. Winkeljohn: Yes.

Mr. Duncan: Yes.

A resident: Ok, so an independent contractor with their own insurance and tax liabilities.

Mr. Winkeljohn: We can look at that.

Mr. Duncan: Sure.

Mr. Winkeljohn: A consultant doesn't have the same kind of insurance as a contractor.

A resident: Thank you.

Mr. Winkeljohn: So for today's purposes, and I don't think there's any other amendments to this, so I think we have everything we need.

Mr. Duncan: Again, one of the most important things for me, is actually after you decide who does what, for you to bring the terms and conditions for somebody depending on who you hire might help write technical specifications, then we sit down with the contract, we apply that and give us in writing with the terms and conditions something that is closer to the actual costs, than the estimated costs. So like a contract, but you don't sign it, remember there was a big legal fight in not putting the word "estimated" in the agreement, if we don't want to do estimated costs, we have to have some paperwork for that.

Mr. Boggs: In my mind, like Veterans for example, this is not an estimate, this is real.

Mr. Winkeljohn: Right, it's a hard number.

Mr. Duncan: Well do they have terms and conditions?

Mr. Boggs: Well they have probably not to your understanding, or to your liking but this is their standard form of agreement.

Mr. Winkeljohn: Well we have our own, we would hand it to them.

Mr. Boggs: The same thing with Wall and Sign. This is not an estimate.

Mr. Ferland: I think the point is Greg, it's an estimate until the contract is executed.

Mr. Boggs: I got it.

Mr. Duncan: Greg, let me give you an example, if the terms and conditions requires a performance bond, the cost will be different. Only in the terms and conditions they will seek the requirement of a performance bond. If they require extra insurance for different things, only the terms and conditions would show us. None of this stuff shows that. We estimated what it would cost.

Mr. Winkeljohn: Right so the next step for the District is to present the District agreement to these two contractors, and any others.

Mr. Duncan: And have some technical specs.

Mr. Winkeljohn: Beyond the plans.

Mr. Duncan: Yes, and technical specs, what it means is, a CDD is a summary of all technical specifications that is required from the vendor.

Mr. Winkeljohn: The plans.

Mr. Boggs: Which are my construction plans of course.

Mr. Duncan: Yes, and if we have anything special, anything in particular in the way that you put them together, that would be specified in the technical specifications.

Mr. Winkeljohn: Right and if there's any interaction with each other. Perfect. So from a legal standpoint, Mike is on the phone.

Mr. Duncan: Now I have a problem with legal.

Mr. Boggs: Just real quick before we end this, someone needs to review these terms and conditions.

Mr. Winkeljohn: Right, that's Mike, and what he does is, and I think he dropped off the phone, but we have our own agreement.

Mr. Pawelczyk: No I'm here.

Mr. Winkeljohn: Ok sorry, we have a District form, it's a small projects agreement, and I don't know if it's a small project agreement or not.

Mr. Pawelczyk: Let me just give a quick summary, and it's easy to hear Paul because the phone is right by him so, but Dan it was a little bit difficult to hear him because the phone is not right in front of him, but what I understand is that the joint participation agreement with the estimated costs, as amended, is something that will move forward. In the package there's the JPA is there, we will update the blank on page 1 to reference the completed or final plans, we will also update the exhibits that are in there and I see that the plans are attached, exhibit B, the project summary, and with what you approved today, and then on page 11 it says, if this agreement is not executed in full by the parties by "blank" 2016, the agreement shall be null and void. Well it's my understanding the POA is ready to execute this agreement, once they have a chance to review those final exhibits, so I think that could be 30 or 45 days that we'd want to move this forward as soon as possible. We'll insert I guess 45 days in there just in case, for whatever reason unless the board tells me otherwise. The second part of this would be to move forward with the construction project and if you have a form of agreement that you prefer to use from I guess a project manager's standpoint, which is really the engineer, send that to me and I'll review it, and then bid it out to the contractors so they can bid on the project. How's that?

Mr. Winkeljohn: Pat has one or two templates that he'll submit.

Mr. Ferland: Sure.

Mr. Pawelczyk: Whatever one he prefers because he's going to be the contracting administrator, so I would rather have him send me what he's comfortable using so he doesn't have to familiarize himself with a new contract, and I'll insert whatever the CDD needs, and in terms of, to make sure that both the CDD and the POA are named as additional insured on the insurance policies of any contractors that we hire, and that's a requirement of this JPA. So we'll make sure all that's in there but Pat can send me what his best form of agreement is, and if I don't like it, I'll let him know.

Mr. Winkeljohn: Alright, that's good, he heard you. What else did you have on the attorney's side?

Mr. Duncan: Well I would not agree with this agreement if, as I said 10 times before, if there is an agreement of a partnership, between parties, and we pay the legal from the same pocket, the homeowners, we should only resolve the issues through mediation. They agree, and they put this sentence in that doesn't make any sense to me, that prior to suing each other we go to mediation. You go to that forum, not if the party that loses has the right to sue each other. So, I would strongly recommend to get my vote for this mediation to be changed, that all issues that might result would be solved through mediation only.

Mr. Baker: And I agree with that in its entirety. I would not sign this agreement if we are going to take our legal right of immunity in a partnership, and cast that aside, and the only benefit that would be, would be to Krivok who is the HOA's attorney. We're both paying the money whether it's the HOA or the CDD, it comes out of the same pocket, so why would we sue ourselves as homeowners, that's ridiculous.

Mr. Winkeljohn: And Mike, you've had the pleasure of negotiating with the attorney from the HOA, is that a completely deal killer on their side?

Mr. Pawelczyk: You're going to have to summarize what was just said, I couldn't understand.

Mr. Winkeljohn: Basically the legal remedy portion of the agreement should end at mediation, it shouldn't be allowing two of the same homeowner groups to basically still have an open ended legal suit possibility. I don't know if that's allowed or not but I think that's the intent.

Mr. Pawelczyk: Well, I understand the position of the board on that and I think the POA is actually the one that suggested, let's include a mandatory mediation as part of the remedy section, which is a good idea, but that doesn't preclude them from filing a lawsuit, or from the District filing a lawsuit.

Mr. Baker: Mike, this is Earl, that's a show stopper for me.

Mr. Pawelczyk: Well you're basically asking for arbitration and each party would have to agree to the arbitrators.

Mr. Winkeljohn: As a binding arbitration.

Mr. Baker: That's correct.

Mr. Pawelczyk: Why would you give up your rights to that, to litigation or arbitration, or however we do it, why would the board want to give up those rights?

Mr. Winkeljohn: It's a financial rabbit hole out of the same bank account basically.

Mr. Pawelczyk: The reality is that in these situations regardless, the majority of the CDD board would have to agree to file a lawsuit against their neighbors, the POA. The majority of the POA board members would have to make that same decision, and certainly it's not a wise decision because of the cost, you're going to want to try to mediate it and try to come up with a mutually agreeable decision. I don't even think it would end up in mediation because I think that both parties would get together, send a representative and we'd hammer out a negotiated settlement in the event there is any litigation.

Mr. Baker: So you make our point Mike.

Mr. Pawelczyk: And I'm going to take direction from the board, it's really up to you guys, I just don't think that it's necessary in this case to agree to binding arbitration when I think it's probably better for the parties to have more flexibility in making a decision so they don't rely on binding arbitration and hopefully would come to a decision before any lawsuits are filed.

Mr. Baker: Mike you make our point really. If you feel that the norm would be that the two parties would solve their disagreement themselves, and the second step is arbitration, why would you persist in a legal remedy when that would be most unlikely. I'm saying, I have a problem with that language even being in there because of the contention that has come from the HOA already, we are a partnership. We are working together, there's no reason that should be in there.

Mr. Pawelczyk: Well the provision right now just says that the parties agree that if there is ever a dispute prior to bringing any action in a court of competent jurisdiction, which I guess arguably would be also to bring arbitration, the parties will participate in mediation with a mediator agreed upon by the parties. So it's basically

telling you to go forward with mediation and reach impasse at mediation before either party would file a lawsuit.

Mr. Winkeljohn: You have the means of a lawsuit no matter what it says in the agreement.

Mr. Duncan: That's actually not true. If you have breakage account, you sign that all disputes are done to arbitration, period. When the same people are paying the legal fees for both parties, arbitration should be the only way to resolve an issue. Obviously you try to do it without arbitration, but you go to arbitration and you abide by what the arbitrator said. It's just like that.

Mr. Pawelczyk: Well look, it's up to the board, I disagree with that, I think flexibility in a contract and to exercise your right is preferable. I also think flexibility would, in this case, would encourage the parties to mediate and come up with an agreed upon solution in the event there is a dispute. It comes out of their pocket, if the POA sues, they need to raise their rates to pay Krivok. If the POA loses they need to raise the money to pay any damages that are a result of the litigation, whether they be attorney's fees or not. The same goes for the CDD, so to me I think flexibility is better but that's my opinion. If the board wants to include and ask for a mandatory binding arbitration after mediation, I'm sure we can try to add that to the agreement.

Mr. Winkeljohn: Ok I think that's the consensus here.

Mr. Pawelczyk: I don't think the POA would have a problem with it but I'm just saying my opinion is, the more flexibility you have, I think the better off both parties are.

Mr. Baker: Ok what does the board think, what's the opinion of this board?

Mr. Azcona: What I'll say is that, we are not comfortable with prior to bringing any action in court of a competent jurisdiction. What we want to say is that, in the event there is a dispute, it would be only be mediation or arbitration.

Mr. Duncan: Both parties will abide, this one says, you go to arbitration and where does that leave the result, we'll sue.

Mr. Pawelczyk: I said, it's up to you, the board members are going to have this agreement with a provision that says, Mike we will not sign this unless we add after mediation, we go to binding arbitration, and we will include a standard binding arbitration provision in there that says both parties will abide by the arbitrator's decision, prior to that the arbitrator will be selected in accordance with the rules of the American Arbitration Association, and then if we can't agree on one, we'll just use the standard whatever those rules are that we can arbitrate.

Mr. Winkeljohn: Thanks Mike. So what I'm seeing right now if I have everybody's attention just a second here, we have a modified exhibit with the pricing to add the \$82,970 that we identified coming from entry gate and engineering costs. We have a paragraph 23 modification as stated by counsel, and with those changes I would recommend that the board authorize the chairman and staff to finalize these documents and prepare them for final execution.

Mr. Duncan: I have more stuff that is not ok.

Mr. Winkeljohn: Oh, I'm sorry, hold on, more to go.

Mr. Duncan: Ok, there is no reason, this agreement, after HOA pays the \$425,000 in the construction account, HOA has no other liability. All the liabilities are with the District in implementing the project. Therefore, it doesn't make any sense to me as a board member, to actually waive my immunity of limitation of liability as a government entity. This was there for a reason and no matter what happens the homeowners will actually pay. If I allow damages and everything else, in paragraph 22, which shall include but not be limited to the right of damages, injunctive relief and specific performance, and then I go to paragraph 8 which is telling me that the District waives any claim of immunity or limitation of liability relating to the District's contractual obligations to the association arising from this agreement. We are a government entity that is protected to \$250,000, we put in \$450,000 from our money, there is no reason to have this language in there.

Mr. Pawelczyk: If you tell me to take it out, I'll take it out and we will see if they will agree to it.

Mr. Duncan: Please do.

Mr. Winkeljohn: It's a consensus of the room.

Mr. Baker: Yes.

Mr. Winkeljohn: What paragraph was that so I have a note?

Mr. Duncan: Paragraph 8.

Mr. Winkeljohn: Any others?

Mr. Duncan: Yes, the last one is something that I said a couple of times. If something happens due to field changes, we go over budget, there is paragraph 2D, that the District has to go and would implement value engineering to bring the project to costs. It's very difficult after you sign the contract and you have the costs, to go to the vendor and say I want you to do only 50% of what I signed. So after you have a contract, value engineering gets very difficult to implement because for a change in the contract I still pay 95%, so the fact that I'm actually forced to do that, and I'm unable to do it contractually, puts an additional weight on the District.

Mr. Pawelczyk: Well I understand that but I would expect that the construction contract will include in there that recognizes paragraph 2D. We'll have the buffer in there up to \$850,000 for phase I, so I think that's why we included and discussed having that buffer being a little bit higher for that as that construction cost being higher than what we actually expected it to come in at.

Mr. Duncan: Well if you have enough money, this is not an agreement breaker for me.

Mr. Pawelczyk: I think we're ok there, and I understand the CDD's position in terms of making sure that we do have control, but I think our construction contract with our contractor and most construction contracts do allow us to change things as we move forward with the project, as long as the contractor hasn't spent money to purchase certain things, but we should know what those costs are once the bids come in. I think then you'll have a better idea as to what potential additional costs are going to be out there eventually.

A resident: Ok if I may speak, this a contentious point with the homeowners association that the specifications that are going to be written I believe today, and put down on paper, will not be materially changed on this project for budgetary reasons. That's the reason why Culpepper & Terpening is to be running this job, so these type of changes, that they are contracted to run and operating this job in an economical way to bypass or not to have these problems come up. This is a fairly cut and dry job and materially, the problem that you might run into would be tree stumps and direction of this project, not any material changes to lower the quality, that is what I have gleaned from the board of directors who I work for and that's what I believe the language is put for, that specifications are put in today, stay there.

Mr. Baker: Let's be really up front. This change in materials has to do with the upgraded steel fence, it has to do with nothing else.

A resident: Exactly.

Mr. Baker: So I want it up front where this is coming from.

A resident: And that was agreed to at this table that these would be the specifications, and that's what I understood that this meeting was for today was to hammer out and make sure that these are the specifications that would be put in exhibits A and B.

Mr. Baker: And as long as it's understood, and we're not about to change any materials but as long as it's understood by all the parties that are here, that has to do with industrial fence with no homeowners association anywhere that we're aware of, uses that grade of material.

A resident: I have no argument with your statement.

Mr. Baker: Ok I just wanted to put that out there so we know.

A resident: I'm not arguing with your statement, I'm just saying that the specifications that were agreed to two months ago here, would remain the same and won't be materially changed.

Mr. Baker: Understood.

Mr. Duncan: If you read this one, it actually doesn't allow me to change, in three paragraphs, and I fully agree. This paragraph says the opposite, that I have to do value engineering, I don't want to do value engineering.

A resident: I've done value engineering for the last 25 years, it sucks because it's not the job that you want, because you just put it on paper because it was something to do. You understand that, I put up buildings that wouldn't fall like the Trade Center. So what I'm saying is, I'm just trying to do my fiduciary duty as a manager to the community of making sure that this is according to the specifications, just like Earl has just said that the reason why this came about was through that vehicle. So I'm in agreement with you Earl, that's how it came about, but this is what was voted on and this is what they want, that's all I have to say. I don't have a diamond to steal.

Mr. Winkeljohn: Right, understood.

Mr. Baker: Ok.

Mr. Duncan: So I fully agree with Mike that, and it's written in the agreement three times, that no party should have the right to change the specifications in B.

Mr. Pawelczyk: Correct.

Mr. Duncan: This paragraph only, it's actually going against the other paragraphs and says, if something happens and cost a little bit more, you have the right to do value engineering. Value engineering is actually what Mike said, makes something cheaper or drop it. This is why I was against this paragraph for the same reasons. So we are on the same side, you should not give the right to do value engineering independent of the two parties.

Mr. Winkeljohn: Right, well I think there's a middle part in here, we're at \$850,000 which is the base allowance, our budget is about \$824,000 so the first step in value engineering would be to use contingency to solve a problem. So now if you're going past that \$25,000 then you've got to stop and take a fix on how to correct it.

Mr. Duncan: Ok.

Mr. Pawelczyk: And if it's value engineering for whatever reason, as you know, both parties will have to agree to it. We can't change the fencing, so the CDD can't change the fencing to reduce the cost.

Mr. Winkeljohn: Right and we built back in a new secondary contingency which is landscaping and irrigation again. So I think we've got a lot of flexibility at the end of the project without changing any specifications.

Mr. Baker: And let it be said for the record that the CDD's position is that we would love to have enhanced landscaping but we will not, under any case, do that at the suffering of the materials that are already agreed upon.

Mr. Azcona: I have to say something about that. First, we said we are removing from the electrical fixtures, \$33,000 and then from the engineer \$40,000 for a total of \$73,000 that we are going to allocate that towards the landscaping and irrigation that was removed.

Mr. Winkeljohn: It's actually \$82,970.

Mr. Azcona: Ok, \$82,970, then it's a total budget of \$824,000 so there's a remaining \$25,000 of costs.

Mr. Duncan: There is a contingency there.

Mr. Azcona: Ok there's a contingency.

Mr. Winkeljohn: Right.

Mr. Azcona: Ok, so right now we include the 4% contingency so the total is \$824,000, so since the approved budget was \$850,000 I suggest that the remaining \$25,000 is allocated towards the landscaping.

Mr. Winkeljohn: Right, which is what we've agreed to.

Mr. Duncan: Well we cannot do that because there is another wrinkle that we have, you actually, the plans that you submitted to the city include the fixtures because you spend the money with allowance to actually make sure that you're covered. At this moment you actually have some boxes, so you think about Joy Electric or whoever is the contractor that actually goes and asks for building permit, that actually says, by the

way did you get new estimates from Joe related to the gates and actually how to get that?

Mr. Boggs: No I didn't.

Mr. Duncan: Ok, so the first thing that somebody has to decide is, if you actually have the conduits and the electrical, do you want to put the fixtures up? The fixtures originally were \$49,000, so you have \$49,000 that you almost have to do something.

Mr. Azcona: So why don't we allocate it as a line item, why can't we do that?

Mr. Duncan: Well because we said that we'd do it in phase II, but phase II is not actually approved. See phase II is not approved, phase II says, if we want to do it, and if we have money.

Mr. Azcona: So why don't we talk about agreeing about a phase II because when we spoke about changing the specifications of the perimeter fence, which was against the suggestion from the engineering firm, and we went to a grade that was overkill. The reason why I agreed to that is because we were going to still keep the landscaping. Since that meeting I had to leave one meeting and there was a vote and then we removed phase II that I suggested that in the event there is not enough budget right now, to compromise to a phase II to complete any landscaping and any enhancements needed, and then all of that went out the door. So I'm ok if the majority of the board is ok with keeping the specs for that fencing, even though it's an overkill as we all know, but I'm ok if we commit to keeping the landscaping as we had originally discussed and as it was recommended and it will be the greatest benefit for the community.

Mr. Duncan: I would have liked, and I said it several times, to remove the paragraph that basically says phase II will start at the end of phase I, if both parties agree and have funds available. If we have a commitment for phase II, which is \$100,000, we can have the fixtures done and the rest will have the landscaping and it will be ok, but in this moment phase II doesn't quite exist because it's a way out.

Mr. Winkeljohn: Well shouldn't both sides of the equation be in there? If we are going to exceed funds, phase II doesn't start, but if we're better than funds we should be able to buy into phase II with extra phase I money. I would assume that's the intent.

Mr. Duncan: Right but funds available is one thing.

Mr. Pawelczyk: It says that.

Mr. Winkeljohn: Mike says it's in there.

Mr. Pawelczyk: That's what I think it says, if you don't spend your entire phase I money, we still have up to \$900,000. So if there's money in the phase I account and phase I is complete, that money just gets pushed into the phase II amount and each party will only have to contribute a certain amount up to the \$900,000.

Mr. Duncan: Mike, with all due respect I actually read carefully.

Mr. Pawelczyk: If you guys have changes, I have never gone through an agreement like this for a community that is of the same people to do a project for one community. If you guys have those changes, send them to me, but now is the time where this agreement was completely negotiated and the POA was ready to sign, at least that's what their lawyer told me, provided that we got the final version of the exhibits that are to the agreement, which I think we're almost there. So if there are any additional changes, why don't you get them to me because this has gone on for a while, and with all due respect, I'm not trying to be impatient or anything, but I have never seen this before, so let's get these changes in, identify them, send them to me so we can get thing things finalized and move forward. All we're doing now is spending money between the POA lawyer, myself, the engineers, Paul, the manager for the POA, so let's try to get off this and move it forward. I think the agreement as-is, is ready to go and I think it contemplates any changes to the project. I think it contemplates unforeseen conditions that may come up, like tree stumps. I think there are buffers included in there that allow the project to continue to move forward until that time certain threshold where we have to get back together and come to an agreement as to what the value engineering is and to what any changes are to the project so that everybody is on the same page.

Mr. Winkeljohn: I think we all can live with that one.

Mr. Duncan: Ok.

Mr. Winkeljohn: The other two are still important.

Mr. Duncan: You know Mike, the problem that I have is the two conditions for phase II. The availability of money, it's a reasonable condition, but you should not go when you are ready to go to phase II and need the agreement from both parties. If money is available, it's a go.

Mr. Winkeljohn: I thought that was the intent, I think you need an agreement if you're going to go past it, if you need more money.

Mr. Duncan: No, and I'll find the paragraph, but phase II can go ahead if the money is available, if both parties agree.

Mr. Pawelczyk: That's correct, don't start until the parties agree to go to phase II, that's my understanding.

Mr. Duncan: Right.

Mr. Pawelczyk: Because that's what we were told to include at every meeting and at every conversation, and every detail.

Mr. Duncan: Not by me. I want the phase II to go automatically if money is available.

Mr. Winkeljohn: Joe what do you think? Mike, I'm sorry, and here's the point, do you think that the HOA's perspective is that phase II is a go if the funds are available and the estimates for phase II match the amount of funds, they don't exceed it. I thought the intent was, it's for excesses.

Mr. Perelli: I thought that was always the intent. If we had the money we would go with it, or we would wait a period until there was money.

Mr. Winkeljohn: Until we had funds available, and I think the missing piece in that Mike is a little bit of detail, and he used to be called Joe, but now Mike says that he's ok with that thinking as well.

Mr. Baker: Do you think as far as the board was concerned that you would have a majority of the board that would agree with that?

A resident: I think it's a good possibility yes.

Mr. Winkeljohn: Ok so it sounds like we all have the same perspective.

Mr. Duncan: I want to stop to have a second discussion like that, to start phase II. I want automatically phase II to start if money is available, I said it many times and Joe said he cannot commit the homeowners to phase II.

Mr. Winkeljohn: Right.

Mr. Baker: With the same funds he's already committed to.

Mr. Winkeljohn: For the whole project, and I think Mike just said it as, it's really a phase III that is in Joe's mind.

Mr. Duncan: But I want to be able to put the fixtures, I want to be able to play the numbers to make sure the fixtures will be implemented and some landscaping.

Mr. Winkeljohn: Right so Mike the concept is that a phase III would be, out of money but still project left to do, that would be considered phase III and that needs for everybody to sit down and think about it. So how does that sound Mike?

Mr. Pawelczyk: I guess, I just don't know why we're reinventing the wheel but we could go back and I'll recreate the agreement and we'll try to include those concepts.

Mr. Winkeljohn: Right, just a little tightening, just so everyone has the same perception, because right now that's the sense, thank you. Is there anything else Dan?

Mr. Duncan: No.

Mr. Winkeljohn: So my normal recommendation, and so we don't have to have 50 more meetings, is with the intent and the spirit of the things that have been discussed and authorized for amendments or slight changes to the agreement, that this board authorized the revised exhibits as presented today and amended and authorize in the form of agreement to be executed to satisfaction by the chairman when presented. That way we don't have to come back and do this a fourth time. Is there a motion to that affect?

On Motion by Mr. Willemstyn seconded by Mr. Duncan with all in favor, authorizing staff to revise the Joint Participation Agreement and exhibits as presented and amended in final form with final review by the Chairman and also authorizing the proper District officials to execute the document as stated on the record was approved.

Mr. Winkeljohn: And that includes the contracts that will be in proper form, with the contractors. Thank you very much. So that ends item No. 3.

FOURTH ORDER OF BUSINESS

Staff Reports

Mr. Winkeljohn: Moving on to Staff Report, Mike do you have anything else for our friends today?

A. Attorney

Mr. Pawelczyk: No I just wanted to thank the board because I had to appear by phone, this was a special meeting and we didn't think it would be appropriate to send somebody who had no knowledge of this agreement, so with Gerry out of town, and me, I had a 9:00 o'clock meeting, but I wanted to make sure that I was at least on the phone and I think that will benefit us because I now have an understanding of what changes need to be made, we'll get those made, and distribute it to the District manager for a quick review, and then we'll send it to Jim Krivok and I'll follow up with him because I know he anxious to finalize this as well. Otherwise I don't have anything else to report.

Mr. Winkeljohn: Very good thank you.

B. Engineer

Mr. Winkeljohn: Pat, what do you have for us today?

Mr. Ferland: Nothing today.

Mr. Winkeljohn: Ok, thank you.

C. Manager

Mr. Winkeljohn: I have nothing else.

Mr. Azcona: Whatever happened to the stop signs or whatever?

Mr. Ferland: The stop sign, I thought the work was authorized last time, and I called the contractor 3 times to get his price, and again yesterday, I told him I was going to meet you guys this morning, and I have not gotten a price yet, but he's very fair, he's an honest guy, and he's mobilizing the equipment to the describe parking lot.

Mr. Winkeljohn: So it shouldn't be that high.

Mr. Ferland: Right, and I thought you guys had authorized it as long as it was fair.

Mr. Winkeljohn: We did, green light.

Mr. Ferland: I just haven't got it yet, sorry.

Mr. Azcona: Ok.

FIFTH ORDER OF BUSINESS

Supervisors Requests and Audience Comments

Mr. Winkeljohn: Are there any other comments from our supervisors? Audience comments? Not hearing any we can move to the next item.

SIXTH ORDER OF BUSINESS

Financial Reports

A. Approval of Check Register

B. Balance Sheet and Income Statement

Mr. Winkeljohn: Moving on to the check register, balance sheet and income statement are presented for this month and they are through August 31st and I know we're in October, the new fiscal year. I did have one comment on the financials that Dan brought up which is, with the approval of this agreement what I'll do is I'll pull out a separate schedule, I'll do a positive entry cash flow and a negative entry on our normal District operating but I'll have a schedule which will show the revenue coming in from the District budget and it will show revenue going out to the various vendors and contractors. I'm going to clean up, I have all the engineering but they all didn't hit the August financials. I also have some, I can break down some of the attorney's fees

which have been part of this project, which we did not have a budget for, but we should show it.

Mr. Duncan: Now, the intent to use the perimeter project as the construction project or do you want to do a complete different account? General account and construction account.

Mr. Winkeljohn: Right, I'll create a separate account for the construction, it will have its own, what I call a schedule, it will have its own page in the financials and the financials will flow together through. Right now it basically builds into your normal budget and financials and it's blurry which Dan brought out, and I'll blow it up and go into much more detail.

Mr. Duncan: There is one other item for the board, the initial agreement was \$400,000 it was agreed like a year ago or something. In this moment we agreed to \$450,000.

Mr. Baker: That's correct.

Mr. Duncan: But the agreement said that it's \$450,000 is new money, we have to put in this account. We already spent maybe \$40,000 to \$50,000 out of the general account. So the board actually has to vote that the contribution to the perimeter project will be \$500,000, you don't actually have the right. At this moment the \$450,000 includes all the money that you already spent.

Mr. Winkeljohn: I thought it was additional money.

Mr. Duncan: Well no, the agreement says it's additional money but you had the authorization to spend out of the \$400,000 that was approved a year ago. Now, this is an additional \$450,000 in addition to the money that you already spent.

Mr. Winkeljohn: Yes, so I'll bring to our next meeting we'll ratify a budget amendment which will correct all the things you just said, plus I'll add the schedule that I said, and that will become the new budget.

Mr. Duncan: First the board has to agree that from \$400,000, our initial contribution, we actually will spend \$500,000.

Mr. Winkeljohn: And I'll wrap all that up and we'll do a budget amendment and do it in one resolution.

Mr. Duncan: Right, but the fact of the matter is that it's a sizable amount.

Mr. Baker: Is that supposed to be a shared cost?

Mr. Duncan: Well they did a shared cost because when we spent \$35,000, they sent \$35,000. The only cost that was not shared was the lawyer.

Mr. Winkeljohn: Right because we'll each pay our own, that's correct.

Mr. Duncan: Right, so if I take \$35,000, the initial share, the \$5,500 the second shared, and I think it's about \$6,000 or \$7,000 for the lawyer, this is the \$50,000 that you already spent on this project.

Mr. Winkeljohn: Correct.

Mr. Duncan: So with the \$450,000 that we are committing, it's \$500,000.

Mr. Winkeljohn: Right, and whenever our next meeting is, whichever is necessary, I'll have an amendment that will clean all that up.

Mr. Duncan: And I will tell you something, there is one paragraph here that actually says that we actually have to contribute 50% of any future plans that will actually go to the completion of the creating that, but that will be more than \$500,000.

Mr. Winkeljohn: Ok.

Mr. Willemstyn: What about the maintenance of the wall?

Mr. Duncan: The maintenance, I wrote that the CDD that actually says whatever is on the CDD property, we'll maintain it, but the actual wall and fences we will split 50/50, like you have to paint the walls, and the rest, what's on the HOA property they will maintain, and there is another note there that says if HOA has already a contractor we actually give them money based on that to do.

Mr. Winkeljohn: Very good. With all that said, is there a motion to accept the financial reports?

On Motion by Mr. Azcona seconded by Mr. Willemstyn with all in favor, the Check Register, Balance Sheet and Income Statement were approved.

SEVENTH ORDER OF BUSINESS

Adjournment

Mr. Winkeljohn: With nothing else, we just need a motion to adjourn.

On Motion by Mr. Baker seconded by Mr. Azcona with all in favor, the Meeting was adjourned.

Secretary / Assistant Secretary

Chairman / Vice Chairman

**ADDENDUM TO ENGAGEMENT LETTER BETWEEN
GRAU AND ASSOCIATES AND Portofino Isles Community Development
District (CDD)
(DATED _____, 201__)**

Public Records. Auditor shall, pursuant to and in accordance with Section 119.0701, Florida Statutes, comply with the public records laws of the State of Florida, and specifically shall:

- a. Keep and maintain public records required by the District to perform the services or work set forth in this Agreement; and
- b. Upon the request of the District's custodian of public records, provide the District with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes, or as otherwise provided by law; and
- c. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the Agreement if the Auditor does not transfer the records to the District; and
- d. Upon completion of the Agreement, transfer, at no cost to the District, all public records in possession of the Auditor or keep and maintain public records required by the District to perform the service or work provided for in this Agreement. If the Auditor transfers all public records to the District upon completion of the Agreement, the Auditor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If the Auditor keeps and maintains public records upon completion of the Agreement, the Auditor shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the District, upon request from the District's custodian of public records, in a format that is compatible with the information technology systems of the District.

Auditor acknowledges that any requests to inspect or copy public records relating to this Agreement must be made directly to the District pursuant to Section 119.0701(3), Florida Statutes. If notified by the District of a public records request for records not in the possession of the District but in possession of the Auditor, the Auditor shall provide such records to the District or allow the records to be inspected or copied within a reasonable time. Auditor acknowledges that should Auditor fail to provide the public records to the District within a reasonable time, Auditor may be subject to penalties pursuant to Section 119.10, Florida Statutes.

IF THE AUDITOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE AUDITOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT/CONTRACT, THE AUDITOR MAY CONTACT THE CUSTODIAN OF PUBLIC RECORDS FOR THE DISTRICT AT:

**GMS-SF, LLC
5385 N NOB HILL ROAD
SUNRISE, FL 33351
TELEPHONE: 954-721-8681
EMAIL: RHANS@GMSSF.COM**



Auditor: _____

District: _____

Title: President _____

Title: _____

Date: 10/12/2016 _____

Date: _____

Portofino Isles
Community Development District

Check Run Summary - General Fund

December 13, 2016

Date	Check Numbers	Amount
<u>Operating Account</u>		
October 27, 2016	1134-1141	\$ 13,228.69
November 18, 2016	1142-1148	\$ 60,792.79
		\$ 74,021.48

*** CHECK DATES 09/28/2016 - 12/06/2016 ***
PORTOFINO ISLES - GENERAL FUND
BANK A GENERAL FUND

CHECK DATE	VEND#	INVOICE DATE	INVOICE	EXPENSED TO YRMO	DPT ACCT#	SUB SUBCLASS	VENDOR NAME	STATUS	AMOUNT	CHECK AMOUNT	CHECK #
10/27/16	00026	9/30/16	136865 SEP 16	201609	310-51300-31500		BILLING, COCHRAN, LYLES, MAURO	*	3,725.00	3,725.00	001134
10/27/16	00051	10/10/16	5149833 OCT 16	201610	320-53800-46200		LANDSCAPE MAINT	*	700.00		
		10/10/16	5149833 OCT 16	201610	320-53800-46200		AGRONOMICS	*	220.00		
		10/10/16	5149833 OCT 16	201610	320-53800-46500		IRRIGATION	*	150.00		
							BRIGHTVIEW LANDSCAPE SERVICES, INC.			1,070.00	001135
10/27/16	00013	10/20/16	77456 SEP 16	201609	310-51300-31100		ENGINEERING SVCS	*	406.05	406.05	001136
							CULPEPPER TERPENING, INC.				
10/27/16	00008	10/03/16	38977 FY17	201610	310-51300-54000		SPECIAL DISTRICT FEE	*	175.00	175.00	001137
							DEPARTMENT OF ECONOMIC OPPORTUNITY				
10/27/16	00025	10/11/16	27661932 2517 SW	201609	320-53800-43001		BRIGATINE PL #SL	*	152.26		
		10/11/16	61293924 1905 SW	201609	320-53800-43000		VIA ROSSA #IRR	*	280.89		
							FLORIDA POWER & LIGHT			433.15	001138
10/27/16	00020	10/03/16	146 OCT 16	201610	310-51300-34000		MGMT FEES	*	3,551.33		
		10/03/16	146 OCT 16	201610	310-51300-35100		COMPUTER TIME	*	83.33		
		10/03/16	146 OCT 16	201610	310-51300-44000		RENT	*	200.00		
		10/03/16	146 OCT 16	201610	310-51300-31300		DISSEMINATION	*	208.33		
		10/03/16	146 OCT 16	201610	310-51300-49500		WEBSITE ADMIN	*	41.67		
		10/03/16	146 OCT 16	201610	310-51300-51000		SUPPLIES	*	23.48		
		10/03/16	146 OCT 16	201610	310-51300-42000		POSTAGE	*	20.10		
		10/03/16	146 OCT 16	201610	310-51300-42500		COPIES	*	183.60		
							GOVERNMENTAL MANAGEMENT SERVICES -			4,311.84	001139
10/27/16	00030	10/03/16	1603 OCT 16	201610	320-53800-46300		LAKE MAINTENANCE	*	1,600.00		

PORT -PORT ISLES-- PPOWERS

*** CHECK DATES 09/28/2016 - 12/06/2016 ***

PORTOFINO ISLES - GENERAL FUND
BANK A GENERAL FUND

CHECK DATE	VEND#	INVOICE DATE	INVOICE	EXPENSED TO YRMO	DPT	ACCT#	SUB	SUBCLASS	VENDOR NAME	STATUS	AMOUNT	CHECK AMOUNT	CHECK #
10/03/16		1603		201610	320	53800	46400			*	1,275.00		
		OCT 16							LAKE AND WETLAND MAINT				
									LAKE AND WETLAND MANAGEMENT, INC.			2,875.00	001140
10/27/16	00006	9/06/16	1221066	201609	310	51300	48000			*	125.40		
									NOTICE OF MEETING SCHEDULE				
		9/26/16	1280138	201609	310	51300	48000			*	107.25		
									NOTICE OF MEETING				
									TREASURE COAST NEWSPAPERS			232.65	001141
11/18/16	00051	10/31/16	11904224	201610	320	53800	46500			*	1,111.09		
									IRIGATION REPAIRS				
		11/10/16	5174415	201611	320	53800	46200			*	700.00		
									NOV 16- LANDSCAPE MAINT				
		11/10/16	5174415	201611	320	53800	46200			*	220.00		
									NOV 16- AGRONOMICS				
		11/10/16	5174415	201611	320	53800	46500			*	150.00		
									NOV 16- IRRIGATION				
									BRIGHTVIEW LANDSCAPE SERVICES, INC.			2,181.09	001142
11/18/16	00013	9/16/16	77262	201609	310	51300	31100			*	1,795.50		
									SERVICE THRU-9/02/16				
		10/10/16	77623	201610	310	51300	31100			*	178.42		
									GENERAL ENGINEERING SVC				
									CULPEPPER TERPENING, INC.			1,973.92	001143
11/18/16	00025	11/09/16	27661-93	201611	320	53800	43001			*	164.74		
									2517 SW BRIGANTINE PL				
		11/09/16	61293-92	201611	320	53800	43000			*	341.98		
									1905 SW VIA ROSSA				
									FLORIDA POWER & LIGHT			506.72	001144
11/18/16	00020	11/01/16	147	201611	310	51300	34000			*	3,551.33		
									MANAGEMENT FEES				
		11/01/16	147	201611	310	51300	35100			*	83.33		
									COMPUTER TIME				
		11/01/16	147	201611	310	51300	44000			*	200.00		
									RENT				
		11/01/16	147	201611	310	51300	31300			*	208.33		
									DISSEMINATION				
		11/01/16	147	201611	310	51300	49500			*	41.67		
									WEBSITE ADMIN				
		11/01/16	147	201611	310	51300	51000			*	23.09		
									OFFICE SUPPLIES				
		11/01/16	147	201611	310	51300	42000			*	130.30		
									POSTAGE				

PORT -PORT ISLES-- PPOWERS

*** CHECK DATES 09/28/2016 - 12/06/2016 ***

PORTOFINO ISLES - GENERAL FUND
BANK A GENERAL FUND

CHECK DATE	VEND#	INVOICE DATE	INVOICE	EXPENSED TO YRMO	DPT ACCT#	SUB	SUBCLASS	VENDOR NAME	STATUS	AMOUNT	CHECK AMOUNT	CHECK #
		11/01/16	147	201611	310-51300	42500			*	11.25		
			COPIES									
								GOVERNMENTAL MANAGEMENT SERVICES -			4,249.30	001145
11/18/16	00030	11/01/16	1629	201611	320-53800	46300			*	1,600.00		
			LAKE MAINTENANCE									
		11/01/16	1629	201611	320-53800	46400			*	1,275.00		
			WETLAND MAINTENANCE									
								LAKE AND WETLAND MANAGEMENT, INC.			2,875.00	001146
11/18/16	00031	11/18/16	PERIMTER	201611	300-10100	10400			*	40,500.00		
			NEWPORT HOA FUNDING									
								PORTOFINO ISLES CDD			40,500.00	001147
11/18/16	00017	11/09/16	2016 616	201611	300-20700	10100			*	5,934.37		
			2016 TRIM NOTICE									
		11/09/16	2016 623	201611	300-20700	10100			*	2,572.39		
			2016 TRIM NOTICE									
								KEN PRUITT, PROPERTY APPRAISER			8,506.76	001148
								TOTAL FOR BANK A		74,021.48		
								TOTAL FOR REGISTER		74,021.48		

PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT
COMBINED BALANCE SHEET
October 31, 2016

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u> <u>2017</u>
ASSETS:				
Cash - Assessments	\$452,052	---	---	\$452,052
Investments:				
<i>Series 2005</i>				
Reserve	---	\$405	---	\$405
Revenue	---	\$201,864	---	\$201,864
Deferred Cost	---	\$42,568	---	\$42,568
Construction	---	---	\$138,763	\$138,763
<i>Series 2013</i>				
Reserve	---	\$216,339	---	\$216,339
Prepayment	---	\$2,203	---	\$2,203
Revenue	---	\$173,236	---	\$173,236
Cost of Issuance	---	---	\$1,227	\$1,227
Assessments Receivable	\$61,091	\$541,193	---	\$602,284
Due from General	---	\$3,229	---	\$3,229
Prepaid Expenses	\$0	---	---	\$0
Due from Debt Service	\$0	---	---	\$0
	-----	-----	-----	-----
TOTAL ASSETS	\$513,143	\$1,181,037	\$139,990	\$1,834,170
	-----	-----	-----	-----
LIABILITIES:				
Accounts Payable	\$3,085	---	---	\$3,085
Due to Debt Service	\$3,230	---	---	\$3,230
Due to General	---	\$0	---	\$0
Due to Other	---	\$0	---	\$0
Due to Bondholders	---	\$2,399,400	---	\$2,399,400
Deferred Revenue	\$61,091	\$541,192	---	\$602,283
	-----	-----	-----	-----
FUND BALANCES:				
Reserved for Debt Service	---	(\$1,759,555)	---	(\$1,759,555)
Reserved for Capital Projects	\$0	---	\$139,990	\$139,990
Unassigned	\$445,738	---	---	\$445,738
	-----	-----	-----	-----
TOTAL LIABILITIES & FUND EQUITY & OTHER CREDITS	\$513,143	\$1,181,037	\$139,990	\$1,834,170
	-----	-----	-----	-----

**PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT**

GENERAL FUND

Statement of Revenues & Expenditures
For The Period Ending October 31, 2016

	ADOPTED BUDGET	PRORATED BUDGET THRU 10/31/16	ACTUAL THRU 10/31/16	VARIANCE
<u>REVENUES:</u>				
Maintenance Assessments	\$175,152	\$0	\$0	\$0
Stormwater Rebate	\$186,678	\$0	\$0	\$0
Misc. Income	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$361,830	\$0	\$0	\$0

EXPENDITURES:

ADMINISTRATIVE:

Engineering	\$30,000	\$2,500	\$178	\$2,322
Arbitrage	\$2,400	\$0	\$0	\$0
Dissemination	\$2,500	\$208	\$208	\$0
Attorney	\$25,000	\$2,083	\$0	\$2,083
Assessment Roll	\$1,001	\$1,001	\$1,001	\$0
Annual Audit	\$5,900	\$0	\$0	\$0
Management Fees	\$42,616	\$3,551	\$3,551	\$0
Computer Time	\$1,000	\$83	\$83	\$0
Telephone	\$100	\$8	\$0	\$8
Postage	\$250	\$21	\$20	\$1
Printing & Binding	\$1,000	\$83	\$183	(\$100)
Rentals & Leases	\$2,400	\$200	\$200	\$0
Insurance	\$6,332	\$6,332	\$5,778	\$554
Legal Advertising	\$1,100	\$92	\$0	\$92
Other Current Charges	\$1,000	\$83	\$0	\$83
Website Admin	\$500	\$42	\$42	(\$0)
Office Supplies	\$250	\$21	\$23	(\$3)
Dues, Licenses, Subscriptions	\$175	\$175	\$175	\$0
Capital Outlay	\$300	\$25	\$0	\$25

FIELD

Environmental Services	\$2,500	\$208	\$0	\$208
Landscaping - Contingency	\$20,000	\$1,667	\$0	\$1,667
Landscape Maintenance	\$20,000	\$1,667	\$920	\$747
Repairs & Maintenance	\$15,000	\$1,250	\$0	\$1,250
Contingencies	\$10,000	\$833	\$0	\$833
Lake Maintenance	\$21,120	\$1,760	\$1,600	\$160
Wetlands Maintenance	\$19,200	\$1,600	\$1,275	\$325
Stormwater Mgmt System	\$50,000	\$4,167	\$0	\$4,167
Irrigation System	\$10,000	\$833	\$1,261	(\$428)
Electric - Irrigation Pumps	\$6,000	\$500	\$0	\$500
Electric - Lighting	\$4,000	\$333	\$0	\$333
Chemicals	\$6,600	\$550	\$0	\$550
Capital Projects	\$150,000	\$12,500	\$0	\$12,500

TOTAL EXPENSES	\$458,244	\$44,378	\$16,500	\$27,878
EXCESS REVENUES (EXPENDITURES)	(\$96,414)		(\$16,500)	
FUND BALANCE - Beginning	\$96,816			\$462,237
FUND BALANCE - Ending	\$402			\$445,738

PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT

DEBT SERVICE FUND - SERIES 2013

Statement of Revenues & Expenditures

For The Period Ending October 31, 2016

	ADOPTED BUDGET	PRORATED THRU 10/31/16	ACTUAL THRU 10/31/16	VARIANCE
<u>REVENUES:</u>				
Assessments	\$432,649	\$0	\$0	\$0
Interest Income	\$0	\$0	\$2	\$2
Prepayments	\$0	\$0	\$0	\$0
<i>TOTAL REVENUES</i>	\$432,649	\$0	\$2	\$2
<u>EXPENDITURES:</u>				
<i>Series 2013</i>				
Interest Expense - 11/1	\$107,359	\$0	\$0	\$0
Interest Expense - 05/1	\$220,000	\$0	\$0	\$0
Principal Expense	\$107,359	\$0	\$0	\$0
Special Call - 11/1	\$0	\$0	\$0	\$0
Other Debt Service Costs	\$9,183	\$0	\$0	\$0
<i>TOTAL EXPENDITURES</i>	\$443,902	\$0	\$0	\$0
EXCESS REVENUES (EXPENDITURES)	(\$11,253)		\$2	
FUND BALANCE - Beginning	\$165,404		\$394,626	
FUND BALANCE - Ending	\$154,151		\$394,628	

PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT

DEBT SERVICE FUND - SERIES 2005

Statement of Revenues & Expenditures

For The Period Ending October 31, 2016

	ADOPTED BUDGET	PRORATED THRU 10/31/16	ACTUAL THRU 10/31/16	VARIANCE
<u>REVENUES:</u>				
Tax Receipts	\$440,879	\$0	\$0	\$0
Direct Assessments	\$84,500	\$0	\$0	\$0
Interest Income	\$0	\$0	\$20	\$20
<i>TOTAL REVENUES</i>	\$525,379	\$0	\$20	\$20
<u>EXPENDITURES:</u>				
Interest Expense - 11/1	\$147,700	\$0	\$0	\$0
Interest Expense - 05/1	\$147,700	\$0	\$0	\$0
Principal Expense - 05/01	\$145,000	\$0	\$0	\$0
<i>TOTAL EXPENDITURES</i>	\$440,400	\$0	\$0	\$0
<u>OTHER SOURCES/(USES):</u>				
Other Debt Service Costs	(\$8,233)	\$0	\$0	\$0
<i>TOTAL OTHER</i>	(\$8,233)	\$0	\$0	\$0
EXCESS REVENUES (EXPENDITURES)	\$76,746		\$20	
FUND BALANCE - Beginning	\$144,499		(\$2,154,203)	
FUND BALANCE - Ending	\$221,245		(\$2,154,183)	

PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT
CAPITAL PROJECTS FUND - SERIES 2013

Statement of Revenues & Expenditures
For The Period Ending October 31, 2016

	ADOPTED BUDGET	PRORATED THRU 10/31/16	ACTUAL THRU 10/31/16	VARIANCE
<u>REVENUES:</u>				
Interest Income	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$0	\$0	\$0	\$0
<u>EXPENDITURES:</u>				
Cost of Issuance	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$0	\$0	\$0	\$0
<u>OTHER SOURCES/(USES):</u>				
Refunding Proceeds	\$0	\$0	\$0	\$0
TOTAL OTHER	\$0	\$0	\$0	\$0
EXCESS REVENUES (EXPENDITURES)	\$0		\$0	
FUND BALANCE - Beginning			\$1,227	
FUND BALANCE - Ending			\$1,227	

PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT
CAPITAL PROJECTS FUND - SERIES 2005

Statement of Revenues & Expenditures
For The Period Ending October 31, 2016

	ADOPTED BUDGET	PRORATED THRU 10/31/16	ACTUAL THRU 10/31/16	VARIANCE
<u>REVENUES:</u>				
Interest Income	\$0	\$0	\$12	\$12
TOTAL REVENUES	\$0	\$0	\$12	\$12
<u>EXPENDITURES:</u>				
Capital Outlay	\$0	\$0	\$0	\$0
Default Expenditures	\$0	\$0	\$5,000	(\$5,000)
TOTAL EXPENDITURES	\$0	\$0	\$5,000	(\$5,000)
<u>OTHER SOURCES/(USES):</u>				
Interfund Transfer Out	\$0	\$0	\$0	\$0
TOTAL OTHER	\$0	\$0	\$0	\$0
EXCESS REVENUES (EXPENDITURES)	\$0		(\$4,988)	
FUND BALANCE - Beginning			\$143,750	
FUND BALANCE - Ending			\$138,763	

**PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT**

Bond Issue:	<u>Series 2005 Special Assessment Bonds (Court Project)</u>
Original Issue Amount:	\$6,375,000
Interest Rate:	5.60%
Maturity Date:	May 1, 2036
Reserve Fund Requirement:	Lesser of: (i) Max Annual Debt Service for Bonds Outstanding (ii) 125% of Average Debt Service for Bonds Outstanding (iii) 10% of Original proceeds
Bonds outstanding - 9/30/13	\$6,105,000
Less: 11/1/2013	\$0
5/1/2014	\$0
Current Bonds Outstanding:	<u><u>\$6,105,000</u></u>

Bond Issue:	<u>Series 2013 Special Assessment Revenue Refunding Bonds</u>
	\$5,730,000
Interest Rate:	4.750%
Maturity Date:	May 1, 2033
Reserve Fund Requirement:	50% of Max Annual Debt Service Requirements @ date of issuance
Bonds outstanding - 9/30/13	\$5,730,000
Less: 11/1/2013	\$0
5/1/2014	(\$205,000)
11/1/2015	(\$5,000)
5/1/2016	(\$215,000)
Current Bonds Outstanding:	<u><u>\$5,305,000</u></u>