

Minutes of Meeting
Durbin Crossing
Community Development District

The regular meeting of the Board of Supervisors of the Durbin Crossing Community Development District was held Monday, January 23, 2017 at 6:00 p.m. at the Durbin South Amenity Center, 145 South Durbin Parkway, Jacksonville, Florida.

Present and constituting a quorum were:

Peter E. Pollicino	Chairman
Tim Brownlee	Vice Chairman
Sarah Gabel Hall	Supervisor
Jason Harrah	Supervisor
Debbie Driscoll	Supervisor

Also present were:

Dave deNagy	District Manager
Mike Eckert	District Counsel
Stephen Howell	Vesta/Amenity Services Group
Dan Fagen	Vesta/Amenity Services Group
Margaret Alfano	Vesta/Amenity Services Group
Sete Zare	MBS Capital Markets, LLC by telephone
Scott Clark	Clark & Albaugh by telephone
Bob Gang	Greenberg Traurig by telephone
Terry Davis	Durbin Dolphins Swim Team

The following is a summary of the minutes and actions taken at the January 23, 2017 meeting. A copy of the proceedings can be obtained by contacting the District Manager.

FIRST ORDER OF BUSINESS

Pledge of Allegiance

Mr. deNagy called the meeting to order at 6:00 p.m. and led the pledge of allegiance.

SECOND ORDER OF BUSINESS

Roll Call

Mr. deNagy called the roll.

THIRD ORDER OF BUSINESS

Audience Comments

Mr. deNagy stated I sent to the board earlier today a reply from U.S. Bank also a proposal from the firm of Clark & Albaugh and I would like to add those two items to the agenda.

On MOTION by Mr. Brownlee seconded by Ms. Hall with all in favor the agenda was amended as requested.

U.S. Bank

Clark & Albaugh

Mr. deNagy stated I had sent you a letter from U.S. Bank and prior to the holiday I sent a letter that I had drafted to U.S. Bank in regards to the \$1.2 million. Per the board's direction at the last meeting we did reach out to a local counsel for representing the district. As you know Hopping Green & Sams will not represent the district in this matter and I have Scott Clark on the phone from Clark & Albaugh and I would look for the board to consider engaging Mr. Clark in this matter. Initially what we would like to do is have Mr. Clark take a look at the issues and get back to the board on how to proceed.

Mr. Clark stated I appreciate you taking this out of order. I have practiced in a small firm that I founded in Winter Park, Florida. There are four of us in the firm and I have personally been involved in community development district work for 24 years including representing districts as general counsel and doing special engagements such as this one. I have done a good number of foreclosure actions and things related to special assessment foreclosures and the bond work that is associated with it. When the manager called and asked me about this I asked to see some things and I have looked at the issue a little bit but certainly not everything that I need to and it is something that falls into my experience that I would be pleased to help you with. You have my engagement letter and I can answer any questions about my experience or about the terms of the engagement letter.

Mr. Pollicino stated I don't think there are any questions from the board as it pertains to your experience and expertise in this area. My question is more about the strategy that we move forward and how we are going to respond to the letter from U.S. Bank. In preparation for the next meeting I would like to know the approximate cost of what you think the charges would be and the ultimate resolution of the matter up until suit if that is needed, maybe you can break it

down into stages. Stage 1 would be negotiations, stage 2 would be secondary negotiations and stage 3 would be going to a full-blown lawsuit. Second would be the percent chance of prevailing along each of those steps so at any given time we could decide to pull the plug and take our losses and move on or proceed through the discovery process. Our chance of prevailing increases from stage to stage as you uncover more details. The last one is more about the gross negligence component of the action of U.S. Bank and if there are any punitive damages that we would be entitled to for U.S. Bank putting us through this process as far as lost opportunities in refinancing, lost opportunities as far as any type of rate increases as a result of their delay. Those are the three aspects that I have.

Mr. Clark stated some of what you asked I simply can't give you a responsible answer yet in terms of costs and what you call phase 2 and phase 3 and the probability. From what I have read you have good reasons to pursue this and to look into it. I did get a chance to read the trustee's letter today before the meeting and that raised some other issues that I need to get more facts on. I will talk to staff and probably look at some of the underlying bond and transaction documents from when the property was conveyed to the SPE and it sold. What I would propose is by your next meeting is to complete some research, I propose a \$2,000 budget for that and make it a cap and I will probably do more work than that but just to try to get my arms around it and come back to you and say here is what I think, here is what I think the strategy is and here is what I think the range of costs could be from undertaking that strategy. Looking at it at this point it seems like it is something that could be resolved in negotiation but sometimes these bondholders don't negotiate very much or very well so we will have to see how that works out there may be a sense on the trustee's part that you are in a bad position because you want to refund the bonds and you are going to give in your position because of the loss of opportunity. As to the last question punitive damages I think are not available but there may be some theories of what we would call consequential damages that would include the loss of the bargain loss of refinancing and those would come under a theory that the trustee breached its obligations under the indenture or under one of these other letters that may serve as an amendment or waiver of the terms of the indenture. That is probably as far as I want to climb out on a limb today. I'm early in my investigation and I had some thoughts about where to go with it but I haven't really confirmed those to myself.

Mr. Harrah stated Mike your organization is completely out of this right now.

Mr. Eckert stated correct.

Mr. Harrah asked are you allowed to comment?

Mr. Eckert stated I have seen the letter and it is contrary to what district staff has reviewed. I will say that I have worked with Mr. Clark before and he is a very good, competent attorney and I think it is probably unfair to ask him a lot of questions before you actually retain him about the factual matters.

Mr. Harrah stated the reality is this is U.S. Bank and we know for \$1 million they are willing to take it all the way and I understand they are not going to roll over. I think we have to do the \$2,000 due diligence and get a better perspective from this law firm.

Mr. Brownlee stated I agree I think we should invest the \$2,000 come to the next meeting with more information and he will have a better position on where we stand at that point.

On MOTION by Mr. Harrah seconded by Mr. Brownlee with all in favor the proposal from Clark & Albaugh, LLP was approved with an initial fee not to exceed \$2,000.

Mr. Clark left the conference call at this time.

FOURTH ORDER OF BUSINESS Matters Related to the Series 2017 Bond Refunding

Ms. Zare stated rates seem to be volatile, we have seen it increase in the last week but we are hoping it will stabilize and in the meantime we are going to need to watch the market trends and as soon as we hit that threshold the board agreed upon at the last board meeting the team will hopefully get the bonds priced.

Mr. deNagy asked are you saying we are close to the 6% or we are just going out to market and think we are pretty close?

Ms. Zare stated I have been monitoring the market and we are very close to that 6% and as soon as we hit that 6% threshold or even more I will rally the team and we will get those bonds priced and they will eventually close.

Ms. Zare and Mr. Gang left the conference call at this time.

FIFTH ORDER OF BUSINESS Approval of Consent Agenda

A. Approval of Minutes of the December 19, 2016 Meeting

- B. Balance Sheet and Statement of Revenues and Expenses**
- C. Assessment Receipt Schedule**
- D. Impact Fee Summery Report**
- E. Check Register**

On MOTION by Mr. Pollicino seconded by Mr. Harrah with all in favor the consent agenda items were approved.

SIXTH ORDER OF BUSINESS

Ratification of Aquatic Systems Agreement

Mr. deNagy stated this is a one-year agreement that is included in your agenda package. We have already engaged Aquatic Systems I think their first day on the job was January 1st.

On MOTION by Mr. Pollicino seconded by Mr. Harrah with all in favor the Aquatic Systems Agreement was ratified.

Consideration of Aquatic Systems Year 2 Proposal

Mr. deNagy stated we also have a proposal for year two, I think there is a small increase proposed.

Mr. Eckert stated at our last meeting the board approved a three year agreement and we went to the contractor who wasn't comfortable with three years. They want to get their feet wet and figure out what they are dealing with here so they agreed to what you just approved through September of this year. Then we asked them for a year 2 proposal, which will be October 1, 2017 through September 30, 2018 with a slight increase. The other thing you approved was the special treatments but I think that got carved out of the agreement you just approved and the contractor is going to come back to us in the spring and say what he thinks is needed at that point in time.

On MOTION by Mr. Pollicino seconded by Mr. Harrah with all in favor the proposal from Aquatic Systems for year 2 was approved.

SEVENTH ORDER OF BUSINESS

Consideration of 2017 Durbin Swim Team Proposal

Mr. Davis stated we sat down with Margaret and put together a practice schedule that we thought would be the best thing to do. No. 1 is to avoid conflict with the community plus how can we help all of our working families and get them as much practice time without taking up too much open pool time. We didn't change much from last year, we break the practice up into a school schedule when the kids are in school and into a summer schedule when they get out. We would like to continue with Monday nights if we can. Last year we did Wednesday and Thursday used three lanes starting right after school and there was a lot of overlap with the community. We thought we would try something different and go to one night instead of two days and having Thursday night where we basically get the pool from 5:00 p.m. to 9:00 p.m. We are talking about five Thursdays starting mid-April where the pool would be closed and we could come in and practice. That is the only major change. Saturday the only thing we did was start a little bit early and going a little bit longer the reason is our numbers keep going up and eventually we will have to cap it.

Ms. Hall stated I think it would be better to use the lap lanes four nights a week and not close because people will walk up here and not be able to use the pool.

Ms. Alfano stated no matter what we decide communication is the key and I think it was very successful last year people knew when the swim team was coming it was posted everywhere. I would rather see us for those two hours on those six days have their practice uninterrupted. I don't like to say you can't get wet for these two hours but they can get wet for the time the North pool is open so they have an option to get wet. They don't from the 7 to 9 the swim team would be using it.

Mr. Eckert stated each year we do an agreement that incorporates the terms of the proposal so if there is a motion to approve that just direct staff to prepare that agreement and we should be able to get something to Dave this week.

Mr. Harrah asked can you rearrange the two swim meets that are back to back?

Mr. Davis stated the league sets the meets and I will see what I can do to spread it out.

Mr. Pollicino stated the last component is miscellaneous and can you confirm that everything they promised they held to as far as the property being clean, everything in tact.

Ms. Alfano responded no issues, I thoroughly enjoyed our swim season last year and I look forward to an even better one this year.

On MOTION by Mr. Harrah seconded by Mr. Brownlee with all in favor the 2017 Durbin Swim Team proposal was approved and district counsel was directed to prepare the agreement to be provided to staff for execution by the proper parties.

EIGHTH ORDER OF BUSINESS

Selection of Audit Committee

On MOTION by Mr. Pollicino seconded by Mr. Harrah with all in favor the board members were selected to sit as the audit committee and staff was authorized to notice an audit committee meeting to take place just prior to the February board meeting.

NINTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Eckert stated we will be circulating some legislative updates. One of the things that has already been proposed is for about four hours of ethics training for all special district board members on an annual or every two year basis. We will monitor that. It was brought up and passed last session for city council persons and county commissioners. We will let you know if that gets passed and then how you can achieve that.

We have been working on the financing documents for the refunding. There have been some revisions, not major revisions, but there is some tweaking we have had to do and some updated information. If anybody wants the latest versions of those let me know otherwise we will have those documents finalized once we know the price the bonds get sold.

Mr. Harrah asked have you heard back from the county on the landscape agreement?

Mr. Eckert responded no but we reach out to them every few weeks.

B. Engineer

There being none, the next item followed.

C. Manager

Mr. deNagy we have our FY 2018 budget that will be coming up soon and as you know we need a budget approved by June 15th so I will be working with Steve and Margaret on putting

the O&M budget together and the debt service budget will be predicated on our refunding. Anything that you have in regards to the operating budget that you would like to share with us please let us know. We are meeting Wednesday with Charlie Sheppard to start the update on the reserve study and we will take that into account for our FY 2018 budget.

Mr. Harrah stated I would be interested in getting an engineering perspective as to when the paving or sealing of the north and south parking lots should be done.

Mr. deNagy stated when we get into that discussion I will make a note and get with George.

D. General Manager - Report

Ms. Alfano stated it is our job to protect the assets we have, plan for the assets to come and make sure that you are not surprised by anything. Some of the realities we have coming up are related to resurfacing of the pools, things of that nature and I also want you to be aware we have money to cover all of this. We are in good financial shape.

Mr. Harrah asked did you put these in order of priority or random?

Ms. Alfano stated I put them in order of what needs action opposed to what is reality for next year.

Sealcoating North and South Parking Lots

Ms. Alfano stated this is a sealcoating that goes on to protect the pavement. Kudos to Steve for working with contractors and putting these numbers together.

Mr. Harrah stated whether it needs to be done or not the fact that it is degraded do we seal it or repave it.

Ms. Alfano stated it is a sealcoat that goes on and gets restriped and it will extend the life of the surface. It lasts three to five years and we go from there. No one that I am aware of told us we had a repaving situation.

Mr. Pollicino stated it is identified as preliminary bid. Does that mean you will get multiple bids?

Mr. Howell stated I got multiple proposals and these are the lowest.

Ms. Alfano stated some of these are only good for 30 days. In some cases we don't get three bids and pool resurfacing for next fiscal year we got one bid and that was his best guess but

once approved we are going to get the best vendor, best price to complete the work. It is never a bad idea to consult with George but it is our recommendation that we take care of both lots at the same time for the combined total.

Ms. Hall stated for the record my father used to own a sealcoating business.

On MOTION by Mr. Pollicino seconded by Ms. Hall with all in favor staff was authorized to have the north and south parking lots sealcoated in an amount not to exceed \$10,000 subject to final approval from the engineer and Mr. Harrah.

South and North Pool Deck Pavers

Ms. Alfano outlined the maintenance issues and the proposal to fix the problem.

On MOTION by Mr. Harrah seconded by Ms. Hall with all in favor staff was authorized to have the pool decks deep cleaned, sanded and sealed in the amount of \$12,950.

Pool Resurfacing at Both Facilities

Ms. Alfano stated there is no board action required here but just to let you know that pool resurfacing at both facilities is in our plans for next swim season.

Ms. Hall stated I think your preliminary bid is way too high based on the pools I had done of a similar size. I remember when we bid out Deerwood we got a discount for doing it in the off season. Reach out to them and find out how we can get the price down if it is timing or what but I think it should be closer to \$100,000 for the south pool versus \$139,000 and if they are not replacing tile then it should be in the \$90,000 range.

Ms. Alfano reviewed the balance of her report and the following actions were taken.

Remove T-Bar Swing and install A-Frame Swing

On MOTION by Mr. Harrah seconded by Ms. Hall with all in favor staff was authorized to have the old T-Bar swing removed and replaced with an A-Frame swing in the approximate amount of \$2,700 to come out of the O&M account.

Replace Water Fountain at Both North and South

On MOTION by Mr. Harrah seconded by Ms. Hall with all in favor staff was authorized to replace the water fountains for north in the approximate amount of \$2,900 and south in the approximate amount of \$4,400 to come out of capital funds.

LED Lighting for Tennis Courts North and South and Parking North and South

On MOTION by Mr. Harrah seconded by Mr. Brownlee with all in favor staff was authorized to upgrade the tennis court and parking lot lighting at both North and South to LED lighting in the approximate amount of \$9,000.

Mr. Harrah stated I think we should take \$25,000 out of the Dream Finders money to do something for the residents this year, whether it be the shade structure or the pavilions. I thought we were going to put together the wish list and put that into a survey.

Ms. Alfano stated we put all this together to bring to you to let you know our thoughts and let you make the decision on where we go from here. I was a little leery to put out the wish list especially with something of that dollar amount. I consider a wish list of something like heating the pools or adding \$114,000 to the north playground or something on that scale. In my opinion I don't see us in a position to survey residents at this time for something on that scale. If you wanted to grant them something in the \$25,000 range we have things on the list such as mulch, shade on the playground things of that nature. This is a lot to digest it would give us an idea of what is expected from our capital reserves and I know you want to plan for the future.

Mr. Pollicino stated we told the residents three or four months ago that we were going to survey them and look at something we could build such as a playground or expansion of the gym. How close are you to getting those proposals so we can survey the residents?

Ms. Alfano stated we can move forward with those. Expanding the gym is impossible with the current footprint. Are we talking about building a gym? We did meet with the representative that is going to be working at Sarah's pool and somewhere in the neighborhood of \$130,000 to \$190,000 we could heat this pool. You can change your a/c system to be water to

air, water heater all those good things. Certainly the numbers are there for the playground expansion, heating of the pool but I wanted to get your temperature on where we are.

Mr. Harrah stated we are talking about two things. One is that big glamour project the \$150,000 that is the survey going out for the big ticket items.

Mr. Pollicino stated if we can get the numbers for the big playground and maybe the pavilion so we can get resident input before we do the next budget.

Mr. Brownlee stated before that we need to get the reserve study and find out what we need in the way of funds and what has deteriorated, what has depreciated beyond its useful life. We want to make sure we have the funds to keep this community looking good. If something needs to be replaced we need to replace it, we just can't keep putting it off. That is why we have the capital reserve. The dream things are wonderful but they are over \$100,000 and maybe we send out a survey to see what the residents would like. I wouldn't say an item for \$25,000 is a dream thing that is something that would benefit us and would show we have concerns for the community.

Mr. Harrah stated the \$100,000 item would necessitate an assessment increase but why not do a survey with whatever our not to exceed amount that we are willing to spend and not impact our capital reserve. Out of the money we got from Dream Finders are we willing to set aside \$30,000 and ask the community do you want to put the pavilion in or would you rather have the shade for the playground. This will not raise fees we are going to take this out of the money we got, the rest goes into the capital reserve. That is one survey and maybe number two is a big dream items and raising assessments. That was my thought.

Mr. Brownlee stated we can probably put shade in and a pavilion.

Mr. Harrah stated my thought was to stick to the \$25,000 to \$30,000 and pick a couple items and send that out to the community for their input.

Mr. Pollicino stated let's be cautious with the Dream Finders money. When will we get the capital reserve study?

Mr. deNagy stated late February or early March.

Ms. Hall stated why don't we just do one survey with both items and say which would you like and the last question could say would you be willing to have an assessment increase for heating the pool, or a new playground, volleyball.

Mr. Pollicino stated I agree there is no place to gather for events would there be enough money in the budget to fund the pavilion today?

Mr. deNagy stated I would want to take a look at it but probably.

Mr. Pollicino stated if Dave feels we would be okay I'm okay with going forward with the pavilion, just get it done while it is slow and we will have it for the busy season.

Mr. Harrah stated I agree. Are you saying we would pull that out of the Dream Finders money?

Mr. deNagy stated correct.

Mr. Harrah stated so that would be our project we are picking as a board and of all the ones out there I think that is a great project.

Mr. deNagy asked what is the not to exceed on the pavilion?

Mr. Pollicino stated she has \$25,000 I will say \$30,000 and get a nice one and if we have money left over let's get some nice tables in there.

Mr. Brownlee stated that is for two.

Mr. Harrah stated I think I would like to see a plan for this.

Ms. Alfano stated let's do that I will bring that back next month.

E. Operations - Report

Mr. Howell gave an overview of the field operation manager's report, copy of which is attached hereto and made a part hereof.

TENTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

ELEVENTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

Mr. Jurkow stated I agree with Mr. Brownlee on the reserve study you need to get that before you do anything. The pool resurfacing being more than we thought means the capital reserve study is in the hole it is not where it should be. The Dream Finders money would have put you just about where you should be but if things such as pool resurfacing costs more then you are in a hole. I think you need the capital reserve study done before you do anything and then see where to go. Remember every time you add something new to the community that also

places a burden on the capital reserve to maintain it in future years. I'm talking about big ticket items the things that need to be done are \$287,000, the wish list of all of that is \$443,000. Be careful where you go with the capital reserve study.

Regarding the LED lights I don't think anybody could argue with that. I would say if you go above 3000° Kelvin you are probably making a mistake.

The question about lifeguards, I think Sarah is right two lifeguards is probably what you have to have. If we are going to have a lifeguard at the front door, they are very good kids I'm sure they are good lifeguards but in the end young people can be intimidated and if someone starts yelling at them it is not an adult. I think you need a third person to be at the front door if you are going to staff it up.

Mr. Rucker stated I want to second what John said because I remember conversations with Leah a few years ago and she was always looking for more mature people to be able to deal with residents. Keep that in mind because we have already run into that problem one time.

Mr. Davis stated in regards to the survey I think the most important thing is to ask the residents how much they are willing to increase their assessment to get the wish list. I think you need to keep it simple and maybe four or five questions because you are probably not going to get a lot of response but the biggest obstacle you have with residents is I like to see the numbers. If I know I'm going to pay \$10 more a month but I'm going to get a heated pool I'm okay with that. They can't say they want it without knowing what it is going to cost. Find out how much they are willing to go up then rank the wish list from there if you are going to do a survey.

Mr. Pollicino stated we will have a cost per household per every \$1,000 so residents have an idea of what it will cost.

Mr. Jurkow stated regarding the reserve study I'm concerned for the reserve for the pool and I'm hoping whoever is doing it now will try to add some truth to what the numbers really are and maybe have an escalation factor so we have more realistic numbers.

Mr. Eckert stated I went through the report that Margaret did and that is the best report I have seen in 13 years in terms of facility manager providing that information. I wanted to acknowledge that because I was very impressed. Steve, your report was good too.

I don't think there is going to be a requirement for this but in the event we need to have a special meeting to close on the bonds I will let the board know and we will advertise it so you may get a call saying we need to meet.

January 23, 2017

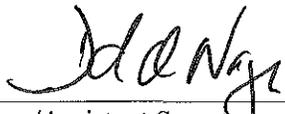
Durbin Crossing CDD

TWELFTH ORDER OF BUSINESS

**Next Scheduled Meeting – February 27, 2017
@ 6:00 p.m. at the Durbin South Amenity
Center**

Mr. deNagy stated the next meeting is scheduled for February 27, 2016 at 6:00 p.m. in this location.

On MOTION by Mr. Harrah seconded by Mr. Pollicino with all in favor the meeting adjourned at 7:50 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman