

Minutes of Meeting  
Durbin Crossing  
Community Development District

The February 27, 2017 meeting of the Board of Supervisors of the Durbin Crossing Community Development District was recessed and reconvened Monday, March 13, 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
Scott Clark	Special Counsel by telephone
Margaret Alfano	Vesta/Amenity Services Group
Daniel Laughlin	GMS

The following is a summary of the discussions and actions taken at the March 13, 2017 continued meeting. A copy of the proceedings can be obtained by contacting the District Manager.

**FIRST ORDER OF BUSINESS**

**Pledge of Allegiance**

Mr. deNagy led the pledge of allegiance.

**SECOND ORDER OF BUSINESS**

**Roll Call**

Mr. deNagy called the meeting to order at 6:00 p.m. and called the roll.

**THIRD ORDER OF BUSINESS**

**Audience Comments**

There being none, the next item followed.

**FOURTH ORDER OF BUSINESS**

**Matters Related to the Series 2017 Bond  
Refunding – Discussion and Consideration of  
Settlement Offer**

Mr. Clark stated after our last meeting when we discussed this I presented a letter to the trustee conveying the board's willingness to settle the matter for \$1,185,000 and waive any further claims of damages. I also on the following day sent requests for public records to the trustee and to Durbin Crossing CDD Holdings, Inc. c/o the managers and officers who are running that. Early the next week, which was last week, I received a call from Bill Spivey who is a litigation attorney at Greenberg Traurig who represents the trustee, the person I expected would be calling me and dealing with me. We talked and he submitted me a written offer to settle the entire matter for \$600,000. After I received that offer I told him that I didn't have any authority to accept that and I could take that to the board for consideration but I felt like the board would want to be at a higher number and I suggested perhaps he come back and shoot for \$1,050,000, which I explained was about what we calculated would be the lost interest minus the cost of bringing the lawsuit and litigating the matter over time. He talked to me again I was led to believe and I was going to get a response to that before this meeting I told him about this meeting and after me sending a couple of reminders on Friday and yesterday as we sit now I have received no response whatsoever. They have offered \$600,000 the letter said that was a final offer I'm led to believe in conversations that it wasn't really a final offer because it never really is but that is where we are.

What I think he is communicating to me is "I don't think you guys have the nerve to file a lawsuit," that's what I take from that. I am presenting that to you I think the board has choices tonight. You can accept the offer and settle the matter for \$600,000. You can reject the offer and have me simply say we have given you a number and we don't want to bid against ourselves. You can authorize me to come back to a number and say this is what we will settle for. I think those are basically the choices at this point. I have made some progress in drafting a lawsuit, I know what it is going to look like and I'm at the point I could probably bring it to a conclusion and file it by the end of the week if we can't resolve this. I have waited until today to convey the offer to you and see what the board wants to do.

Mr. Pollicino stated thanks for the good work I saw your correspondence it certainly got the attention of the bondholders and they know that the board is serious and that we are not going to take any sort of a lowball offer of what is owed to us. I think the offer to compromise off what is owed and us leaving additional damages as a result of their delay on actions is a fair offer. I think the \$1,050,000 is a number that is not pulled out of a hat, it is a number we can explain and it represents what we feel we are owed less any anticipated legal costs. I think their offer of \$600,000 is just a round number and not based on any degree of explanation on their part. I believe we reject their offer of \$600,000 and convey we will be willing to settle the matter for \$1,050,000 and if not give them until the end of the week to respond and if not I think we file a lawsuit. I know the board is concerned about legal costs but in this instance I think any additional fees incurred by counsel will more than pay off and result in a settlement or resolution.

Mr. Harrah stated I agree it is not an unacceptable offer in my opinion. I think we should keep the door open for negotiation and our door says \$1,050,000 at this point and if they came back with something that was really close to that we might consider it but I think if they don't respond with an offer by Friday we go forward with litigation.

Mr. Brownlee stated I concur. What do you need from us?

Mr. Eckert stated one thing to make sure everybody understands because I'm only here to talk about the logistics of your bond deal that you are doing now. You are set to close on your bonds on Wednesday, which means that the existing bondholders that you have now will be paid par value for their bonds. Scott can describe to you whether or not that make a difference in terms of how easy or hard it is to negotiate given the source of funding for defense costs will change. I want everybody to be aware of whatever action you take today make sure you give Scott clear direction on what you want him to do between now and tomorrow.

Ms. Hall stated you are saying the bondholders that we would be pursuing a lawsuit or settlement with are getting paid off on their bonds so they won't have a vested interest in the situation anymore.

Mr. Eckert stated no that is not what I'm saying. I'm not trying to position one party against another. What I'm saying is you are closing on your refunding bonds on Wednesday. The nature of refunding bonds is you pay off the old ones and go out and issue new ones at a lower interest rate. That is happening. The offer that I think that they made of the \$600,000

Scott correct me if I'm wrong but I think the offer they made was basically you won't have to pay us all of our bonds that are outstanding it would be you pay our bonds outstanding minus \$600,000. Scott, is that how you understood that offer as well?

Mr. Clark stated we didn't get to that level of detail but I believe that is exactly how it would be accomplished they would accept less as the payoff. What you are describing is correct as well, when the bonds are paid the dynamic changes but I think it actually changes more for them than for us because then the bondholders have received their money and when we sue the trustee the trustee will have to drag the bondholders in because I can guarantee you there is an agreement between the trustee and the bondholders about this threatened litigation saying you, the bondholders agree to pay us whatever the award is and you agree to pay our attorney's fees and this and that. I guarantee you that is in place so the bondholders may get the money in their hands but some portion of it is probably going to be set aside somewhere until this matter is resolved. I think what I take in their lack of communication is that they feel like perhaps we are the ones who are desperate to settle this thing before Wednesday before the closing so they are waiting to see if we will take what they have thrown on the table just because we want to do that. I don't really think you are in that position. Mike knows a good deal more about the structuring of the bonds and things like that and I would invite him to comment on that but I don't think you are desperate to reach a settlement before Wednesday.

Mr. Pollicino stated it should be clear that the CDD is not desperate to rush at any settlement before Wednesday. Our offer is based on solid ground and I think our \$1,050,000 counter is more than reasonable at this point. I don't want to convey any element of desperation to anybody.

Mr. deNagy stated let me reiterate what you said earlier, Peter. I think this would be in the form of a motion to settle for \$1,050,000 and if not continue with litigation if that offer is not accepted by Friday, March 17, 2017 and I would add a time on the 17<sup>th</sup>.

Mr. Pollicino stated noon on Friday.

Mr. Brownlee asked do we want to say \$1,050,000 or an acceptable offer?

Mr. Pollicino stated \$1,050,000.

Mr. Eckert suggested you need to have a hard number because you do not have another board meeting before Friday.

Mr. Pollicino stated that is a number we can support and justify.

On MOTION by Mr. Pollicino seconded by Mr. Harrah with all in favor special counsel was authorized to propose a settlement offer of \$1,050,000 and if not accepted by noon, March 17, 2017 then to proceed with litigation.

Mr. Clark stated I have my instructions.

Mr. Harrah asked if they do come back by noon on Friday with a counter or agreement do we need another special meeting before the March 27<sup>th</sup> meeting?

Mr. Eckert stated if you hear something after tomorrow the timing isn't all that dramatic one way or another so you might as well just wait until your next board meeting unless there is some sort of time contingency on that offer then I would suggest a special meeting.

Mr. Clark left the telephone conference call at this time.

**FIFTH ORDER OF BUSINESS**

**Supervisor's Requests and Audience Comments**

There being none, the next item followed.

**SIXTH ORDER OF BUSINESS**

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

Mr. deNagy stated our next meeting will be March 27, 2017 at 6:00 p.m. at the same location.

On MOTION by Mr. Brownlee seconded by Mr. Harrah with all in favor the meeting adjourned at 6:25 p.m.

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman