

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, June 26, 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
Daniel Laughlin	GMS

The following is a summary of the general discussions and actions taken at the June 26, 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

There being none, the next item followed.

FOURTH ORDER OF BUSINESS

**Discussion of Matters Related to U.S. Bank
Litigation**

Mr. deNagy stated Mr. Clark is not available tonight to call in but did provide you with a written update that was in your agenda package. I will point out that Scott expects that we will have a shade meeting during the regular July board meeting. There is a specific list of people who will participate in that shade meeting and we will have a court reporter here that will keep transcripts of the shade meeting.

Mr. Pollicino stated this letter was requesting a representative of the district for a case management conference and you said you weren't available but I will make myself available.

Mr. Eckert stated I am not involved in this aspect of it but he wants advice concerning litigation expenses and strategy and the individuals who would be attending are the five supervisors individually, Mr. Clark and I'm assuming Dave as chief administrative officer of the district.

Mr. deNagy stated yes.

Mr. Eckert stated I just wanted to make sure what the ad would say.

FIFTH ORDER OF BUSINESS

Approval of Consent Agenda

- A. Approval of Minutes of the May 22, 2017 Meeting**
- B. Balance Sheet and Statement of Revenues and Expenses**
- C. Assessment Receipt Schedule**
- D. Impact Fee Summary Report**
- E. Check Register**

On MOTION by Mr. Brownlee seconded by Mr. Harrah with four in favor and none opposed the consent agenda items were approved to include an amendment to the minutes.

SIXTH ORDER OF BUSINESS

**Acceptance of the Draft Fiscal Year 2016
Audit**

Mr. deNagy stated item six is approval of the fiscal year 2016 draft audit. On page 2 we do have an adverse opinion related to the Durbin Crossing CDD Holdings, Inc., which is the SPE entity, there was no financial data included in the audit and that was pointed out in the audit. We were not provided with financials from Lerner Real Estate Advisors and that is the reason the

audit finding is there. If you look at the qualified opinion it states that in our opinion except for the effects of the matter described in the basis for adverse opinion on the discretely presented component unit paragraph, the financial statements referred to above present fairly in all material respects the financial position of the aggregate remaining fund information of the district as of September 30, 2016 and respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. On page 30 there is a note about a subsequent event, which is the lawsuit pending that was noted in our audit for FY 16. Page 31 is the report on internal controls and it states during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. On pages 33 to 35 is the report to management letter. You will note that finding 2016-01 they talk about general fund budget exceeding the budgeted funds. We did a budget amendment so that should not be a problem. Otherwise the audit is pretty straightforward.

Mr. Eckert stated I had one comment that I provided that I don't think made it into the agenda package and the auditor may not be willing to adjust their position on this. This is something we argue with them from time to time. On page 17, it says the "district" identified one component unit it is talking about the trustee who created and controls a special purpose entity. I don't think the district has ever designated that as a component unit of this district, I think the auditors have said we think it is a component unit, I don't agree with that and I made that comment but again I don't expect the auditor to change that but I want the board to be aware of that and I would like the language changed because I don't think the district has identified it as a component unit of government.

Mr. Pollicino asked will you make that recommendation?

Mr. deNagy stated we will, this is a draft we did want to get it in front of the board.

Mr. Eckert stated I will provide it to you again.

On MOTION by Mr. Brownlee seconded by Mr. Pollicino with four in favor and none opposed the draft fiscal year 2016 audit was accepted with the exceptions as noted by district counsel.

SEVENTH ORDER OF BUSINESS

Discussion of the Fiscal Year 2018 Budget

Mr. deNagy stated at our May 22nd meeting you approved a budget and set a public hearing for later in the year. The board had recommended making changes to the budget such

that O&M would increase the same proportion as the decrease of our debt service budget. If you look at the handout I provided to you there are a couple minor changes I want to point out. First is the increase to the different land use units on page 2 you can see the different lot sizes and on the side you can see gross annual per unit increase. That was essentially the decrease in debt service that people realized from the refunding. What will happen is we will have to send the mailed notice out to let them know the increase in the O&M but in the overall budget the net impact is going to be zero.

Ms. Hall joined the meeting at this time.

Mr. deNagy stated if you look at the landscape maintenance line item a little later on we are going to talk about the landscape agreement, the interlocal agreement with St. Johns County. One of the issues with the landscape interlocal agreement was the county will not be maintaining the landscaping from Russell Sampson Road north to Racetrack Road. Steve in the interim talked with R & D and got a quote to maintain that area, that quote for a year is \$11,064. We already included the Palisades entryway in the line item at \$6,790, the base contract is \$261,246 a year so that changed the total to \$279,100. What I did with the increase to O&M to make that happen was I increased our capital reserve budget from \$170,000 up to \$341,830, which you can see in FY18. I tweaked that a little bit for the landscape budget. Again, we wanted to keep the gross annual per unit increase the same as the decrease in debt service.

Mr. Pollicino stated I know we are trying to keep it balanced but I don't know that we have to go zero sum.

Mr. Harrah stated I want to make sure of the change from the one we saw before and you just said landscape at \$11,000 but we reduced the pond that is Aberdeen's so we are talking about a net reduction.

Mr. Howell stated it is in the permit that you maintain that from day one, that is a different road we will have to go down to get those two off the permit as our responsibility. We don't own them but the permit is to maintain them.

Mr. Harrah stated Aberdeen has the pond physically but we maintain them because of the DEP permit.

Mr. Eckert asked at some point wasn't this a more cohesive development, Aberdeen and Durbin? I think originally it was.

Ms. Hall stated yes.

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Mr. Pollicino asked how do we go about correcting this with the permit?

Mr. Eckert stated in full disclosure we represent Aberdeen as well as you and I found them to be a very reasonable board. I don't know if they are maintaining the pond and you have too. I don't think that is the case because I remember looking at this outlier some time in the past but we can talk to them about it. It would require a permit modification.

Mr. Pollicino asked is it worth a conversation with them or a letter?

Mr. Eckert stated I don't think you need to do a letter I think what makes sense is I can talk to the chairman over there and maybe you and she can talk, she is very reasonable. I can put you in contact and you can have a conversation otherwise I would have to get conflict waivers from everybody for me to be a go-between because you are both my clients so maybe start with that. What is the annual maintenance cost?

Mr. Howell stated I can get you those numbers.

Mr. deNagy stated there are two more things I want to point out. We talked last time about adding the \$75,000 for legal costs and we added that in on the administrative side. Also we talked about water reuse budget we were at \$273,000 before we are now at \$284,500 that moved up and when we adopt the budget we are still going to be tracking this and with all the rain we have had there is a good likelihood that number will come down.

Mr. Pollicino stated it would be a good message to go to the residents at some point with some sort of decrease or minimal increase as opposed to saying it is a wash.

Mr. Brownlee stated that is what you wanted last meeting.

Mr. Harrah stated I proposed the idea of keeping it balanced and putting more towards our capital reserves.

Mr. Brownlee stated we had a reduction in the debt service, we have an increase in the O&M and there is a difference of a positive side for the residents and someone wanted it to be balanced.

Mr. Harrah stated we had two options, one we had an ultimate reduction in that portion or the option was keep a balance the residents are still paying what they have been paying and ultimately we see that savings that goes into our capital reserve. That \$341,000 is assuming we go forward with this path. What was the previous value?

Mr. deNagy stated it was \$176,634.

Mr. Brownlee asked didn't Peter send out a letter saying the refunding would result in a reduction in the debt service and how much it was going to be per lot?

Mr. deNagy stated no we didn't send a letter.

Mr. Brownlee stated it was in the newsletter.

Mr. Pollicino stated I still think we can have the best of both worlds, where we have reduced their debt and there is still a net savings to the residents.

Ms. Hall stated we have so many things we need to do and maybe the surveys didn't come out that clear but if you just walk around and take a look those playgrounds look horrible, they have the old mulch, none of the families are really enjoying them, the swings are falling apart. We have more residents coming in and we have a lot of communities to keep up with. There are some amazing communities coming in the area and our facilities are getting old, we are going to have a lot of things that need to be spruced up and a lot of things that need to be repaired and we are going to have to buy some new stuff. As a resident if you send me \$50 back for the year I'm not going to notice I'm not going to care. I would rather see it be put back into the community so my property value goes up.

Mr. deNagy stated keep in mind that whatever we approve tonight we cannot increase when we adopt the budget. We can decrease when we adopt we just can't increase.

On MOTION by Mr. Pollicino seconded by Mr. Brownlee with three in favor and Mr. Harrah and Ms. Hall opposed an increase to the fiscal year 2018 budget will be the equivalent of 8 ½% of the debt reduction realized from the refinancing.

Mr. deNagy stated I will tweak the budget and get it out to you and we will craft a mailed notice letter and get that to you as well.

EIGHTH ORDER OF BUSINESS

Consideration of Helicopter Services License Agreement

Ms. Alfano stated we are going to offer helicopter tours from the North Amenity Center for \$35 per person for three passengers per flight. District counsel has prepared the agreement to ensure that everything is returned to the condition in which they found it.

Ms. Hall asked how much liability insurance are they carrying?

Ms. Alfano responded \$2 million.

Mr. Eckert stated the agreement requires \$1 million I haven't seen the insurance certificate that you sent to Clark. Have they seen this document?

Ms. Alfano stated they have not.

Mr. Eckert stated if you do choose to approve it you could approve it in substantial form and give the chairman the authority to have final sign-off on it.

On MOTION by Mr. Pollicino seconded by Mr. Brownlee with all in favor a license agreement with JAX was approved in substantial form, subject to final review and approval by the Chairman.

NINTH ORDER OF BUSINESS

Consideration of Interlocal Agreement for Landscape Maintenance of County Right-of-Ways

Mr. Eckert stated we have seen this agreement before I think the main negotiating points were the areas that we are going to be maintaining. We have looked through the agreement, the county made a lot of changes the last time around and you saw that version after that. There is an indemnification provision that says to the extent permitted by law and there is law out there that suggests that we can't require indemnification of each other for our own negligence so we are comfortable with the form of the agreement as it is. I will turn it over to Steve to talk about the areas and the last conversations because we were not involved in those.

Mr. Howell outlined the areas that are covered in the agreement.

On MOTION by Ms. Hall seconded by Ms. Driscoll with all in favor the interlocal agreement with the county for landscape maintenance of certain county rights of ways was approved.

TENTH ORDER OF BUSINESS

Staff Reports

A. District Counsel

Mr. Harrah asked is there anything new with Dream Finders or are we all buttoned up with that and everything is done?

Mr. Eckert stated the last thing that needed to be done was the planting of about \$5,000 worth of trees and I think Steve saw that to conclusion and beyond that, that contract is closed.

B. District Engineer

There being none, the next item followed.

C. District Manager

Mr. deNagy stated I had a request from a resident with a drainage issue and Steve went out and looked at it. We were going to ask George to look at it but before I made that request I wanted to bring it before the board to see if anyone has an issue with me asking George to take a look at that.

It was the consensus of the board to have the district engineer look at the situation.

D. General Manager - Report

Ms. Alfano reviewed her report, copy of which was included in the agenda package.

Reconsideration of Item 7

After discussion of an expansion to the parking lot at the amenity centers the following action was taken.

Mr. Pollicino moved to reconsider and rescind the board's decision to cap the increase to the budget at 8 ½% and Mr. Brownlee seconded and on voice vote with all in favor the prior motion was reconsidered and rescinded.

On MOTION by Mr. Pollicino seconded by Ms. Hall with all in favor the budget as presented in the handout was approved.

Mr. Harrah stated have the district engineer do a parking study for both amenity centers to give options of potential increases in parking spaces.

Continuation of Item 10D

Ms. Alfano requested an additional amount of \$1,920 for the next 40 days, 3 hours per day at an additional cost of \$1,920 to cover the additional hours the pool will be opened.

On MOTION by Mr. Pollicino seconded by Mr. Harrah with all in favor the request for the additional 3 hours per day for the next 40 days at an additional cost of \$1,920 for pool staff was approved.

E. Operations Manager - Report

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

ELEVENTH ORDER OF BUSINESS Other Business

There being none, the next item followed.

TWELFTH ORDER OF BUSINESS Supervisor's Requests and Audience Comments

Mr. Harrah stated we need to look into the lap swimming policy. I know we went round and round with that but at times when we are having events at the pool, Memorial Day or whatever, the pool is starting to get crowded and you have an empty lap lane that no one is using. I think we need to consider if we need to have that dedicated lane during events.

Ms. Alfano stated on Memorial Day weekend we did not and we won't for the 4th.

Ms. Hall asked where are we on the swing?

Ms. Alfano stated it is the same contractor with the shelves so I'm hoping in the next couple of weeks we should be done. We had to switch vendors.

THIRTEENTH ORDER OF BUSINESS Next Scheduled Meeting – July 24, 2017 @ 6:00 p.m. at the Durbin South Amenity Center

Mr. deNagy stated our next meeting is July 24th and we will have a shade meeting during that meeting.

Mr. Brownlee asked do we have it before the meeting?

Mr. Eckert stated you have to begin this meeting then call the shade session during the meeting and you ask everybody to leave the room or you can go in another room if you prefer then come back to the open meeting, restart the board meeting before you can conclude it. It is a component of a board meeting. You have to have a court reporter present and the court reporter will transcribe the shade session and when the litigation is concluded then the transcript of the shade session will become a public record open to inspection by the public.

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On MOTION by Ms. Hall seconded by Mr. Brownlee with all in favor the meeting adjourned at 7:34 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman