

MINUTES OF MEETING
INDIGO COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, March 23, 2011 at 1:00 p.m. at the Holiday Inn Daytona Beach LPGA Blvd., Board Room, 137 Automall Circle, Daytona Beach, Florida 32124.

Present and constituting a quorum were:

Robert Welsh	Chairman
Ed Bertsch	Vice Chairman
John Zemball	Supervisor
John McCarthy	Supervisor
Tom Leek	Supervisor

Also present were:

Jim Perry	District Manager
Lynn Small	District Counsel
Kurt von der Osten	Field Operations Manager
Jamie Rountree	Rountree
Gary Moothart	Consolidated Tomoka
Two Residents	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Perry called the meeting to order at 1:00 p.m.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the February 23, 2011 Meeting

Mr. Perry stated included in your agenda package is a copy of the minutes of the February 23, 2011 meeting. Are there any additions, corrections or deletions?

Mr. McCarthy responded on page six in the seventh sentence down the word "light" should be "lake." Then in the eleventh sentence down Renar should only have one "n." Then a few sentences down from that take off the word "what" that starts the sentence. On page eight in the third line down the word "on" should be "one." Then in the third paragraph down the word "acquiring" should be "inquiring."

fiscal year, so I want to see if we can decrease the level of service we need to provide to the I-95 Interchange. The City has agreed with us and they are cooperating with me to approach FDOT.

Mr. Zemball asked you mentioned that it was going to be a permit transfer now that the wall has been completed?

Ms. Small responded essentially the CDD is going to be added as an operating entity but my understanding is that ERP covers the lake, the structure, etc. We can't bifurcate that permit, otherwise we would essentially need to apply for a new permit, so we are going to be added as an additional operating entity, so that we can maintain the wall and then we are going to get an easement just over the wall portion. I think the ERP permit is for Opal Hill. We do need authority to maintain that wall, so as long as we are an additional operating entity on that permit then I don't really care what specifications are in that permit. It is going to be the easement that really controls what we can touch and spend money on. I just want us to be in compliance with an ERP permit, so the water management company can't come in and say you are not in compliance.

Mr. Zemball stated I was just concerned once they transfer the permit if it is a complete transfer we are the maintenance entity.

Ms. Small stated we are going to be a co-operational entity on it. Renar is still remaining on the ERP permit.

Mr. Leek asked back to CoastOak, what is the next step?

Mr. Perry responded if CoastOak hasn't paid by March 31st we are going to add those assessments to that notice, so it will probably be recorded the first week of April. We have assessments past due from the prior year. I have requested from CoastOak to let me know what they intended on paying this fiscal year and they had indicated they would get back to me prior to this meeting and they did not. I'm assuming the parcels they paid last year are going to be the same parcels they are going to pay this year. I have discussed with Jonathan Johnson at Hopping Green to start the process with the bondholders. As we reported last month, they have engaged a firm to go through all the properties and their report should be finished this next month. They had a 60-day period in which to complete their work and report. What dialogue we want to start with the bondholders is related to them starting the foreclosure process and if they haven't started the foreclosure process in the next few months there might be options for the District to put more leverage on them to start that process. Even if they start the process what we are

looking for from them is some type of compensation in regards to the O&M because CoastOak is not paying on three quarters of their property. They will eventually own those properties, so we are looking for the bondholders to fund some of that O&M, if not all of it. I don't think they will fund all of it but I think they should fund a substantial portion of it. Keep in mind there is \$7M in construction funds that are sitting there. Even though we are only earning less than 1% on that, the income is probably \$70,000 a year and those funds just build up.

Mr. Leek asked have there been discussions with the bondholders about that?

Mr. Perry responded I think last year there was some discussion with bond counsel but at that time CoastOak was still going back and forth on certain parcels. It is not going to be unexpected that we are asking for that but we will ask for it more formally. I have gone through and made sure in regards to where we are financially at this point and time. We are not looking for any increase in assessments for Fiscal Year 2012.

Mr. Leek asked is CoastOak still negotiating with the bondholders or has that stopped?

Mr. Perry responded my understanding is they have made various proposals to the bondholders but none of them have been accepted at this point and time.

Mr. Leek asked do you think the primary option is they will hand the land over to the bondholders?

Mr. Perry responded on the record here in the past they said they would do that.

Mr. Leek asked so they are only offering the ones that they don't want, rather than the whole thing?

Mr. Perry responded they are not going to offer the lands that they think have value. It's only the ones that they haven't paid any assessments on.

Mr. Welsh asked so they will be able to use the \$7M to build the infrastructure?

Mr. Leek responded no. The \$7M is only for the road that connects the south and the north.

Mr. Perry stated keep in mind, they don't have any control over those funds. This board has control over the funds.

Mr. von der Osten stated the group that is doing the study for the bondholders did contact me and I had one meeting with them and several requests for information. When I met with them we reviewed the same presentation that we reviewed at the last meeting here. I provided them with some Developer agreements with the City and other agencies.

Mr. Perry stated we have also been providing them a lot of information in regards to the assessments and other documents. I believe they have everything they need.

Engineer

There being none, the next item followed.

B. Manager

Mr. Perry stated I did meet with Larry McDermott with Intercoastal Bank. He is heading up the operations here. They are right off of Clyde Morris. They have a suite of offices they just opened up. They are headquartered out of Palm Coast and they are very active in doing community loans with governmental entities. Their max loan amount is about \$3M. They are working right now with the City of Bunnell and the City of Marineland and they are very familiar with Community Development Districts. They are very interested if the board wants to do a project, such as the lighting.

Mr. Zemball asked were we going to ask for a proposal on that?

Mr. Leek responded I think we decided at the last meeting that we were going to hold off a little while.

C. Field Operations Manager

Mr. von der Osten stated I have been speaking with Ray Durham, who is the contact with the Division of Forestry out of Bunnell. I did talk to the City of Daytona Beach Fire Department this morning. I can move forward on getting some proposals for a forestry management plan now, which is your plan before you go out and do the burning and clearing. Hopefully in the next week I will hear back from Ray and will get him out here to look at the area and discuss how we want to burn those and what the Division of Forestry can provide for us. The City project at the entrance of Champions at LPGA, I have spoken with the City's Public Works Department about that and they are sure they will get it back in the correct condition. They promised to have us out there for the final walk through to make sure it is satisfactory. The wood sign will be down very shortly. It is in concrete and we have to get a tractor over there to pull it up. Lake number one had an algae bloom. Aquatics Systems have treated that lake. We reduced the budget for the I-95 interchange in anticipation of reducing the level of service also. I

advised Jamie to back off those certain areas for mowing, so we could get back into budget on that line item. The budget did call for removing the bunkers at the southeast quadrant and reducing the size of the bunkers on two other quadrants. Is that an item we want to wait and hear about with the City and FDOT or do we want to authorize Jamie to go ahead and reduce and remove those bunkers?

Ms. Small responded I don't recall if the beautification grant specifies location of the bunkers. I would have to check.

Mr. von der Osten stated we will hold on the bunkers then.

Mr. Zemball stated heading north on 95 I can't see past the bunker.

Mr. Perry stated we should probably get with Gary. We will push any action on that off, except for the schedule of mowing.

Mr. von der Osten stated a couple of comments have come in on Tournament Drive entrance. One comment is sod. Jamie pointed out that it was never fully sodded upon initial construction and the weeds come in almost all the way to the curb. I don't know if the board wants to consider adding sod to that entrance. This is off of LPGA on Tournament Drive. That entrance was constructed with bond money.

Mr. Perry asked do you know which bond issue it was?

Mr. von der Osten responded one of the 1999 ones. It just really needs a couple pallets of sod.

Mr. Rountree stated you have two different types of turf there. You have roadway Bahia and then you have the St. Augustine, which is our desired turf that only comes out to where that canal starts. You are looking at less than a truckload of sod and then you need to add two irrigation heads.

Mr. von der Osten stated we can look at it and get a number for the next meeting. Also, at the same entrance I received a comment about possibly repainting the monument. There are quite a few cracks in the stucco and in the joints that pressure washing alone will not rectify. I will get a proposal to repair and repaint that monument. I did meet with the City of Daytona Beach onsite about a couple of the lake repairs that are needed in the fiberborm banks and the weirs. I told the City that it was my opinion that the lakes belong to the City because they are on the City's property and is the City's responsibility. Their response was all the lakes out here are HOAs responsibilities. About a week later I received an email that stated I was right that it is on

Mr. Perry responded the budget will start in May. We anticipate we are not going to increase assessments, so what we would do is have that assessment level and expenditures the same as this current year. We could lower it if we have room to lower it.

Ms. Small asked is it not possible to decrease the amount of light if the LED is providing more coverage?

Mr. Welsh responded it is more expensive upfront.

Mr. Rountree asked while we are still on I-95, do you still want me to get the sod for the back of the buffer?

Mr. von der Osten responded yes. It is a wash out problem and we do need to do that. Is that just one or two pallets?

Mr. Rountree responded probably two or three.

Mr. von der Osten stated we are evaluating our options on timers for the irrigation system.

Mr. Perry asked in regards to the lighting at the interchange, does the board want us to work with CH2M Hill to do an addendum of specs or do you want us to get some quotes?

Mr. Leek responded I would suggest just getting quotes.

Mr. von der Osten stated I do want to talk to the lighting engineer at CH2M Hill and get some direction from him.

SEVENTH ORDER OF BUSINESS

Approval of Check Register

Mr. Perry stated included in your agenda package is the check register that totals \$94,494.33.

Mr. McCarthy asked there are two invoices for I-95 and I assume that is actual up-lighting for the interchange?

Mr. von der Osten responded there are two meters at the interchange, so it gives us two bills.

Mr. McCarthy asked and that is strictly for lighting and fountain pumps?

Mr. von der Osten responded it includes everything there.

Mr. McCarthy asked what are cap thrust blocks?

Mr. Rountree responded they are solid concrete cubes that we have to put behind pressure lines. Once the irrigation lines go over two and a half to three inches and the level of bend, you have to have something behind it or the pressure will blow the repair apart.

Mr. McCarthy asked so the only real way to guess how much electricity we use for up-lighting is to count the number of up-lights and try to figure out the wattage?

Mr. Perry responded that was all done.

Mr. von der Osten asked is there a separate meter that only runs the fountains?

Mr. Rountree responded that might be because the fountains were in long before the up-lighting was put in.

Mr. von der Osten stated the number two fountain was down two weeks ago and it was a sump pump that had to be replaced.

On MOTION by Mr. Leek seconded by Mr. Bertsch with all in favor the Check Register was approved.

EIGHTH ORDER OF BUSINESS

Financial Statements as of February 28, 2011

Mr. Perry stated included in your agenda packages are the financial statements as of February 28, 2011. We have \$147,000 remaining in the 1999A account. We have \$198,000 in the 1999C account and approximately \$6.8M in the 2005 series related to the south portion of the project. We are about 70% collected on the tax roll and we are substantially less on the direct bills. Based upon what payment we receive from CoastOak Group in the next week, I will let the board know about how much they paid.

NINTH ORDER OF BUSINESS

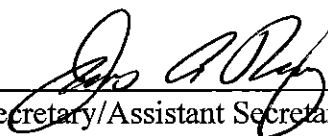
Next Scheduled Meeting – 4/27/11 at 1:00 p.m. @ Holiday Inn

Mr. Perry stated the next scheduled meeting is on April 27, 2011 at 1:00 p.m. at this location.

TENTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Leek seconded by Mr. Welsh with all in favor the meeting was adjourned.


Secretary/Assistant Secretary


Chairperson/Vice Chairman