

MINUTES OF MEETING
INDIGO COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held on Wednesday, June 26, 2013 at 1:15 p.m. at the Holiday Inn Daytona Beach LPGA Blvd., Boardroom, 137 Automall Circle, Daytona Beach, Florida 32124.

Present and constituting a quorum were:

Robert Welsh	Chairman
Ed Bertsch	Vice Chairman (by phone)
Don Parks	Supervisor
Tom Leek	Supervisor

Also present were:

Jim Perry	District Manager
Katie Buchanan	District Counsel (by phone)
Jonathan Johnson	Hopping Green & Sams (by phone)
Kurt von der Osten	Field Operations Manager
Jamie Rountree	Team Rountree
1 Resident	

FIRST ORDER OF BUSINESS

Introduction

Mr. Perry called the meeting to order at 1:15 p.m.

SECOND ORDER OF BUSINESS

Update Regarding Tax Certificates

Mr. Perry stated the board members have in front of them copies of what I sent them under separate cover, regarding three tax certificates that the County of Volusia is applying for a tax deed on August 6, 2013. One of them is a resort parcel typically referred to as Northwest 21. The other two are referred to as LW28A and SW28B. These three parcels were the subject of Bresinger & Company buying the tax certificates on them a couple of years ago. In discussions with the County, Bresinger was taken out of those certificates by Volusia County. They refunded Bresinger their funds for those tax certificates and basically stepped into their shoes. You will see with each of those tax certificates, there is some backup correspondence and documents regarding each. The County has not been very good with communicating in regards to this whole transaction and never put the certificate back up for sale, as far as we could see.

With the application for tax deed if the deed goes forward, the property will then be titled in Volusia County's name and as a result of that, there is question whether the associated debt related to the bond issues remains in place and that issue has been brought to the trustee and trustee's counsel for their research. Jonathan, Katie and myself had spoken with them last week. They were starting the research on that. There is also some question on additional past due O&M related to this that the District has and if that would be extinguished also with the County taking deed to this property.

Mr. Johnson stated we spoke again yesterday afternoon with counsel from bondholders. To the extent that there is a circumstance in which the lien is wiped by the County taking possession and that extends to all of the future payments that would be due from that property, that would be a significant issue for the bondholders, so they are reviewing the documents. We expect to hear back from them in the next week or two with their analysis.

Mr. Leek asked are we certain that the County can escape from those past due taxes?

Mr. Johnson responded no. I don't think we are certain that if this were a conventional situation, where the property reverts to the County because no one had every purchase the tax certificate or applied for a deed. In this instance, the County is really acting as a private party as it were the holder of a certificate and there is no real clear law on that. It is certainly a risk, so that is why we are looking at it but it is not clear that is what happened.

Mr. Parks asked what is the logic of the County wanting to assume it?

Mr. Leek responded they avoid all of the past debt and the past liens and then they can sell the parcel cheap to Bresinger, who was in cahoots with them in the beginning and we lose all of the past due money.

Mr. Parks stated this is grossly unethical. Why don't we expose them a little bit?

Mr. Leek responded the fact that they revoked the certificate in the first place smells too.

Mr. von der Osten asked would you lose future O&M also?

Mr. Perry responded potentially if the County owns it.

Mr. Welsh asked so the trustee's have their attorney, we have our attorney and the County has their attorney, correct?

Mr. Perry responded correct.

Mr. Welsh asked if the County does this, then they could sell it to any Developer they wish? They could sell it to an apartment complex and come in here and build apartments, correct?

Mr. Johnson responded they could turn around and sell it. The uses to which it could be used is still governed by the same land use approval. The fact that they took title wouldn't let a landfill there. It does seem as though someone is angling for an awfully good deal.

Mr. Parks asked who is the driving force in the County behind this move?

Mr. Perry responded I don't know. All I have is correspondence back from the Assistant County Attorney. They have never really provided us any information about anything regarding this. The original reason they gave is that they did not provide adequate notice to the CDD that there was going to be a tax certificate sale, which was the argument that Bresinger made. This County and every other County that I deal with, if there are tax certificates that are related to District properties we are never notified that they are going to do a tax certificate sale. I don't know what the basis of that was. It was a very strange argument. Charles Hargrove is the only person I know that has provided any information to this. There is letter in there from January 20, 2012.

Mr. Welsh asked isn't that the Northwest parcel, where the hotel was supposed to be?

Mr. Perry responded correct.

Mr. Welsh asked is that zoned commercial?

Mr. Leek responded it is zoned for the hotel. There is a big piece of it that runs back between the lakes that they expected to build cottages or golf residences.

Mr. Perry stated high density.

Mr. Welsh stated but Volusia County could change that.

Mr. Perry stated like Jonathan said, Volusia County would have to work with the City of Daytona Beach to change zoning.

Mr. Parks asked would it be appropriate to meet with the County Board of Legislatures and see if they know what is going on?

Mr. Perry asked, "Jonathan, do you have any suggestions of who we may be able to try and figure out what Volusia County is going to do with this?"

Mr. Johnson responded I would like for us to get our ducks in a row, in terms of what we think the impact is. When we looked at it last week, we were very concerned that the County is

taking property in this way and will wipe those liens. Counsel for the bondholders felt there was a better argument the other way. I obviously would like to either be convinced by them or have them lined up with us. Then I think we ought to approach the County. I would probably start at the tax collector's office.

Mr. Parks stated let the attorney do his due diligence there and then we can move from there. It doesn't smell good.

Mr. Perry stated we probably should have a motion to appoint a supervisor to attend the meeting if we have one with the County prior to our next scheduled meeting.

Mr. Leek stated I can do that. I will be available on July 8th, 9th, 10th and 11th and then I am available the 15th, 16th and 17th.

On MOTION by Mr. Welsh seconded by Mr. Parks with all in favor to Appoint Supervisor Leek as a Representative of the District to Attend a Meeting with County Staff was approved.

Mr. Perry stated when we go I know the emphasis is really on resort parcel but we are going to address all three of them because the other two parcels are quite large also.

THIRD ORDER OF BUSINESS **Discussion of Fiscal Year 2014 Budget**
There being none, the next item followed.

FOURTH ORDER OF BUSINESS **Staff Reports**

A. Attorney
There being none, the next item followed.

B. Engineer
There being none, the next item followed.

C. Manager

Mr. Perry stated I had provided to you by separate cover a letter going to John Albright of Consolidated Tomoka and a letter going to Adam Krug with Coastoak Group. Attached are copies of the letters that I sent and also attached are their original letters to the District.

Mr. Leek asked and basically Albright is saying that some inaction on our part is affecting the property values?

Mr. Perry responded correct.

Mr. Leek asked and what is Coastoak saying?

Mr. Perry responded pretty much the same thing that inaction leads to people questioning the community and also impairing their land owning.

Mr. Parks asked what inaction are we guilty of?

Mr. Perry responded none.

Mr. Leek asked but we can figure that because these came close together that there was some discussion between the two?

Mr. Perry responded I would think. I just encouraged them to pay their past due assessments. I haven't heard anything back from either of them.

Mr. Leek stated I talked to Albright the other day and he didn't mention anything or didn't seem to be concerned.

D. Field Operations Manager

Mr. von der Osten stated since the last meeting we did submit the application to the State for the energy efficient lighting. We wound up with a total budget of \$316,000 and we requested \$301,000 in grant funds for the I95 interchange lighting and for all of the lighting within the community. I know they did mention there was a potential partial grant funding.

Mr. Parks asked what is the timeline on it?

Mr. von der Osten responded applications were due by June 14th and responses are due back by the end of this month.

Mr. Perry stated we will let you know as soon as we hear anything on that.

Mr. von der Osten stated I also have a proposal here from Rountree to cut back some of the overgrowth trees across from the Festiva neighborhood. We have done this in the past because it creeps out over the existing turf into the oak trees.

<p>On MOTION by Mr. Leek seconded by Mr. Parks with all in favor the Proposal from Rountree to Remove Pines & Cut Back Overgrowth for \$2,500 & to Replace Sod for \$450 was approved.</p>
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Mr. Welsh asked are we still spending a lot of money on the infrastructure for the irrigation system?

Mr. von der Osten responded we are still spending quite a bit of money on it. We are over budget on it.

Mr. Welsh asked do we have any money to start repairing this? It is getting really bad. We are going to have to do something.

Mr. Perry responded when we see what the tax certificate sales are and if we are in good shape then we can consider doing that.

Mr. Rountree stated eventually you will get to the point, where all of the valves have been replaced. I would say at this point we are probably 65% to 70% of the original valves that have been replaced at this point. One of the costly portions are those battery operated timers. The system we were using is now obsolete and they are going to a new system, which means we have to upgrade again.

FIFTH ORDER OF BUSINESS **Supervisor’s Request and Audience Comments**

A resident stated it sounds like it is still a little premature yet to know about the hotel or row houses.

Mr. Perry stated keep in mind that this board doesn’t have any say so over zoning matters. They can communicate to the City in regards to what they believe but they have no power over the zoning of that parcel.

Mr. Leek asked what are your concerns?

A resident responded the value. I think the duplexes and row houses would cheap out the area.

Mr. Leek stated there are a few people that have some ideas about how to use that parcel.

SIXTH ORDER OF BUSINESS **Other Business**

There being none, the next item followed.

SEVENTH ORDER OF BUSINESS **Next Scheduled Meeting – 7/24/13 at 1:00 p.m.
@ Holiday Inn**

Mr. Perry stated the next scheduled meeting is July 24, 2013 at 1:00 p.m. at this location.

EIGHTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Welsh seconded by Mr. Parks with all in favor the Meeting was adjourned.


Secretary / Assistant Secretary


Chairman / Vice Chairman