

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, July 24, 2013 at 1:00 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
Don Parks	Supervisor (by phone)
Tom Leek	Supervisor
John McCarthy	Supervisor

Also present were:

Jim Perry	District Manager
Katie Buchanan	District Counsel
Jonathan Johnson	Hopping Green & Sams
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 1:00 p.m.

SECOND ORDER OF BUSINESS

Approval of Minutes of the May 22, 2013 and the June 26, 2013 Meeting

Mr. Perry stated included in your agenda package is a copy of the minutes of the May 22, 2013 meeting and the June 26, 2013 meeting. I would like to pull those minutes at this time. There are a number of changes that were given to me by Mr. Leek. I also had a few changes. I think we will go ahead and incorporate the changes and then re-circulate them for the next meeting.

THIRD ORDER OF BUSINESS

Acceptance of the Minutes of the May 22, 2013 Audit Committee Meeting

Mr. Perry stated included in your agenda package is a copy of the minutes of the May 22, 2013 audit committee meeting. The firm referred to on page one and page three is Masters & Smith, P.A.

On MOTION by Mr. Welsh seconded by Mr. Bertsch with all in favor the Minutes of the May 22, 2013 Audit Committee Meeting were accepted as amended.

FOURTH ORDER OF BUSINESS

Discussion of Children Playgrounds for the Community

Mr. Perry stated you were provided with a few documents in regards to this. We put this on the agenda as a request from a resident. I know in the past the District had considered at least one area to be designated for those types of activities. If the board would like to see this move forward and if so, then staff would look to see what available parcels the District owns that might be available for that. Mo Williams is a resident and she is here today.

Mr. McCarthy stated at one point and time we had discussed a children's playground. I believe it was just north of Jamie's area that we looked at on the lake.

Mr. Leek stated I think we should authorize Kurt to look for appropriate spots.

Mr. Perry stated we will go ahead and do that.

Ms. Mo Williams stated thank you for allowing me to be here. We have a connection that has done this in Bayberry. They were able to register the parks with the City. With that, there is also a benefit that no sexual predators are able to move in within a certain distance. I have a liaison person that might be able to assist in helping us get that moving forward.

Mr. Leek stated just give that contact information to Kurt.

FIFTH ORDER OF BUSINESS

Discussion of Fiscal Year 2014 Proposed Budget

Mr. Perry stated our budget hearing is going to take place on August 28th at 1:00 p.m. at this location. If you look at the budget on page three, which is the operating reserve and unassigned fund balance for the District, we are going to be very close to that in closing out this year end. That means that at the end of the year, we will be close to about \$580,000 worth of cash that the District will have of which \$233,000 is designated as the working capital and the excess has been undesignated. Because of the issues related to assessments with this District, we have pushed off a number of capital items. I think we are getting to the point, where the District

is somewhat stable and we have the cash, so we can probably plan to move forward with some of those. If you recall, we included the lighting upgrade in the 95 interchange. We don't have it budgeted for next year.

Mr. Leek asked do we have a list of the capital projects that we have deferred?

Mr. Perry responded the two biggest ones is the lighting and irrigation system.

Mr. Leek asked what about where we pared down some things like plant rotation?

Mr. Perry responded we could reinstitute. If you recall we have done some of that just recently with the tree trimming. The only other thing we have to address is the gopher tortoise conservation area.

Mr. Bertsch asked is there anyone pushing us on that issue?

Mr. Perry responded not at this time but that is not to say that it won't come up.

Mr. Leek asked we budgeted for the study, right?

Mr. Perry responded correct.

Mr. Leek asked has that study been completed yet?

Mr. von der Osten responded no. He was just out here in the last two weeks to do a courtesy review to see the status. I haven't heard back from him since then.

Mr. Leek asked do we know what our next steps are and what the cost of those steps are?

Mr. von der Osten responded the board approved the \$4,200 for the study for the management plan. The board can then bid out the work. He was also interested in providing all of the fieldwork.

Mr. Perry stated and the components included bush hogging, etc.

Mr. von der Osten stated maybe the board wants to go ahead and bush hog up the north, where it is very visible. I will have that report to you at the next meeting.

Mr. Bertsch asked are there any penalties involved if we don't go ahead with this whole project?

Mr. Perry responded I would say the State can enact penalties on you.

Mr. Johnson stated there was consideration to push back a number of permanent deadlines again, which came up in the last legislation and I believe that did not pass. Part of that was for the reason that the economy was returning somewhat.

Mr. Bertsch asked has anyone ever really explained to us what this is really all about? I still don't understand what we are doing.

Mr. Perry responded the gopher tortoise program with any large development as the result of you developing lands in an area that has gopher tortoises, you impact them and as a result of the impact with this development there was a conservation area that was established that was supposed to be maintained for those gopher tortoises. As part of that plan you have to have some type of management of that area, so the tortoises find it conducive to live there.

Mr. Johnson stated it was put in place in the mid 1990s. Typically, you would either have a CDD or an HOA that is the ultimate entity that is responsible for maintaining it. In this instance, it is us as the District.

Mr. von der Osten stated the tortoises are basically considered a protected species. Team Rountree had presented various options to the board on upgrades or things that we needed to add to the landscape budget next year. I handed that out to the board members at the beginning of the meeting. They are not in the budget. At this point, we are not increasing the budget. It sounds like it could be considered as an extra to the contract and not affect the assessments.

Mr. Perry stated that is correct. We can either do it at next months meeting and formally go ahead and adopt it as part of the budget. We would increase those line items and we would also increase in the revenue section what is called carry forward surplus. In our current budget we are carrying forward about \$10,000 right now, so that number would increase.

Mr. Welsh asked would it be a big problem if we could just cut those oleanders up on 95?

Mr. Rountree responded it would not be a big expense to take them out. I think the question would go to the operating agreement that we have with the City as to what has to stay and what can go. Probably eight or nine years ago the board had decided that the repairs are getting outrageous and those plants are established at this point, so let's no longer continue to repair your irrigation that far out from the overpass, so the irrigation was abandoned that far out. Then we went through some hard winters and we went through some dry spells. Those plants had weakened and they are 20 years old at this point. Without water up there, you are not going to grow anything on a consistent basis other than Bahia grass. The other option is to go in and cut them all down to the ground and see what comes back.

Mr. Welsh stated the other thing I wanted to touch on was the lake banks that need to be cut. They are really looking bad.

Mr. Rountree stated we are on a once a month rotation of mowing those. Because we are in the rainy season that Bahia is growing like hay fields. If the board wanted to address it then

we could increase the mowing to twice a month until we get to the month of October or November. Once the funds are there, we need to get back to our regular mowing schedule.

Mr. von der Osten asked what is the charge per mowing?

Mr. Rountree responded I would have to look. I want to say it is around \$1,100 for a cut and that was for all of the main lakes along Champions Drive plus the one in the back behind the big field.

On MOTION by Mr. Welsh seconded by Mr. Leek with all in favor for Additional Mowings on the Lake Banks for a not to exceed amount of \$3,000 was approved.

Mr. Leek asked when do we need to take up the capital projects that we deferred?

Mr. Perry responded we would not try to incorporate it into this budget right now. We would do a budget amendment.

Mr. McCarthy stated we had discussed breaking up the lighting into sections. Have we ever had the study of what sections we could break it up into?

Mr. von der Osten responded there were three sections. It was Tournament, International Golf and then Champions. Champions is the longest one.

Mr. Perry stated we already have it in the budget to do the I95 interchange and then after that we will pursue the other neighborhood areas. How is that?

Mr. Welsh responded that is good.

SIXTH ORDER OF BUSINESS

Update on Volusia County Tax Deed for Specific Parcels

Mr. Johnson stated we have had a number of conversations over the last few weeks with Greenberg Traurig, the law firm that represents the trustee bank. The trustee through that law firm has asked Greenberg to take the active role, so they have been working to try to set up a meeting or a conference call with the tax collector, who I understand has not been as responsive to them as they were to us. We talked to them yesterday and they were working to try and set something up. I think their ultimate goal when we initially discussed it was to either obtain some written confirmation as to the opinion of the tax collector relating to what happens to those liens if there is a purchase versus whether some legal action was necessary. At the end of this meeting we will ask you to continue this meeting to sometime a couple of days before that sale, so in the

event this process doesn't lead to something fruitful and there is something else the trustee is electing to do then we have the opportunity to participate in that.

Mr. Leek asked do the bondholders seem to be of the same mind and objective as this board?

Mr. Johnson responded yes. Initially I think there was some uncertainty on the bondholders side as to how big of an issue was this. They have decided it is an issue. I would say our interests are very much inline.

Mr. Leek asked do we know who at the County is responsible for the decision to buy or not buy?

Mr. Johnson responded I believe that is ultimately going to rest with the tax collector themselves but I don't have a name. I can try to find out if Greenberg has been able to set something up. As of yesterday they had not set something up.

Mr. Welsh asked has this ever happened before?

Mr. Johnson responded I have never heard of this happening. At the end of the day if our lien is preserved, with whatever is going on then we are held harmless and we are fine. It does set off your alarm bells. It smells funny.

Mr. Welsh asked could they wipe out the O&M on that property?

Mr. Johnson responded it will either both be wiped out or both be preserved.

Mr. McCarthy asked but going forward the O&M would still be here?

Mr. Johnson responded theoretically going forward for any other purchaser than the County, it would go forward. Now if the County sits on that land for a year or two, I am not sure that we have the ability to levy an assessment on it. My sense is if this process is going down the road that there is someone else who is interested in it and there is a third party sale down the road. I don't see the County undertaking this unusual process and then sit on the land.

SEVENTH ORDER OF BUSINESS

Consideration of Publication of Notices of Rule Development and Rulemaking Relating to Updated Rules of Procedure

- A. Memorandum Regarding Updated Provisions**
- B. Updated Rules of Procedure**
- C. Notice of Rule Development**
- D. Notice of Rulemaking**

Mr. Johnson stated we are proposing that you undertake the statutory process to update your rules of procedure. There are a number of changes that have occurred in the last couple of years. Some of the changes are regarding public comment at meetings. That is driven by new legislation that requires every local government to allow for public comment on every agenda item. Some of the language regarding public contracting is also being driven by new legislation. We are not asking you to adopt these today but simply set a date for a public hearing. We would then publish the notices that are in the package. My suggestion is that you either select your September or October board as the public hearing.

On MOTION by Mr. Welsh seconded by Mr. McCarthy with all in favor to Set the Public Hearing for Rule Development & Rulemaking for October 23, 2013 at 1:00 p.m. at the Holiday Inn Daytona Beach LPGA Boulevard, Boardroom, 137 Automall Circle, Daytona Beach, Florida 32124 & Authorize District Staff to Publish the Notices was approved.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Johnson stated we are still waiting on the final report from the consultant hired by the trustee to deal with the KB Homes situation. My understanding is they ran into a couple of environmental issues that required them to go out for a sub consultant and that has been a little bit of a delay. They have also been keeping KB Homes in the loop on that. My prediction is you will probably have that by your August meeting or your September meeting.

B. Engineer

There being none, the next item followed.

C. Manager – Discussion of Proposed Meeting Dates for Fiscal Year 2014

Mr. Perry stated included in your agenda package is a proposed meeting schedule for fiscal year 2014.

Mr. Johnson stated I wanted to let you know that the November meeting is on the afternoon before Thanksgiving. I didn't know if you wanted to bump it forward.

Mr. Leek stated I already have it in my calendar as being the 20th.

Mr. Perry stated okay. We can move that to the 20th.

On MOTION by Mr. Welsh seconded by Mr. Bertsch with all in favor the Annual Meeting Schedule for Fiscal Year 2014 was approved as amended.

D. Field Operations Manager

Mr. von der Osten stated the grant application for the up-lighting was denied. They claimed the District was not an approved entity to receive those funds. I had a communication from the manager at the LPGA clubhouse. They are revising the LPGA logo. They want to get away from gold logo LPGA International. If they do so, they obviously want us to upgrade our signage because all of our directional signs use the golf logo. I had requested if you come up with a new logo that you at least make it the same shape. I haven't heard back on that one yet.

Mr. Perry asked are they proposing to fund it?

Mr. von der Osten responded they haven't agreed to that yet.

Mr. Leek stated we have a board of governor's meeting at 3:00 p.m. today, so we will bring that up. I think what is motivating that is as the club grows and there is more need to have external players and visitors, Legends and Champions are the names of the two courses right now and every town over 30,000 has a Legends and a Champions. I think the two designers are very well known, so they are changing the names to coincide with the designers names and the logo changes, as well.

Mr. von der Osten stated I would like an update on the pressure washing of the sidewalks.

Mr. Rountree stated it is going extremely slow. Between the weather and constantly replacing hoses, it has been very slow. There are some areas that I notice they skipped over because we didn't have water connections at those particular value boxes. Probably one of the biggest things we are fighting is the puddling. The sidewalks are so uneven. When you wash all of this grim and mold and algae off then it puddles, so when it dries and you leave you have another black spot where it puddles. The guys have to go behind and blow the water off. At this point he is probably two-thirds of the way down Champions Drive. All of Tournament Drive has been done. We will do International Golf Drive next and then onto Grand Champions.

Mr. von der Osten stated the administrative office we have in the Cornerstone building that type of office set up is we are basically a sublease to a master lease on the space. The master lease was not being renewed as of this September, so we will be losing the office space there. As of Monday, there is a possibility that a new entity will be taking over the master lease, so we can

keep that office space. If not, I have located another similar office setup about one mile down the road.

Mr. Leek asked I assume that our lease is coincidental with the master lease?

Mr. von der Osten responded yes.

Mr. Leek stated I would suggest cutting the oleanders down to the ground.

NINTH ORDER OF BUSINESS Supervisor’s Request and Audience Comments

There being none, the next item followed.

TENTH ORDER OF BUSINESS Approval of Check Register

Mr. Perry stated included in your agenda package is a copy of the check register totaling \$144,357.63.

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

ELEVENTH ORDER OF BUSINESS Financial Statements as of June 30, 2013

Mr. Perry stated included in your agenda package is a copy of the financial statements as of June 30, 2013. If you look under the accounts payable section under the general fund, there is about \$24,000 worth of payables in there and out of that there was almost \$12,000 worth of payables related to GMS for 2011 and 2012. Most of those are related to the CoastOak / Hayman Woods properties. We recorded on each of the parcels for the District a notice that past due assessments were due and that they were accelerated. Included in that \$12,000 is about \$2,500 worth of recording fees for the District, which we paid. We have not ran those through the check register because of the issues with the assessments over the last couple of years.

TWELFTH ORDER OF BUSINESS Shade Meeting

There being none, the next item followed.

THIRTEENTH ORDER OF BUSINESS Other Business

There being none, the next item followed.

**FOURTEENTH ORDER OF BUSINESS Next Scheduled Meeting – 8/28/13 at 1:00 p.m.
@ Holiday Inn**

Mr. Perry stated the next regular scheduled meeting is August 28th at 1:00 p.m. at this location.

On MOTION by Mr. Bertsch seconded by Mr. Leek with all in favor the Meeting was Continued to Thursday, August 1, 2013 at 1:00 p.m. at the Holiday Inn Daytona Beach LPGA Boulevard, Boardroom, 137 Automall Circle, Daytona Beach, Florida 32124 was approved.

FIFTEENTH ORDER OF BUSINESS Adjournment


Secretary / Assistant Secretary


Chairman / Vice Chairman