

INDIGO
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, August 27, 2014 at 1:00 p.m. in the Holiday Inn Daytona Beach LPGA Boulevard, Ballroom, 137 Automall Circle, Daytona Beach, Florida.

Present and constituting a quorum were:

Robert E. Welsh	Chairman (by telephone)
Edward Bertsch	Vice Chairman
John McCarthy	Supervisor
Donald Parks	Supervisor
Thomas G. Leek	Supervisor

Also Present were:

James Perry	District Manager
Katie Buchanan	Hopping Green & Sams
Kurt von der Osten	Field Operations Manager
Jamie Rountree	Team Rountree
Stephen Greathouse	Consolidated Tomoka
Don Paulson	President Lions Paw HOA
Leigh Fletcher	Hayman Woods (by telephone)

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Audience Comments

Mr. Paulson stated it is costing us more to maintain the grass under the oak trees along Champions Drive and we asked Mr. Rountree about putting in some plants behind the trees because we can't get a lawnmower in to cut the grass. We are looking for possibly some assistance from the CDD since the oak trees belong to the CDD. The idea was to put plants in where the grass won't grow and that is going to be a couple thousand dollars.

Mr. Perry stated the board will take that under advisement.

THIRD ORDER OF BUSINESS

Affidavit of Publication

A copy of the affidavits of publication of the public hearing were included as part of the agenda package.

FOURTH ORDER OF BUSINESS

Approval of the Minutes of the June 25, 2014 Meeting

Mr. Perry stated next is approval of the minutes of the June 25, 2014 meeting, copy of which was included in your agenda package. Are there any additions or corrections to the minutes?

There not being any,

On MOTION by Mr. Parks seconded by Mr. McCarthy with all in favor minutes of the June 25, 2014 meeting were approved.

FIFTH ORDER OF BUSINESS

Public Hearing Adopting the Budget for Fiscal Year 2015

Mr. Perry stated I would like a motion to open the public hearing I will walk you through the budget we will take comments from the board and also input from residents then we will close the public hearing and after that we have two resolutions, one adopting the budget and setting the appropriations and the other related to the assessments we will be collecting through the property tax bills.

On MOTION by Mr. Parks seconded by Mr. Leek with all in favor the public hearing was opened.

Mr. Perry stated in your agenda package is a copy of the budget. At our last meeting we discussed the ability to lower the expenditures related to the reserve accounts and also related to that would be the ability to lower the actual assessments to property owners within the district.

On page 1 of the general fund is a column that says changes and those are the changes after the budget was approved and we have a reduction of the maintenance assessments of approximately \$110,000. That is comprised of a reduction in reserves of \$10,000, the general reserves go from \$60,000 to \$50,000 and in the prior year they were approximately \$168,000. On page 2 under operations and maintenance we moved the reserves from the approved budget of \$430,000 down to \$330,000. With those changes we will be decreasing the amount we certify

on a platted lot owner in the north and south section. Last year it was \$558.68 and we will be reducing it down to \$503.69 for the O&M. If you net that number with the 4% discount that number includes that 4% it really will go down to approximately \$481. We talked about trying to get it down to \$475 and it would be less than \$475 if we didn't have to pay 2% to the tax collector.

Mr. Leek stated do we consider these lower reserve amounts adequate? We have tapped them in the recent past.

Mr. Perry responded this sheet shows approximately what the reserves were in years past and we have to include a pretty high number in the budget for reserves because we still have a number of landowners who do not make their payments. I feel comfortable that we can cash flow the district at those reserve levels that we have and may be able to build up more reserves. We have some big projects the board wants to start on and I believe we have enough cash to do those projects this year. What we will probably be doing next year when we get through the two major projects, lighting and irrigation, we have made some significant cuts on general maintenance and landscaping and some of it will probably stay where it was such as rotations and frequency of service but there are some that probably need to be brought back as you have in the past couple years in trimming trees and things like that. We also incurred more costs related to the gopher tortoise area. I'm looking at this year being the first step in reducing the assessments to get them back down to where they were in the \$400 range in years past but you can also see from the analysis our direct expenditures in 2007 were about \$1.2 million and we have continuously lowered those and kept them at a low level.

Mr. Leek stated my question was more specific to the dollar amount in the reserve accounts that we would end up with. I see we are putting less in than last year and we have tapped it a couple times. Are you comfortable that the level of dollars in reserves is adequate to get us through?

Mr. Perry responded yes. Those were the only changes that have been made from what you saw the last time when you approved the budget. Pages 4 through 11 have short narratives of the revenue and expense items. In regards to the debt service funds they don't change from year to year. The last page shows that a platted lot will now be at \$473.49 and that is a net amount and we have to gross that up for the 2% collection costs from Volusia County and gross it up 4% for the early payment discount.

I will open it up for any additional questions by the board and hearing none I will ask if any member of the public would like to address the board or make comments on the budget.

Mr. Greathouse asked on the debt service with respect to the bonds do you have anything in reserve and if so where? Given that you are not getting a lot of people paying assessments in the south do you have enough to cover the next fiscal year's interest and amortization?

Mr. Perry responded the budget doesn't have the balances if you are talking about the debt service reserves funds, that is on the balance sheet. In regards to the bonds the 1999A Bonds are limited neighborhood infrastructure bonds. The 1999C and 2005's we have been in default for over 4 years and we do not collect enough from all the landowners to debt service fund those. There have been deficiencies the bondholders are acutely aware of that. The bulk of those properties are owned by Mr. Krug that you are aware of and in regards to other properties most are undeveloped lands and any of the platted lots whether it be in the north or the south typically go up for tax certificate sale and we don't have any problem collecting on those. The issues we have are typically with the undeveloped parcels.

Mr. Greathouse asked is there something that shows what the deficiencies are or a schedule of what is outstanding?

Mr. Perry responded we have a lien book for all properties in the district that are assessed and that lien book shows what is past due for each of the fiscal years for specific properties. We can provide you a copy of the lien book it is pretty substantial.

Mr. Greathouse stated we will talk about it offline I just wanted to know if I could see any of that in the budget.

Mr. Perry responded no, you are not going to see that level of detail in the budget.

On MOTION by Mr. Leek seconded by Mr. McCarthy with all in favor the public hearing was closed.

A. Consideration of Resolution 2014-11 Relating to the Annual Appropriations and Adopting the Budget for Fiscal Year 2015

Mr. Perry stated this is a standard form resolution. On page 2 in the debt service funds it says 199A and 199C and we changed that to 1999A and 1999C for the signature pages. However, at the top you will see a blank and the amount that will be inserted is \$3,178,923 and below that, that will be comprised of the general fund of \$1,376,435 debt service funds 1999A

\$79,600 debt service funds 1999C \$684,300 and debt service funds series 2005 \$1,038,588 for a total of \$3,178,923. We will attach a copy of the budget that we just discussed and the cover will be changed to say adopted.

On MOTION by Mr. Parks seconded by Mr. Leek with all in favor Resolution 2014-11 was approved.

B. Consideration of Resolution 2014-12 Imposing Special Assessments and Certifying an Assessment Roll for Fiscal Year 2015

Mr. Perry stated Resolution 2014-12 imposes special assessments and certifies an assessment roll. This is a standard form resolution and we will attach a copy of the adopted budget and the assessment roll that we will be certifying with Volusia County.

Ms. Buchanan stated despite the reallocation process we undertook earlier this year it is going to be pretty similar to what was adopted last year because I don't believe any property owners took advantage of the opportunity to bring their payments current.

Mr. Perry stated that is correct.

On MOTION by Mr. McCarthy seconded by Mr. Leek with all in favor Resolution 2014-12 was approved.

Mr. Leek stated for clarification embedded in the approval of the budget is the new assessment.

Mr. Perry responded that is correct. The O&M will be certified to the tax collector and the overall tax bill of the district will be lower.

SIXTH ORDER OF BUSINESS

Acceptance of Audit Engagement Letter from Grau & Associates to Perform the Audit for Fiscal Year 2014

Mr. Perry stated item six is acceptance of the engagement letter with Grau & Associates to perform the audit for fiscal year 2014. When we went through the ranking of auditors they had a three year period and this is one of their renewals and the fee is \$5,000, which is consistent with the budget and consistent with what they proposed.

On MOTION by Mr. Parks seconded by Mr. McCarthy with all in favor the engagement letter with Grau & Associates to perform the fiscal year 2014 audit in the amount of \$5,000 was approved.

SEVENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There not being any, the next item followed.

B. Engineer

There not being any, the next item followed.

C. Manager – Discussion of Fiscal Year 2015 Meeting Schedule

Mr. Perry stated we still have a meeting scheduled for September 24th this current fiscal year and we have proposed a meeting schedule, which has us meeting in October, November, January, March, May, June, August and September and this is somewhat consistent with what we have had before. If we have a need to have a special meeting we just need about 10 days to pull that together with the notices.

On MOTION by Mr. Leek seconded by Mr. Parks with all in favor the fiscal year 2015 meeting schedule was approved.

D. Field Operational Manager – Consideration of Soliciting Proposals for Replacement of LED Lighting of District Maintained Areas

Mr. von der Osten stated we have on the agenda discussion of the LED lighting. We could take the request for proposal that we had several years ago that was prepared by CH2M Hill have the new engineer review it and go through the channels to solicit bids for the project.

Mr. McCarthy stated we are looking at this time around not doing the whole thing but in sections.

Mr. von der Osten stated I can do it in whatever direction the board asks me to go.

Mr. McCarthy asked have we completed the overpass?

Mr. von der Osten responded yes.

Mr. McCarthy asked how many sections do we have?

Mr. von der Osten responded I don't think we want two different types of lights on the same roadway so we would break it down by roadway sections.

Mr. Parks asked it is better financially to do it all rather than piecemeal?

Mr. von der Osten responded yes they are only mobilizing once.

Mr. Parks asked do we have the money to do it all?

Mr. Perry responded I believe we do. I know the cost has come down dramatically.

Mr. von der Osten stated depending on the fixture we were between \$200,000 and \$260,000. We would select a couple of fixtures to ensure that everybody is bidding apples to apples and they can give us a price on that one and propose substitutions but make sure everybody is bidding the exact same fixture.

Mr. Parks stated I would rather do it all at one time.

Mr. Leek stated I think we all would. I think we need to see what it is going to cost and how long it is going to take. You are going to put together an RFP?

Mr. von der Osten responded yes and I would like to simultaneously present the numbers on the irrigation controllers also because we are looking at some repairs coming up shortly that will be several thousand dollars and they have to be done but they are not compatible with a future system. We would actually have to replace it again with a future system. There might be a way to phase both of these items in simultaneously.

Mr. Leek asked can you get responses to the RFP by our October 22nd meeting?

Mr. von der Osten responded I believe so as long as I can get the RFP from the engineer all ironed out but we have a draft. Physically nothing changed.

Mr. Leek stated we have another meeting in November and we will see the detail two months from now.

Mr. Parks asked are we talking about doing it out of next year's budget?

Mr. Perry stated we haven't earmarked it but we have funds available.

Mr. Rountree stated we had to replace one of the lights due to a car accident. If the board wants to see what one of the potential new lights looks like it is by the northern entrance in the island with the Washingtonian Palms and the flags at the end of the island closest to Tournament Drive. A car took out the light and we replaced the light with a light along the lines of what has been proposed before. It will give you an idea of how much light they put out. The other issue

you have to decide is the angle because that changes the value of the light. They are much smaller and much less intrusive than what is there.

Mr. Leek stated we are in the process in Lions Paw Grand of converting from gas to LED and we are hoping to have that done in another couple weeks but all of the preliminary work has been done. We have one light active now and it is going really well and everybody is really pleased. It is a great project and is going to save us a fortune.

Mr. McCarthy stated as I remember the first time around there was a warranty for 10 years. Do you know what yours is?

Mr. Leek responded there are different warranties on different parts.

Mr. Rountree stated the bulb might have been 10 years but I seriously doubt the fixture has a 10 year warranty.

Mr. Leek stated the bulbs are not 10 year bulbs but the manufacture of the actual heads has a long warranty. Because we had the gas streetlights we had to have the LED fixtures made so it looks exactly the same as the gas did except the light is better and it is more reliable and a lot less expensive.

Ms. Buchanan stated we have a lower bid threshold for electrical work than we would general construction and I'm not entirely sure how this proposal breaks out between electric and construction of the purchase of products. If we anticipate meeting in September then that would give Kurt a month to come up with the scope so we would better know which way to go. If it does have to be publicly bid we have a 14 day lead time to publish it so we could still approve it in October.

Mr. von der Osten asked does the CDD purchase the fixtures and see an advantage that way and we would just bid the labor?

Ms. Buchanan stated we can figure it out between the meetings on how to structure it.

Mr. Bertsch joined the meeting at this time.

Mr. Perry stated I think the board wants Kurt to update the specs so we can go out for bid and get that buttoned down with the current engineer and also you talked about getting proposals for the irrigation system or just specific parts of it.

Mr. von der Osten stated I just want the board to keep that in mind because we don't want to spend a lot of money repairing a system with new parts we have to discard because it is not compatible with the new technology once we upgrade.

Mr. Rountree stated we have one light and I can have two others put in with different angles so you can look at all of them at the same time.

Mr. Perry stated let's do that and we would need it prior to the September meeting so the board can pick which ones they want. We will look at our meeting on September 24th to have input from the board to finalize the scope and then circulate it for proposals.

Fountain at Interchange

Mr. von der Osten stated at the northeast quadrant of the interchange we have a fountain that the pump and motor have disintegrated. That pump was close to 15 years old and it lasted much longer than the typical life cycle, which was probably due to having an annual service contract. Those are three phase motors and they are larger. I have two different proposals on replacing it. One proposal is to replace the motor and pump using the existing display, which is the nozzles and unit that shoots the pattern out and the other proposal includes a new display being installed and it would be a total rebuild, new fountain, new pump motor and display unit. To use the existing display with a new motor and pump is \$7,303 and utilizing a new display a little more modern is \$9,040. Keep in mind if you change this out it would be slightly different than the one to the south but since this one went that one is probably not far behind.

Mr. Leek asked is this something we split with Consolidated?

Mr. von der Osten responded yes, this is an interchange item. What is not included it depends on if the underwater cable is in good shape or is compromised that would be an extra and that price is \$2,600 and that is new power from the meter under the water into the fountain and my experience is those cables are very expensive. They are older and brittle and when they replace the new pump and bring in the old cable it eventually cracks in the process and before long it starts tripping the breakers because water is seeping into the old cable. They will see that when they actually pull it out of the water. This is the company that had the maintenance contract and serviced it and obviously prolonged the life.

Mr. Parks asked does this include a maintenance agreement?

Mr. von der Osten stated that is a separate agreement and we do an annual renewal on that. I would be asking approval to move forward on the replacement and whether you prefer to go with the existing display, which they can modify to fit the new pump because it is also 15 years old or change out the entire unit.

On MOTION by Mr. Parks seconded by Mr. Leek with all in favor staff was authorized to replace the entire unit including the cable.

Mulch Proposal

Mr. von der stated at the last meeting the chairman brought up an issue with the mulch and I have a proposal for \$12,000 for the additional mulching.

Mr. Parks asked that is to mulch all the common areas?

Mr. Rountree responded correct. We originally budgeted enough to do it twice a year through our budget cuts over the last several years it was reduced because it was an area we felt we could get away with having the least amount of impact. The problem is one mulching for that large of an area doesn't last. We have some areas that show dirt at this point.

Mr. Parks asked how do we stand with the money?

Mr. Perry stated you can do this without an issue. As Jamie said this is what we used to have as the standard and we have not been able to do that.

On MOTION by Mr. Parks seconded by Mr. Leek with all in favor the proposal for mulch in the amount of \$12,000 for the common areas was approved.

Jasmine Replacement

Mr. von der Osten stated we have a proposal for jasmine replacement on the barren areas at the interchange. This is to fill in the big gaps in the jasmine in the amount of \$4,449 and that includes replacing and upgrading some soil.

Mr. Parks asked this is split right?

Mr. Perry responded yes.

Mr. Leek asked are you recommending we do it?

Mr. von der Osten responded yes.

Mr. Rountree stated just for clarification a soil amendment is something that is added not the soil removed and replaced. It holds the moisture in the top 2" of the soil. The overpass on that south side gets baked in the afternoon, which is why we keep losing the jasmine.

On MOTION by Mr. Leek seconded by Mr. Parks with all in favor the proposal for the replacement jasmine at the interchange in the amount of \$4,449 as approved.

EIGHTH ORDER OF BUSINESS

Supervisors Requests and Audience Comments

Mr. Leek stated I want to remind everyone that Saturday September 13th we will have a 5k and 10k through a number of neighborhoods. It isn't going to block traffic but let the folks in your neighborhoods know that is going to happen. It is basically the same as we did last year but we have added a 10k. Monday will be a Texas Hold'em Tournament at the clubhouse, all benefiting the Boys and Girls Club. Tuesday is practice rounds for the players, Wednesday are a couple sold out Pro Ams, Thursday starts the competition. Sunday we will have a trophy ceremony and present a check to the Boys and Girls Club immediately followed by a big production by the Golf Channel and LPGA inside the clubhouse to present the top 10 money winners with their full exemption cards into the LPGA. Monday is the traditional Boys and Girls Club scramble that is also sold out. The whole week from the 13th through the 22nd there is going to be a lot of things going on.

Mr. McCarthy stated Tom Paulson mentioned where we have the main streets, Tournament, Champions and International Golf they are lined with palm trees or oaks and the main concern is the oaks. They impact the Lions Paw Community Association because they are all along our HOA. Jamie can address what is happening underneath the oaks.

Mr. Rountree stated basically they are growing. I have a proposal and will forward that to Kurt and he can get it to the board members. You have trees that when they were planted were 4" around that are now anywhere from 28" to 36" around, canopies that once upon a time 10 to 12 feet are now 30 to 40 feet. This is a battle we are going to have because they continue to grow but you have hills that have 30° to 45° slope that now have roots going up into they are under constant shade and they are getting to point where you can put grass under them and when you mow you are creating ruts etc. The plant material we are talking about is replacing the lack of ground cover be it a jasmine or mondo grass or something along those lines so you still have the aesthetic value it will be just maintained.

Mr. Parks stated that is going to be a factor all through.

Mr. Rountree stated the area he is talking about is primarily where these hills are, these moguls are. In other words in some communities they did landscaping and claimed they did

moguls or berms, hills, so that particular problem is only to the hills. You are right the shaded root problem as the trees grow is going to be throughout the whole community that at some point we are going to have to face. We try to keep the trees thinned out as best we can.

Mr. Parks asked are we going to be opening the door for other homeowner associations within LPGA to come and ask the CDD?

Mr. Rountree responded I would refrain from answering that because I work for all the different HOAs.

Mr. Parks stated I am on the HOA for Rennar and there are folks there that would like the CDD to take over a bunch of the ponds. We are getting into the same issues.

Mr. Flint stated it is going to be hard to say yes to one and no to another.

Mr. von der Osten stated I guess Mr. Paulson asked because it is a CDD tree causing maintenance problems on HOA landscaping. That is how he is bringing the CDD into the request.

Mr. Parks stated I guess some people are of the opinion if it is the CDD you have more resources than an HOA.

Mr. Leek stated we have been through that with Mr. Fitzpatrick. I would be opposed to providing any funds to any homeowners association for any kind of landscaping unless the CDD caused a problem that needed to be repaired.

Mr. McCarthy asked are the CDD oak trees causing problems?

Mr. Rountree responded the roots, the size of the tree as it grows just as they are affecting the sidewalks they are affecting the hills they are affecting the grass they are affecting my irrigation, we are having to revalve irrigation because of these oak trees, etc. However, the oak trees were there before the berms were so it is kind of a give and take. I work for that HOA as well but you have an HOA right now that is not mulching because they think the CDD should help them mulch. It was my fear in the beginning when we did it the first time that you opened Pandora's Box. I do Lions Paw Community and I'm going to step in it one way or the other. What you are talking about is a relatively small undertaking in the scheme of things especially if it is only half but that is your decision.

Mr. Perry stated it is a small undertaking related to this particular issue.

Mr. Leek stated the only extenuating circumstances in our previous experience were where is the actual line because some of that was supposedly on our line.

Mr. Parks stated we had that issue with the planting of the shrubs on Tournament Drive and the mulch in Jubilee. It is the same issue.

NINTH ORDER OF BUSINESS

Approval of Check Register

Mr. Perry stated next is approval of the check register that totals \$149,794.81 and those check runs are from June 23rd through August 18th.

On MOTION by Mr. Parks seconded by Mr. Bertsch with all in favor the check register was approved.

TENTH ORDER OF BUSINESS

Financial Statements as of July 31, 2014

Mr. Perry stated next is the financials and you have the balance sheet as of July 31st with the general fund, debt service, capital projects, fixed assets and long term debt. The only thing I want to point out and counsel is working with the trustee in regards to this is the 2005 bond issue, we still have the \$6.8 Million sitting in the capital projects fund they have not closed that out. They are keenly aware that has to be done to redeem bonds and hopefully, that will be taken care of by the next meeting.

After that is the statement of revenues and expenditures for the general fund and in most cases we have favorable variances. Also right below that is the operating expenses for I-95 and as Kurt mentioned earlier we are approximately \$12,600 favorable to budget on that. There are a number of items we just discussed so we will use some of that but overall we are in good shape. Also in regards to the operating expenses communitywide most of that is favorable variances. Kurt and Jamie have done a good job holding the costs throughout the year.

After that we have the debt service funds for the 1999A bonds the 1999C bonds and the 2005 bonds then a statement of revenues and expenditures for the capital projects funds and as I mentioned the \$6.8 million is still sitting there. After that we have the month by month financials and the last page is our assessment receipt schedule and this year we have received quite a bit of past due assessments based on the tax certificate sales. Overall we are in pretty good shape, we still have a lot of problem properties that need to be worked out and most of those are related to undeveloped lands.

Mr. Leek asked do we have more we should put on the tax roll? How much are we still direct billing and to whom?

Mr. Perry responded our direct bills are somewhat limited. We had one parcel we purposely did not direct bill last year but we will direct bill this year since we went through the reallocation method. As you will recall it was that one parcel that had a lot of acreage and the assessments were somewhat low on it and we didn't feel comfortable putting that on the roll. In most cases we are putting on the roll the O&M as we have done in prior years. The debt we have not put on the roll, the debt has been accelerated on all those parcels. They are past due and in default.

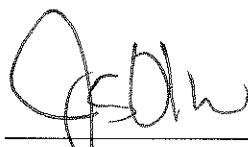
ELEVENTH ORDER OF BUSINESS Other Business

There not being any the next item followed.

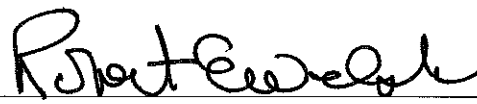
TWELFTH ORDER OF BUSINESS Next Scheduled Meeting – 09/24/14 at 1:00 p.m. @ Holiday Inn

Mr. Perry stated our next scheduled meeting is September 24, 2014 at this location and at that meeting we will decide on the fixtures for the LED lighting.

On MOTION by Mr. Leek seconded by Mr. Parks with all in favor the meeting adjourned at 2:10 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman