

INDIGO
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, October 28, 2015 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
Thomas G. Leek	Vice Chairman
John McCarthy	Supervisor
Donald Parks	Supervisor

Also Present were:

James Perry	District Manager
Katie Buchanan	Hopping Green & Sams
Kurt von der Osten	Field Operations Manager
Jamie Rountree	Team Rountree

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the September 14, 2015 Meeting and the September 23, 2015 Meeting

Mr. Perry stated item three is approval of the minutes of the September 14, 2015 and September 23, 2015 meetings.

On MOTION by Mr. Parks seconded by Mr. McCarthy with all in favor the minutes of the September 14, 2015 and September 23, 2015 meetings were approved.
--

FOURTH ORDER OF BUSINESS

Consideration of Proposal from AMTEC for Arbitrage Services

Mr. Perry stated item four is consideration of proposal from AMTEC for arbitrage services and these are related to the Series 2005 revenue bonds. We do these calculations each year, they are required by the bond documents and also for the IRS. The proposal is for five years at \$600 per year, which is very reasonable, typically they are in the \$900 to \$1,200 range per year for some firms to do it.

On MOTION by Mr. Leek seconded by Mr. Welsh with all in favor the proposal from AMTEC for rebate calculation services in the total amount of \$3,000 was approved.

FIFTH ORDER OF BUSINESS

Review of I-95 Interchange Maintenance Obligation

Mr. Perry stated item five is a review of the I-95 interchange maintenance obligation. I sent you an email and we also provided a copy of the expenditures and revenues from 2009 up to 2015 to give you an idea. It is consistent year in and year out other than if we did some capital improvements out there or had some major irrigation repairs. Also included for background were the various interlocal agreements associated with the district's infrastructure and one of those includes the joint projects of 1994 including the I-95 interchange. The others I included because they are related to the roadways and water management and you can see in the early 1990's there were a lot of interlocal agreements with the city and turnover of certain facilities that the district financed and constructed. After that is the I-95 funding agreements we had with Indigo Development starting in 1997. That form of agreement was on an annual basis and I didn't include each of the years because it was basically the same agreement through 2003. The agreement changed a little bit in 2003 going forward to 2005 then in 2005 we had an agreement for five years that ran us through 2010 and in 2010 I think most of you were here and that agreement was consummated with Indigo Development and it contemplated a ten year agreement through 2020 but it did provide for cancellation of that if they decided to notify the district before April 1st, which they did this last year as you are well aware of.

For those of you who have been through this before we have looked at this and tried to see if there are other ways that some of the costs can be shared with other parties specifically back in 2007 and 2008 we had some issues with the sidewalks here and also we were exploring

to see if the City of Daytona Beach would take on some of the financial responsibility of the interchange. We met with Mr. Chisholm and his staff, Jamie Fowler of Hopping Green & Sams was the attorney at the time and basically they at that time were undergoing some of their own issues with their budget and the interchange was basically off the table, they wouldn't even look at doing any kind of cost sharing but on the flip side of that we resolved the issue on the sidewalks and they took over the responsibility for those and did considerable improvements to the sidewalks and if you will recall that was related to the street trees. That gives you the background. I know Mr. McCommon has asked for certain things in regard to this and this is just to give him background on it.

Mr. Leek stated Mr. Albright sent me an email Monday and he said he had read through the minutes and most of the comments he highlighted were made by Mr. McCommon but he said that it seems like there was a war party forming and LPGA International against Consolidated Tomoka. I don't know exactly what that means with LPGA International because that is the golf club but he asked me to pass this along at this meeting and he doesn't want folks running around with the wrong information. First he said we had a contractual right to opt out of maintenance of the interchange early, our obligation was going to sunset in a few years anyway. Second, as you remember the last time I was at your CDD meeting was to object to the way that the CDD decided to reassess land parcels, which forced an increase in Consolidated's annual obligation by over \$22,000 per year or 177% increase. Given that Consolidated had been voluntarily contributing to the CDD for interchange maintenance out of the goodness of our heart I'm sure you can see why we made an early departure from this contribution. Third, there was mention of the next time Consolidated wants a break. Unfortunately, this person is mistaken as the break he is referring to was for Tanger Outlets and not Consolidated Tomoka. Consolidated did not receive a break as others have received around town. Fourth, Consolidated continues to lose money every year on the LPGA International Golf Club to maintain the high standards of this club, which I assume the homeowners benefit with higher home values. I'm sorry to see that nobody cared to mention this annual contribution in your meeting. Fifth, Consolidated contributed the land to not only make the interchange happen but to Volusia Schools for Champion Elementary School land, we also contributed 360 acres to the city for the LPGA Golf Course. Just trying to clean up the record here, call if you would like to discuss, I know you will share with your board members.

That is his comments on our minutes. The things that he highlighted were when Mark said I want to have more discussion about the I-95 interchange maintenance we talked about the beneficiaries of it. I know there is no legal obligation of them but we have some knowledge that more than just the Automall was paying Consolidated. The next highlight is Mr. McCommon stated this may be the wrong approach but I was thinking also as part of this with the city if we made them aware of the next time Consolidated wants a break that they remember that. They basically threw in their cards on this and are not participating going forward. Will you set that up with the city? Those are the comments he highlighted.

Mr. Perry stated I think at the end of the day and discussing this with other board members obviously this goes back for 20 plus years and there are agreements in place and this is part of the development and it is probably not equitable that there are other parties that receive benefit from the interchange but from a legal perspective we can't force any other party to fund or contribute to it.

Mr. McCarthy asked what are our limits as far as the interchange is concerned? What do we have to do?

Mr. Perry stated we can go through that. Kurt looked at that before and Jamie has taken a look at it also but at the end of the day we have the DOT requirements of certain maintenance there whether the district wants to change the level of service but I think you have to meet some minimum requirements.

Mr. McCarthy stated that is what I wanted to find out. Do we have to have bushes or palm trees?

Mr. Perry stated there was an original landscaping plan but I don't think there have been significant changes from the original landscaping.

Mr. Rountree stated most of the changes that have been made are minor or simply change one type to a different type. My understanding is that the grant that was provided by DOT basically said we are going to give you this money to upgrade the intersection but you have to maintain it at that level. We have made changes to make the cost of maintenance go down such as instead of live plants for the letters we have rock and we only have to touch it up once or twice a year and are not constantly caring for plants.

Mr. Perry stated at the end of the day I don't think if you were to change the level of service you are not going to reduce costs greatly.

Mr. von der Osten stated at the last meeting I was requested to forward documents to a board member about the interchange and the original proposals. My casual review of those documents there was anticipated cost for service and a level of service description including one of the exhibits to that agreement and the anticipated level of service was substantially less than what we are currently doing. I think if you actually follow that level of service you would lose your landscaping and it would not be in very good shape, which is why the frequency is so much more now than described. At the same time you could drop down to that baseline level and not get in much trouble for that but you are going to have an extremely noticeable effects to the landscaping.

Mr. Rountree stated I have had to clean that up once before it is a monster task. We took almost 46 dump truck loads of debris off that from the original landscape provider because that is how it was being maintained only so often and it gets out of hand so fast and it is very labor intensive. Most of what we do up there is labor. It is a 45° embankments and you don't realize it when you are going down the road but that jasmine is about 18" to 24" deep so you have to be very careful, move slow and it takes a long time. There is no change that you could make to it that is going to drastically cut other than don't do it and eventually they are going to force you to clean it up and you are going to have the expense anyway.

Mr. Parks asked is that an accurate statement that they had to pay \$22,000 more?

Mr. Perry stated I would have to go back and look at the before and after assessments on the parcels.

Ms. Buchanan stated my recollection is that they came out better. It is a very different perspective because I'm sure Consolidated Tomoka looks at it on a parcel by parcel basis and determined which market is at the forefront of their marketability while they are trying to sell where we were looking at it as sort of a global.

Mr. Parks stated my take was that globally they made out better.

Mr. Perry stated I don't recall. I know there were certain parcels that had not had assessments on them before that do have assessments now, one of them is at the corner of LPGA and International Speedway, which is a small but very valuable parcel and it didn't have assessments on it before.

Mr. Parks stated they were the benefactor of not having an assessment for some time.

Mr. McCarthy stated for the record there are a lot of entities that benefit from the interchange. I personally don't think it is fair that the residents of LPGA have to support all those entities by paying the full amount. If it takes going back to the basic level to get attention because I don't see anybody stepping forward then let it be so, we get their attention.

Mr. Leek stated I thought someone was going to take an active approach to those businesses about getting them to contribute.

Mr. McCarthy stated Mr. McCommon was going to approach them.

Mr. Leek stated I think we should see what he has done. Personally, I think that those businesses will step up and contribute to maintain it the way it looks. It might be appropriate to ask that we do that interchange the way it was originally planned, which had a golf ball and a tee, some sculptures there and things that never got done. I would think they would contribute something.

Mr. McCarthy asked how long are we going to wait?

Mr. Leek stated let's see what Mr. McCommon has done. I don't have specific details on what the Automall contributed and we would have to approach that group to see if they were willing to continue to do that and that is what I think Mark was going to do.

Mr. Parks asked you are meeting with Consolidated to talk about what?

Mr. Perry stated hopefully they will provide me with a list of contributors. They might not provide the dollar amounts but at least who participated.

Mr. Leek asked do they have a business association for that group, the automobile people, the furniture people?

Mr. Perry responded I'm not aware of any. I know Mark was trying to see if there was a group he could coordinate with. We will put this on the next agenda.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Buchanan stated in connection with the settlement agreement that we executed with GC Land you will recall that there was an escrow agent that was going to be responsible for holding certain document for us. This is the escrow agent's standard form of agreement that she wants both parties to sign and basically it says she is going to accept the documents, she is not going to be responsible for reviewing the documents and if there is a disagreement about our

agreement that she will look to us for resolution and expenses related to that resolution. She is being paid just \$1,000 and GC Land is paying that \$1,000 we are not responsible for payment. I have reviewed it and it is a relatively standard form of agreement. Section 2 just says she is not responsible for reviewing them, section 3 says she is only going to comply with her obligations as they are specified in our settlement agreement and section 4 has general provisions in which she goes through and says if there is a disagreement she is going to put us on notice, give us a chance to object to it and then if there is still a dispute she is entitled to file a lawsuit that would essentially name us both as parties and then drop out.

On MOTION by Mr. Welsh seconded by Mr. Leek with all in favor the escrow agreement in connection with the settlement agreement with GC Land was approved.

B. Engineer

There being none, the next item followed.

C. Manager – Discussion of November Meeting Date

Mr. Perry stated I ask that the board consider moving the November meeting date. Originally we talked of moving it from the 18th to the 19th but evidently there is a problem with this room. This room is available on the 16th, which is a Monday, the 17th a Tuesday or the 20th a Friday.

On MOTION by Mr. Leek seconded by Mr. McCarthy with all in favor the November meeting date was changed to Tuesday, November 17, 2015 at 12:00 p.m.

D. Field Operational Manager

Mr. von der Osten stated there is a lighting issue we are working out and should be taken care of this week. A concern was raised this week about various sidewalks, the same scenario as before. Typically we approach the city first if that is what the board would like me to do.

Mr. Perry stated they agreed to move forward before on it I don't know why we would change our position.

Mr. von der Osten stated annuals are going in, in a couple weeks and typically we put a few holiday decorations up at the entrances. We basically do not have any this year, we threw them out after last year because we had quite a few complaints. They were not expensive to begin with and we used them for about five years. If we want to put anything up this year we will have to purchase it.

Mr. Rountree stated the wreaths are the most expensive because they have to be so big and I think the big wreaths run over \$100 each. I will price everything and send it to Kurt and he can send it to Jim or the board. We don't charge anything to install them it is just the cost of the decorations.

Mr. Perry stated it might be best if the board wants to move forward to approve a not to exceed amount of \$2,500.

On MOTION by Mr. Parks seconded by Mr. Leek with all in favor an amount not to exceed \$2,500 was approved for holiday decorations.

Mr. von der Osten stated the lights are installed but not totally issue free but there are a few timer adjustments and things like that going on. We were able to do the medians also and donations from the manufacturer for delays gave us enough fixtures to also switch almost all the medians in the community so we greatly exceeded the scope of work.

My take on the email from Mr. Albright is that some of the rub is not so much the transition of Consolidated not contributing any longer as there could be a hand out to this where maybe if the board were to say to Mr. Albright can we do a reset this and get a team approach to figuring out an alternative. Right now it seems like there is a butting of the heads but I think I can talk to him since I was on the email list. Can we go back to the drawing board, start over on this and figure out a transition plan? We understand your position you understand ours but I think there could certainly be a work out here with everybody working together.

Mr. Parks stated that is a good idea, do it.

Mr. Perry stated if you want to get with me we will set up a time to do that.

SEVENTH ORDER OF BUSINESS

Supervisors Requests and Audience Comments

Mr. Welsh asked do you remember a few months ago parks for kids was brought up, did anything happen with that?

Mr. von der Osten stated it came down to how do we get the parcels of land since most of them belong to HOAs and that is where it stopped.

Mr. Parks stated that speed bump on Perfect Drive is a problem, people are pulling around it and putting a big rut on the side of the road.

Mr. Leek asked where did that speed bump come from? Did the city install that?

Mr. Parks stated there is a city policeman who lives in that area and I think the neighbors who have small children appealed to him and he went to the city and the city did it.

Mr. Rountree stated I believe that was done when Mr. Bertsch was in control of the HOA.

Mr. Leek asked do you think the HOA had that installed?

Mr. Rountree responded yes. They went through the city to get it done.

Mr. Parks asked who owns the property between the street and the sidewalk.

Mr. McCarthy stated between the street and the sidewalk is city property.

Mr. Parks stated I thought the homeowner was responsible for maintaining it.

Mr. McCarthy stated yes but it is still city property.

Mr. Rountree stated we had a "child at play" sign stuck between the street and the sidewalk in front of Promenade.

Mr. Leek stated I'm not opposed to the signs or the bumps I just don't know what the process is and how it happened without us knowing about it.

Mr. McCarthy stated you would be surprised by the number of speed bumps in all the neighborhoods, somebody can request it and the city puts it in.

Mr. von der Osten stated on the park issue there are a couple spots we can identify with the Rennar Golf Community Association but at the time it was under developer control and they were non-responsive.

Mr. Parks stated there is an open piece of land across from the speed bump but if you put a playground there you would have to fence it off.

Mr. Perry stated keep in mind the district still has liability it is just the limits of liability are different than an HOA so it is probably preferable to have the district have the parks.

EIGHTH ORDER OF BUSINESS

Approval of Check Register

Mr. Perry stated next is approval of the check register that was included in your agenda package and totals \$357,142.96. It is a lot higher than normal but a lot of it is related to the landscaping lights and we paid our insurance for the year and the assessment roll work.

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

NINTH ORDER OF BUSINESS

Financial Statements as of September 30, 2015

Mr. Perry stated item nine is the financial statements as of September 30th. We still have funds in the capital projects fund in the 1999 Bonds and we probably should have that certified completed and the balance in that account will be applied as a special redemption and it won't have a major impact but we will be able to reduce the rates to the landowners related to those bonds.

In regards to the revenues and expenditures we have come out pretty good this year. If you look at the expenditures in almost all the categories taking into account there is no funding of reserves for administrative we still are favorable to budget about \$16,000, field for I-95 we budgeted about \$134,000 and if you remember we still had the lighting upgrade from the previous year that was a timing issue and we incurred a lot of that cost this year and we are favorable to budget even if you took out that \$20,000 by about \$11,000. Operating expenses communitywide we are also favorable to budget by about \$10,000. Overall at the end of the year on a cash basis we are ending up with about \$2 million and that is funding also the lighting and irrigation upgrades. Keep in mind we will have a reduction in assessments this year that will eat into that but depending on what happens this year we will look at the assessment levels. After that is the debt service funds for the 1999A Bonds, 1999C Bonds and the 2005 Bonds and the 1999 A's and B's that capital projects has the \$147,000 left. Then there is a month by month analysis of the revenues and expenditures. On the tax roll we were right over 100% collected on the roll. We still have issues with the undeveloped lands but luckily land continues to get more valuable so hopefully that will cure some of the issues with those properties.

TENTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

ELEVENTH ORDER OF BUSINESS

Next Scheduled Meeting – November 17, 2015 at 12:00 p.m. @ Holiday Inn

Mr. Perry stated our next scheduled meeting is Tuesday, November 17, 2015 at 12:00 p.m.

Mr. Leek stated as most of you know we had our Boys and Girls Club weeklong run for success 5K, 10K, the poker tournament, the golf tournament, the scramble tournament and we spent about 10 days doing that. I want to thank everyone for their cooperation. It disrupts traffic for about an hour on Saturday morning and we also had the best year we ever had, we are going to be able to contribute more than \$125,000 to the Boys and Girls Clubs of Volusia and Flagler County. We had a lot of really good sponsors that helped with that and we have programs and things if anybody wants to see one and see who they should start doing business with who supported us.

On MOTION by Mr. Welsh seconded by Mr. Leek with all in favor the meeting adjourned at 1:44 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman