

MINUTES OF MEETING
INDIGO COMMUNITY DEVELOPMENT DISTRICT

A regular meeting of the Board of Supervisors of the Indigo Community Development District was held on Wednesday, December 7, 2011 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
John McCarthy	Supervisor
Tom Leek	Supervisor
John Zemball	Supervisor

Also present were:

Jim Perry	District Manager
Lynn Scruggs	District Counsel
Cheryl Stuart	Hopping Green & Sams (by phone)
Kurt von der Osten	Field Operations Manager
Jamie Rountree	Team Rountree
Bryan Wiksell	Brisinger Fund (by phone)
Tom Boboski	Brisinger Fund (by phone)
Gary Moothart	Indigo Development

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 October 26, 2011 Meeting

Mr. Perry stated included in your agenda package is a copy of the minutes of the October 26, 2011 meeting. On page four under the sixth order of business in the second paragraph it says "theB" and it should be "the board." The correction I have is on page seven under the motion box it should say "as I get the quote I will get the post made."

On MOTION by Mr. Leek seconded by Mr. McCarthy with all in favor the Minutes of the October 26, 2011 Meeting were approved as amended.
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THIRD ORDER OF BUSINESS**Consideration of Resolution 2012-01,
Amending the Budget**

Mr. Perry stated in front of you is a copy of Resolution 2012-01. Attached to the resolution would be the adjustments to the general fund and the operating and maintenance fund. This is a standard form resolution. Every year we go through and adjust the budget for those expenditures that were approved by the District during the year. On the revenue side, we have adjusted the revenues and amended the budget to actual in regards to the I-95 funding agreement. In regards to the expenditures for administrative, we have done the same thing, other than for the additional working capital provision. We have adjusted the budget again to the actual expenditures for I-95. On the second page are the community wide expenses, which we have adjusted those to actual expenditures also.

On MOTION by Mr. McCarthy seconded by Mr. Leek with all in favor Resolution 2012-01 Amending the Budget was approved.

FOURTH ORDER OF BUSINESS**Other Business**

There being none, the next item followed.

FIFTH ORDER OF BUSINESS**Staff Reports****A. Attorney****1. Update on Bondholders**

Ms. Scruggs stated in regards to the north parcel foreclosure, we have received the title work back and it is clean. There are no glaring issues right now. As of November 1, 2011, there were three parcels that had a tax certificate sale. Those property owners are known as Brisinger Fund 1, LLC. They took title as of November 1, 2011 on the northwest 21 resort parcel and in the south they took title of southwest 28A and the southwest 28B parcels.

Mr. Leek asked where is Brisinger located?

Mr. Perry responded Utah.

Ms. Scruggs stated that is there registered address. As the board has previously authorized foreclosure of these four parcels located in the north, Cheryl and I in concert with trustee's counsel is drafting a letter to Brisinger Fund 1, LLC to give them notice of the foreclosure of those parcels in the north. It is still in draft form. We haven't sent it yet. As to

the other parcels that were owned by Coastoak I did a little bit of research and does look like Hayman Woods now has the ownership interest of the Coastoak parcels. We have drafted a letter in concert with trustee's counsel. Hayman Woods and Coastoak Group were a joint partnership and Coastoak is no longer involved and Hayman Woods is now the managing member of all of the LLCs that own the parcels within the District. Jim has been in discussions with Brisinger Fund 1, LLC and also Hayman Woods. Both are aware of the delinquencies and the fact that the District has authorized foreclosure on those four parcels in the north. This morning we did send a letter out to Hayman Woods giving Allen Crug final notice that we are going to proceed with foreclosure and that if there is a proposal that he would like to make or perhaps a deed in lieu that he shall have until the 16th to bring that to the board. If we hear anything we will get in touch with you. That letter went out this morning. Your Chairman, trustee's counsel and your District Manager were copied on it.

Ms. Stuart stated we gave them until the 16th to make any other proposals. There has been some conversations about a deed in lieu.

Ms. Scruggs stated as you know at the last meeting we had discussed the stormwater lakes that Renar Development had conveyed to the District. We are still doing our due diligence to figure out which lakes should be properly conveyed to the District. There are some lakes that should be properly conveyed to the District by way of a construction contract that we built. Jim and Kurt have done a lot of due diligence to figure out which lakes should be properly conveyed to the District. We are not quite ready to make that determination but we are getting close. In the meantime, I have talked to a real estate attorney within my firm to clean up the initial conveyance because in our due diligence we discovered that some of the stormwater lakes that Renar quit claimed to the District were lakes that they didn't even own. They were owned by DR Horton and the City of Daytona Beach. Essentially, they were quit claiming items that they had no interest in. To clean up that item and to close that loop and to effectuate a transfer I have prepared a quit claim deed back to Renar of everything that they tried to quit claim to us in July.

Mr. McCarthy asked at the last meeting you said you were going to file a response to the quit claims that Renar had filed?

Ms. Scruggs responded we sent them a letter that stated that you filed these deeds. We are not accepting them and that there is a process by which you would properly convey stormwater lakes to the District and that you would formally come and request it. Because they

recorded those deeds, a title search would reveal that we owned any interest that Renar could convey to the District and we want to get rid of that interest that we have on the record.

Mr. McCarthy asked have you filed that with the County?

Ms. Scruggs responded no. Mr. Welsh is going to sign it today and we will get it recorded this week.

Mr. Zemball asked if DR Horton didn't speak up and that was quit claim deeded to us then we would become owners of that parcel, right?

Ms. Scruggs responded no. You can't convey an interest that you don't have.

Mr. McCarthy asked now these lakes that Renar wants to convey over to us, it is still our option to accept or not accept, correct?

Ms. Scruggs responded that is part of the due diligence that Jim and Kurt have been working on.

Mr. Perry stated we are really not done with everything but there are a number of lakes that were constructed with bond funds. Remember right now, we do all of the water quality of the lakes, so that does not add to our budget. There are a number of lakes that probably will be required to be deeded over to us or we have that obligation. In regards to maintenance of those lakes, in the documents of those HOAs, the property owner that abuts that lake maintains the mowing and fertilization down to the water level. There are portions of those lakes that are in District lands or easements that would not be on a homeowners parcel.

Mr. Welsh asked and that would be ours?

Mr. Perry responded that is correct. I believe if you start looking at the total amount of the maintenance area, it is pretty diminished from what you might expect for the District.

Mr. Welsh asked are the homeowners aware that they are going to be responsible for maintaining that down to the waters edge?

Mr. von der Osten responded right now, these are maintained communities by the homeowners association, so the HOA is currently and continuing to mow between the house and the lake. The areas that the District will pick up will be the areas that are non homeowner properties or non HOA common properties.

Mr. Zemball asked isn't the District already doing it?

Mr. Perry responded no.

Ms. Scruggs stated given that Jim and Kurt have done so much work, we will paper that discovery and make sure that the HOAs are notified of that requirement to maintain up to the property line.

Mr. von der Osten stated on the exhibit I have the blue area is the area in question for Renar that was quit claimed to the District. The yellow area is the area that the CDD currently maintains. The blue areas are the lakes included in the quit claim deed. One of these lakes here has an access problem. There is no dedicated access for the CDD to get to this lake.

Ms. Scruggs asked who owns that property?

Mr. von der Osten responded we do.

Ms. Scruggs asked so we need to get an access easement there?

Mr. von der Osten responded yes.

Mr. Welsh asked so there aren't any properties that abut that lake?

Mr. von der Osten responded that is correct.

Mr. Welsh asked that would be all ours?

Mr. von der Osten responded yes. I do have an estimate on these areas from Rountree.

Mr. Welsh asked but we do not do that now, correct?

Mr. Perry responded correct.

Mr. von der Osten stated I am receiving calls on why those areas are not being cut but we have not been authorized to move forward and perform any work.

Mr. Welsh asked so that would be added to our budget for 2012?

Mr. Perry responded correct.

Mr. von der Osten stated the proposal for a full year on the same mowing schedule at the other lake base is \$17,475.

Mr. Welsh asked and that is Rountree, correct?

Mr. von der Osten responded correct.

Mr. Bertsch asked there is some land on the corner and supposedly he quit deeded that?

Mr. von der Osten responded if you go to the County website this corner piece has been deeded to the CDD.

Mr. Bertsch asked are we going to keep that?

Mr. von der Osten responded it is not a lake. It is more of an HOA common area. That piece has been transferred to the CDD, along with that small triangle.

Ms. Scruggs stated everything that was conveyed by Renar by the special warranty deed that was recorded in July is going to be quit claimed back to them after Mr. Welsh signs the quit claim deed.

Mr. Bertsch asked so that would be Renar's responsibility then for maintenance until a conclusion has come up with?

Ms. Scruggs responded correct.

Mr. von der Osten stated these plans were attached to the permit transfers are signed and sealed asbuilts.

Ms. Scruggs stated I have those, as well.

Mr. von der Osten stated there are three lakes in the southwest 29 parcel of Grand Champion that were constructed with the 2005 bond series that were conveyed to the HOA and they would like to hand those three back to the District. These three should be CDD lakes and not HOA lakes because they are all tied into the stormwater management system.

Mr. Zemball asked and we are not doing water quality on those currently?

Mr. von der Osten responded yes, we are. The HOA is doing the banks, where the town homes are and the CDD is doing this road now. Those lakes were properly certified by the engineer and transferred into operational status when they completed.

On MOTION by Mr. Leek seconded by Mr. Welsh with all in favor to Authorize the Chairman to Sign the Quit Claim Deed back to Renar was approved.

2. Update on North Parcel Foreclosure

3. Status Update on Renar Storm Water Ponds

Mr. Leek asked can we get an update on the bondholders?

Ms. Scruggs responded I sort of already gave it in the sense that we are all working on these letters to send them out to Hayman Woods, who is the new ownership in the Coastoak

parcels and also to Brisinger Fund 1, LLC. Cheryl and I are speaking with Julio almost daily right now to move this process along.

Mr. Leek asked is Brisinger negotiating with the bondholders in the same sense that Coastoak was?

Ms. Stuart responded District Counsel has not had direct conversations with them.

Mr. Tom Boboski stated we are a group that invest in tax lien certificates and we do so in Florida and some other places. We went through the process of trying to get redeemed on those certificates when we filed for a deed application. Those certificates did not get redeemed, so we had tax deed issued to us by Volusia County. We are shell shocked because there is clearly issues with being in this scenario now, especially because we are not a Developer or a home builder. We are in the business of buying tax lien certificates. We have been working on getting our heads around the situation of what the CDD looks like, the history, the debt in place and the O&M. It is a learning curve for us. It was our intent to put something in front of the board as a suggestion but we are not quite there yet. We do recognize that there is a substantial amount of debt and O&M that affect these parcels on an annual basis. It was our intent to have something that we could propose as a very top level suggestion but we just don't have our arms around it yet. I told Jim that it was possible and unlikely that we wouldn't have something by today. I heard one of the comments earlier about the four northern parcels and I think our northern parcel was included in that conversation, where four northern parcels were getting some kind of letter.

Ms. Stuart stated the board had previously authorized the District to proceed with foreclosure and one of them is the resort parcel.

Mr. Tom Boboski asked whereabouts are those?

Ms. Scruggs responded it is 321 Commercial Northwest 11 and Northwest 12.

Mr. Perry stated the first one is alt key 4932551. The second one is 6071454. The third is 6071462 and the fourth one is the resort parcel, which is yours.

Mr. Tom Boboski asked when you guys talk about the act of sending out these letters about pending foreclosure, what is the situation with those three?

Ms. Stuart responded the letter that Lynn was referring to was a specific letter to you recognizing that you are a new property owner in the District. We have already done all the required notices and have taken all the necessary steps to allow us to go forward with the

foreclosure. If we can all avoid that, that would be great but the District needs its O&M money. There are issues associated with O&M assessments, as well as debt assessments here. We have O&M outstanding and we are seeking to recover that. The letter we were sending was recognizing that in the middle of our getting ready to file a foreclosure complaint in court that you had taken title.

Mr. Tom Boboski stated Jim had given me heads up about that. I am wondering about the other three northern parcels?

Ms. Stuart responded their ownership hasn't changed. Hayman has taken over as the managing member of the existing entity, which is still theirs.

B. Engineer – Approval of Requisition No. 161 and No. 144

Mr. Perry stated included in your agenda package are requisition numbers 161 and 144.

Mr. von der Osten stated those were for the installation of dead end signs.

Mr. Zeball asked are they in?

Mr. von der Osten responded yes.

Mr. Perry stated there are two different requisitions because they come out of two different bond funds.

On MOTION by Mr. Leek seconded by Mr. Zeball with all in favor Requisition No. 161 to Solaris Management totaling \$1,784.85 out of the 2005A Bonds was approved.

On MOTION by Mr. Leek seconded by Mr. Welsh with all in favor Requisition No. 144 to Solaris Management totaling \$356.97 out of the 1999A/B Bonds was approved.

C. Manager – Trustee Legal Fees

Mr. Perry stated we still have the ongoing issue with the trustee legal fees. I haven't gotten the documentation necessary for that yet, so I am not asking you to consider approval at this time.

D. Field Operations Manager

Mr. von der Osten stated we replaced quite a few of the LPGA logos on the signage out in the community. The next signage request was several of the directional signs are fading and peeling, especially on Champions and turning into Tournament. These are \$33 a piece to replace. There are about 15 to 20 that need replaced in the community.

On MOTION by Mr. Zemball seconded by Mr. Leek with all in favor to Replace Neighborhood Signs at a not to exceed amount of \$600 was approved.

Mr. von der Osten stated I have had several requests regarding pressure washing the sidewalks. Several years ago the CDD pressure washed the sidewalks but we haven't since.

Mr. Zemball asked is that part of the every other year option that we have with Rountree?

Mr. von der Osten responded no, that is just for the monuments and I have a renewal of that here too.

Mr. Leek asked it's a City sidewalk, right?

Mr. von der Osten responded right but the City claims they do not pressure wash their sidewalks and if we want it maintained then it is up to us.

Mr. Leek asked so they are not concerned about a runner slipping on their sidewalk?

Mr. von der Osten responded every time I have discussed it with them they say they do not pressure wash sidewalks.

Mr. Zemball stated they also do not approve the oak trees, which create the film, which create the problems with the sidewalks.

Mr. von der Osten stated maybe I can get proposals for the worst areas out there.

Mr. Leek stated you might as well get a proposal.

Mr. von der Osten stated I will get proposals. This proposal is to keep all of the entryways pressure washed. This is for four applications per year, so this is quarterly at \$6,300. He bills it monthly, so there are 12 installments.

Mr. Perry asked is that price consistent with the prior year?

Mr. Rountree responded there is a slight increase of just under 20%. Before it was just the entryways and this is with all the directional monuments, as well.

Mr. Perry asked so this is a change in scope but overall the dollars are pretty consistent with what you previously billed?

Mr. Rountree responded yes.

On MOTION by Mr. Welsh seconded by Mr. Leek with all in favor for Rountree to Pressure Wash the Entryways at a Cost of \$6,300 was approved.

Mr. Rountree asked do you want me to continue to bill on a monthly schedule or do you want it at the time of service?

Mr. Perry responded I would prefer it at the time of service.

Mr. Rountree stated we had talked about painting of the entry monuments. The worst entry monument is Tournament Drive. The wooden fascia needs to be painted at the Grand Champion entrance. The Tournament entrance is \$1,025 and just the fascia at the other entrance is \$500. If you wanted to paint the entire entrance at Champions and the entire entrance at International Golf, the main entrance would be \$3,175 and the International Golf entrance is \$2,350.

Mr. Zemball asked they are just going to spray it, right?

Mr. Rountree responded spray it and roll it.

Mr. Bertsch asked is that the same company that Nancy Martin used to do Opal Hills?

Mr. Rountree responded no. He is doing the placards we spoke about. He is a fabricator.

Mr. Perry asked did we include this in the budget?

Mr. Rountree responded it would be in the repairs.

On MOTION by Mr. Leek seconded by Mr. Bertsch with all in favor to Paint the Entry Monument at Tournament Drive & the Wooden Fascia at Grand Champion Entrance at a Cost of \$1,525 was approved.

Mr. von der Osten stated at the last meeting we approved landscaping installation at the round-a-bout at SW29. It has been recommended by the contractor that the irrigation meters that are installed be electric and not battery operated. I would need to move forward with FP&L and have an account open and an electric meter installed in the Districts name.

Mr. Perry stated okay. There are construction funds too.

Mr. von der Osten stated we have the new signs for No Fishing, No Boating or Trespassing in. The master international residential HOA purchased these. We have them stored for the sub associations and for the CDD if you would like the new signs installed. It would replace the tall metal signs that are leaning. They are \$46.75 each.

Mr. Leek asked and how many are there?

Mr. von der Osten responded we would need at least nine.

On MOTION by Mr. Leek seconded by Mr. Welsh with all in favor to Purchase No Fishing Signs at a not to exceed amount of \$500 was approved.

Mr. von der Osten stated the rock will be going in at the interchange in the next few weeks. Mulching will begin next week in the community.

SIXTH ORDER OF BUSINESS

Supervisor's Request and Audience

Mr. McCarthy asked on the up-lighting problem, where it was shorting out, has that been fixed?

Mr. von der Osten responded we think. We removed a hand hold junction box near the meter that constantly filled up with water. Irrigation was adjusted. Hopefully it is dried out. If it continues to trip then we just have to move down the line and search for those boxes.

Mr. Gary Moothart stated we own approximately 317 acres in the south section of the development. We acquired that property from MSKP. After we sold it several years ago, we took a note back on that and foreclosed on the note. Last year we paid the assessments on it and I am here to inform the board that we are no longer going to pay the assessments on that parcel. If you would like to set up a meeting to discuss how we can handle the situation moving forward we are willing to do that.

Mr. Leek asked why?

Mr. Gary Moothart responded it is not feasible for us to keep that property. The way the parcels were set up they are intertwined with parcels that Coastoak has. Originally we sold everything but this 317 acres, which a lot of it was determined to be wetland material. We thought we could improve it. We did make some improvements over the last couple of years and then we sold them that remaining parcel.

Ms. Scruggs stated we will be in touch.

SEVENTH ORDER OF BUSINESS

Approval of Check Register

Mr. Perry stated included in your agenda package is the check register that totals \$64,845.60.

On MOTION by Mr. Welsh seconded by Mr. Leek with all in favor the Check Register was approved.
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EIGHTH ORDER OF BUSINESS

Financial Statements as of October 31, 2011

Mr. Perry stated included in your agenda package are the financial statements as of October 31, 2011. In regards to the 1999A bonds, there were sufficient funds in the revenue account to make the November 1st interest payment. In regards to the 1999C bonds, those are the community wide bonds and we have \$28,500 in the revenue account and our interest due on November 1st was \$248,000, so we had to tap the reserve or utilize the reserve funds to make up that difference. As we collect receipts, it will replenish that reserve fund. Just so you are aware once you tap the reserve fund, there is an event there that occurs.

Mr. Welsh asked when we tap that reserve fund, does that go against our credit rating at all?

Mr. Perry responded this District isn't rated right now. When we do to get a rating it could have an impact. The next one is the 2005 bonds. The revenue account at that time was \$134,000. Our interest expense payment was \$392,000. We tapped the reserve for that one for \$260,000. After that are the capital projects fund. It shows the Series 1999A, 1999B, 1999C and 2005 series. Out of all of those there is approximately \$7.2M in construction funds still available.

NINTH ORDER OF BUSINESS

**Next Scheduled Meeting – 1/25/12 at 1:00 p.m.
@ Holiday Inn**

Mr. Perry stated the next scheduled meeting is January 25, 2012 at 1:00 p.m. at the Holiday Inn. We will contact all of the board members if there needs to be an emergency meeting.

Mr. Welsh asked, "Tom, are you planning on attending any of these meetings in person?"

Mr. Tom Boboski responded we are going to be there in person as needed. We are going to handle as best as we need to. We have to find a solution.

Mr. Bryan Wiksell stated I had the opportunity to visit the property right after we took title and I was obviously impressed with how nice it is.

Mr. Perry stated at this time we don't have a scheduled February meeting.

Mr. Leek asked can we get an analysis of what the impact of Consolidated Tomoka's surprise today will be on our budget?

Mr. Perry responded yes. I will email each of you what the assessments related to those parcels are for the O&M.

TENTH ORDER OF BUSINESS

Adjournment

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


Secretary / Assistant Secretary


Chairman / Vice Chairman