

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, April 25, 2012 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

Also present were:

Jim Perry	District Manager
Jonathan Johnson	District Counsel (by phone)
Kurt von der Osten	Field Operations Manager
Jamie Rountree	Team Rountree

**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 March 28, 2012 Meeting**

Mr. Perry stated included in your agenda package is a copy of the minutes of the March 28, 2012 meeting.

On MOTION by Mr. Welsh seconded by Mr. McCarthy with all in favor the Minutes of the March 28, 2012 Meeting were approved.
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**THIRD ORDER OF BUSINESS**

**Acceptance of Resignation Letter from CH2MHill as District Engineer**

Mr. Perry stated included in your agenda package is a formal resignation letter from CH2MHill. Also attached is a notice that will be published in regards to the solicitation of services for qualifications for engineering services. We will publish that in the News Journal. There are a number of engineering firms that periodically ask us if we have any openings, so I

know there is at least one in Duval County and one in the Orlando area. I believe there is also a local firm that may apply.

On MOTION by Mr. Leek seconded by Mr. Bertsch with all in favor the Resignation Letter from CH2MHill as District Engineer was accepted.

On MOTION by Mr. Leek seconded by Mr. McCarthy with all in favor to Authorize Staff to Advertise an RFQ for Engineering Services was approved.

**FOURTH ORDER OF BUSINESS**

**Discussion to Reschedule May Meeting**

**FIFTH ORDER OF BUSINESS**

**Other Business**

There being none, the next item followed.

**SIXTH ORDER OF BUSINESS**

**Staff Reports**

**A. Attorney**

Mr. Johnson stated Jim and I continue to receive phone calls from attorneys representing KB Homes and the other landowners in the south. We have continued to exchange in conversations relating to the methodology. It is too early to tell whether those are having any valuable effect or whether we are ultimately going to see litigation. I have as a precaution alerted counsel for the trustee bank as to that possibility, so they can begin to give some thought as it relates to setting up a defense fund.

Mr. Perry stated in addition to the DR Horton and KB Homes people, we have also talked a little bit with Consolidated Tomoka too, in regards to the methodology. We will keep you apprised as that moved forward.

**B. Engineer**

There being none, the next item followed.

**C. Manager**

**1. Report on the Number of Registered Voters (1004)**

Mr. Perry stated I continue to ask the trustee to find out if there is any direction from the bondholders. I have not heard any affirmative response to what they are going to do. I have asked them if they are going to ask the board or the District to take some actions to let us know and I have not received any direction from them. The only thing that I would suggest is if they do come back and require any special meetings that we ask them to fund the cost associated with that. I know staff and this board has been diligent in trying to find out what direction they want to go in and at least inform the board as to how they want to proceed. We will be in default on May 1<sup>st</sup> on those bonds. I would have hoped to have had something from them by now but we do not.

Mr. Welsh asked is there nothing legally that we can do at this point?

Mr. Johnson responded there is nothing we can do in terms of foreclosure on the debt without their consent. We are free to take action as it relates to the O&M assessment default but I am not sure economically if that is in our best interest. As you know, if we were to take that action then we would be funding those costs and at the end of the day if we were successful, we or something we created would hold title to the land with the debt still on it, which would make it still unmarketable. I don't know that there is anything we can do to force those bondholders. As we enter into a default, the value of their bonds will further deteriorate, so their investment goes down and they will not be getting any money from the reserve funds.

Mr. Perry stated I guess the other thing that will force them to take action is that in regards to the 2005 bonds, we have almost \$7M that is sitting in a construction account. You would think that would get the attention of the bondholders also.

Mr. Welsh stated I believe Kargar and Navarro bought the lots now in Centennial. Now that is going to be developed. That \$7M will go to the Developer, right?

Mr. Perry responded no. It would go to build the infrastructure itself.

Mr. Leek stated they are doing a lot of building in the south.

Mr. von der Osten stated they have sold 27 homes this year.

Mr. Perry stated there are 1,004 registered voters in the District. We are required by statute to provide that information on an annual basis.

## 2. General Election

Mr. Perry stated the qualifying period for candidates for the supervisor positions will commence on June 4<sup>th</sup> and end on June 8<sup>th</sup>. I have a complete packet here if anyone wants it. The two positions that are open this year are for Mr. Leek and Mr. Zemball, which are seat four and seat two. In order to qualify you must be a resident of the District, 18 years of age and a United States citizen. We will be publishing this notice in the News Journal.

### D. Field Operations Manager

Mr. von der Osten stated I had a call from the City regarding reclaim water meters. There was a break along Tournament. They decided to install a reclaimed water meter. They are going to start monitoring our water usage and eventually bill us for reclaimed water. I explained that it is my understanding that in the interlocal agreements, the reclaimed is provided at no charge but I haven't confirmed that yet.

Mr. Perry stated it has been awhile since I have read that, but I believe your understanding is correct.

Mr. von der Osten stated I had a request on street lights to possibly segregate our post mounted lights from the landscaping up-lighting at the trees, so we could tie those in differently. Right now, we have counted approximately 17 pole mounted lights in the community. The issue here is pulling new wire from the pole back to the panel. It is labor intensive. The goal would be to utilize as much of the existing conduit as possible but after about three hours of research the electrician contacted me and said he didn't have it nailed down to the dollar but we are in the \$15,000 range for these 17 lights. Before I have him go even further with this, I wanted to float this by the board.

Mr. Leek asked what is the dollar difference we are saving by not having the up-lights on at night?

Mr. von der Osten responded we are saving. I believe we are under budget \$5,400. We reduced the budget for that line item this year and we are still \$5,400 under budget.

Mr. Leek asked and that \$5,400 has been saved over what period of time?

Mr. Perry responded six months.

Mr. Leek stated so it would take a year and a half to pay \$15,000 back in reduced electric bills.

Mr. von der Osten stated we are also seeing slightly lower repair bills of the up-lighting because of the reduced hours they are running.

Mr. Bertsch stated I would think the entries would be the most important thing.

Mr. von der Osten stated there are a couple along the main road that are not intersections that you could decide if you wanted those. We could just single out the main entrances.

Mr. Bertsch stated if you are coming into Tournament I noticed it is almost impossible to judge that without the lights being on. I have another suggestion. How about if we take every other light and unscrew the bulbs? We have 600 lights in the community, so that would mean you would take 300 and unscrew them. That would be 100 watts for each of them that it is using in electricity. I think that if we did an experiment and did a row somewhere that was not quite as essential and see how that would far out with visibility.

Mr. McCarthy asked right now, we run the up-lighting until 11:00 p.m.?

Mr. von der Osten responded no. It is until 1:00 a.m. or 2:00 a.m.

Mr. Bertsch stated you would save on maintenance on those bulbs that you wouldn't be burning.

Mr. Welsh stated I think that is a good idea.

Mr. Bertsch asked how about we do an experiment for right now for one month?

Mr. Welsh asked where is the least traveled road in LPGA?

Mr. Bertsch responded for me, it is International Golf Drive.

Mr. Welsh stated let's try it at the least traveled road and see how it works out.

Mr. Leek stated it is a big percentage savings but we are only spending less than \$1,000 a month, so doing that would save about \$450 a month.

Mr. Bertsch stated that is over \$5,000 a year.

Mr. Rountree stated turning them off on the oak trees is one thing but do not turn off the ones in the median islands. They are already targets. They are already dark. In the last year we have had six accidents with people going up into those medians.

Mr. Bertsch stated I think we should put reflectors on those medians.

Mr. Leek stated I think we talked about reflective paint along the ends and the curbs. I don't know why we didn't go any further with that. To me, painting the curb would be better because you can see the curb when it is painted.

Mr. von der Osten stated we will look at keeping the lights on at the T and four way intersections of streets and the flagpole. I will come back with adjusting the number for the pole mounted lights and the up-lights. Even if we go to every other light, we still haven't solved the problem of the pole mounted lights. I will get some options on the reflective paint too. This year we scaled back one rotation of annuals at the entrances, so now is the time you are really noticing it. We don't have annuals to go in until the end of June. Our annual beds are large, so I didn't know if we wanted to go ahead and shrink them with sod. We could come back to where the price of rotation would be reduced because of the smaller beds and we could go back to the three rotations a year, instead of the two rotations. It would be smaller beds but more frequent rotations.

Mr. Welsh stated that would save us a lot of money. It sounds good to me.

Mr. Leek stated I would like to see the start up cost to that versus what we would save. I am a little bit concerned that the aesthetics of the place are going to start being negatively affected and I think that is a plus in selling and building homes. We are starting to see a little bit more activity now with some building and I would hate to do anything that would make the CDD be less attractive. I don't want to spend \$2,000 today to save \$2,000 next month.

Mr. von der Osten stated this year we lowered the rotation budget by approximately \$5,000 because we cut out one full rotation. Each rotation would then drop to about \$3,000, instead of \$5,000. The second year is really where you will see the savings. The first year is the initial expense.

Mr. Rountree stated the two beds that we would put the largest amount of sod are the two beds coming in at the front entrance of the LPGA Champions Drive entrance. Those beds are enormous. They take 2,500 annuals out of our 4,000 annuals. We would shrink those by one third in size. They would be about the size of the back entrance beds are. The other beds that we would shrink are the Grand Champions beds. Those beds are very long. By shrinking those beds by one third we cut our budget. Your savings per year by doing this is \$2,000 per rotation, so if you have three rotations, you are saving \$6,000 a year.

Mr. Leek stated but we only have two rotations a year. We would be spending \$2,000 to save \$1,000 the first year.

Mr. von der Osten stated you are saving \$1,000 and you are picking up a rotation.

Mr. Leek stated yes, but we are talking dollars and cents here. You are spending \$10,000 this year on rotations. If you make this change you will spend \$9,000 on rotations and \$2,000 on sod and installation. I would be opposed to that at this point.

Mr. McCarthy stated the current rotation has died out early, so we are going to be sitting there for close to two months with no flowers.

Mr. Welsh stated I think we are trying to sell homes in here. That front entrance is beautiful, once those flowers are in.

Mr. Leek stated if I was designing the program I would probably continue to do the three rotations on the front entrance and the other main entrance.

Mr. Rountree stated the sod we are talking about putting in at the north entrance, Kurt and I have already discussed that we have plenty of areas that we could move that sod, so it would never be wasted.

Mr. Leek stated what I would rather do than to spend \$2,000 to replace flowers with sod is find another \$3,000 and put in another rotation. It comes down to where do you want to spend your money.

Mr. Welsh asked how bad are we budget wise?

Mr. Perry responded in most line items we are favorable to budget at this point and time. The one thing that we have discussed before is in regards to a large budgeted item for conservation easement that we are going to put off towards the end of the year.

Mr. Leek stated so let's go to three rotations.

Mr. Welsh asked how much would that cost?

Mr. Rountree responded it would cost you about \$3,000 extra. Remember that this is something that normally happens in March, so now I am almost two months past when we normally do it. I have to see what is actually available.

Mr. Welsh asked do we have \$3,000?

Mr. Perry responded yes.

Mr. von der Osten asked if we install in the next 30 days, then when will the following rotation be?

Mr. Rountree responded June.

Mr. von der Osten asked can we push that one back?

Mr. Rountree responded we can probably push it back several weeks but Team Rountree contracts Maday Nursery to grow those annuals every year for the District. I would say we may be able to make a partial rotation and not spend the full \$3,000.

Mr. Perry asked do you have enough direction?

Mr. von der Osten responded I do.

On MOTION by Mr. Welsh seconded by Mr. Bertsch with all in favor to Add an Additional Flower Rotation at a not to exceed amount of \$5,000 was approved.

Mr. von der Osten stated in the past month the neighborhood monuments were repainted, repaired or removed. There is a fountain in the southwestern quadrant at I95 that is out. We believe the pump is bad. It looks like it is still under warranty. That one, we replaced about two years ago. We discussed the forestry management plan last time hear the conservation area. We did have a proposal to have that plan put together but we never gave them the go ahead. It was for \$4,100.

Mr. Perry stated it is in the budget. I would push it off one more month if we can.

Mr. von der Osten stated we are also replacing another pump at the fountains in front of LPGA headquarters. I have managed to get that one pump replaced under warranty. I had one proposal that was \$6,000.

Mr. Perry stated on the south end there were a number of palms that were going to be taken out. Have those already been removed?

Mr. Von der Osten responded yes.

**SEVENTH ORDER OF BUSINESS**

**Supervisor's Request and Audience Comments**

Mr. Welsh stated soliciting is starting to increase in our neighborhoods. I had three of them in the last week. Today, they were trying to sell biblical books. Is each neighborhood's association responsible for putting up the no soliciting sign or is it up to the CDD?

Mr. McCarthy responded we had two meetings for a neighborhood watch program with the police department. The police will provide no solicitation signs. He has increased it to five signs and then each homeowners association can buy more from the police department. I suggest you get with Ron and work it out with him.



Mr. Welsh asked are we going to post them at each entrance? I can't understand why we don't just post one at the front entrance and at the intersections.

Mr. McCarthy responded that is why I said to get with Ron because he is going to post them at the front entrances.

Mr. Welsh asked and that is going to be on CDD property?

Mr. Perry responded right-of-way.

Mr. von der Osten asked is he going to put them up or are we?

Mr. McCarthy responded I don't know. We had talked about establishing parks. The question of liability was brought up yesterday and I talked to Jim about it. He thinks that our current coverage might be sufficient.

Mr. Perry stated more than likely. Other than for the property that is put in there. The liability section would probably be sufficient.

Mr. McCarthy asked who would do it, the IROA or the CDD?

Mr. Perry responded I think most of your Districts, you would have a license agreement with that entity to allow them to use that land.

Mr. Johnson stated yes. We have done that.

Mr. Perry stated so they would bear the cost of insurance, the installation of the equipment and maintenance of it. If the District were to do it, we currently have District policy that has liability and I don't think an addition of a small park like that would create any additional charges. You would have charges for the fiscal plan itself to ensure those facilities. The only thing to keep in mind if you go that route is a lot of the playground structures are pretty expensive to construct because they have to be ADA compliant.

Mr. von der Osten asked were you thinking about a park for young children?

Mr. Welsh responded yes. I would like to install a basketball court.

Mr. Perry stated not to discourage the board but in a lot of Districts that have basketball facilities, they get a lot of outsiders that come in. A lot of those facilities are now being dismantled and changed to other types of facilities. It creates a real issue in a lot of communities.

Mr. Bertsch stated I think a playground itself would be fine. I have had a lot of people come to me and ask why we don't have that.

Mr. Welsh stated once you get handicap accessibility, the cost almost triples. You are going to be looking at a very expensive park.

Mr. Bertsch stated right now, we are just going into a feasibility thing, so we can put together the costs of doing that.

Mr. McCarthy stated I would request that Kurt look into the IROA and see if the other entities would approve moving in that direction.

Mr. von der Osten stated the areas I believe you are speaking of are right-of-ways, which is City owned property.

Mr. Welsh stated if you are going to try and put it across on Champions Drive I don't know if you could even put it there because of accessibility to that lake.

Mr. Leek stated these guys can investigate it.

Mr. Bertsch stated I would think we would start by going to the City.

#### **EIGHTH ORDER OF BUSINESS**

#### **Approval of Check Register**

Mr. Perry stated included in your agenda package is the check register. It totals \$94,793.26. We had held off payments to Governmental Management Services and Hopping Green & Sams up until this month. We have paid both entities through February. Everyone else has been timely paid.

On MOTION by Mr. Welsh seconded by Mr. McCarthy with all in favor the Check Register was approved.
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#### **NINTH ORDER OF BUSINESS**

#### **Financial Statements as of March 31, 2012**

Mr. Perry stated included in your agenda package are the financial statements as of March 31, 2012. In regards to the debt service funds, we will be in default on May 1<sup>st</sup>. In regards to our general fund, there is about \$476,000 in cash as of March 31<sup>st</sup>. You will see the tax roll receipts. You will see in April we received about \$117,000 in O&M. In regards to our O&M collections, I believe with those funds and what we expect will occur when they start selling tax certificates that we will cash flow what we expected. Our beginning cash for this year was about \$320,000. I expect that we will be right at the same amount when we close out the end of this year. For the budget this year, I am going to propose that we keep the same budget. There is no increase in assessments and no decrease in assessments. What I hope happens is with Coastoak they have assessments from 2010, 2011 and 2012 that they did not pay. Those total about \$1.6M. Consolidated Tomoka has assessments for this year that they have indicated they are not

going to pay of about \$118,000. A portion of those funds will come back to the District. Then hopefully we will lower assessments.

Mr. Welsh asked but that could be a long time from now?

Mr. Perry responded it has already been long and drawn out. It could be two more years or three years. I don't know. It could be six months.

**TENTH ORDER OF BUSINESS**

**Next Scheduled Meeting – Date to be Determined at Meeting**

Mr. Perry stated in looking at our schedule what I am proposing to do is consider our next meeting to June 4<sup>th</sup> or the 8<sup>th</sup>. That would be the meeting that we provide the budget to the board. If we do it on one of those two dates, I would still ask that we keep the schedule for the May meeting and the June meeting but I wouldn't plan on holding those. If there is no need to meet we will contact everyone and cancel it.

On MOTION by Mr. Welsh seconded by Mr. Bertsch with all in favor to Set an Additional Meeting for June 4, 2012 at 1:00 p.m. at Holiday Inn Daytona Beach LPGA Blvd. Boardroom, 137 Automall Circle, Daytona Beach, Florida 32124.

**ELEVENTH ORDER OF BUSINESS**

**Adjournment**

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

  
Secretary / Assistant Secretary

  
Chairman / Vice Chairman