

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, June 22, 2011 at 1:00 p.m. at the Holiday Inn Daytona Beach LPGA Blvd., Board Room, 137 Automall Circle, Daytona Beach, Florida 32124.

Present and constituting a quorum were:

Robert Welsh	Chairman
Ed Bertsch	Vice Chairman
John Zemball	Supervisor
John McCarthy	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
Gary Moothart	Indigo Development
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

Approval of the Minutes of the May 25, 2011 Meeting

Mr. Perry stated included in your agenda package is a copy of the minutes of the May 25, 2011 meeting. There are some minor changes that we will incorporate. Are there any additional changes?

On MOTION by Mr. Welsh seconded by Mr. McCarthy with all in favor the Minutes of the May 25, 2011 Meeting were approved as amended.

THIRD ORDER OF BUSINESS

Questions and Comments on Proposed Budget for Fiscal Year 2012

Mr. Perry stated we have included in your agenda package the budget that was approved at the last meeting. At this time I really don't have any additional changes to that budget. We are going to add a column that says changes and one that says proposed for adoption. At the

board meeting on August 24th we can adopt those changes or make other changes to the budget as you see fit. We are going through each of the line items in the budget and really taking a look and see if we can reduce some of these down. Your basic budget is about \$1M and we might be able to squeeze out \$50,000 or \$60,000 worth of adjustments.

FOURTH ORDER OF BUSINESS**Approval of Assessment Allocation**

Mr. Perry stated I had sent you a worksheet, which showed the allocations for assessments for fiscal year 2007 through 2012 and also the cumulative increases from 2007 to 2012. I have also shows those as a gross, which includes the 4% early payment discount. Under the north platted units is \$638.05. If you were to make your early payment discount, which most homeowners will if they have a mortgage then the net would be \$612.53. I have also grossed it up for the south un-platted units. Even though they are direct billed, it would be consistent with the bill that we have that is processed on the tax roll, so there is also the ability to make that early payment or not take the discount and pay it by March 31st.

Mr. McCarthy asked what if homes are in foreclosure but the people are still in the house and not paying anything, does that mean the default goes to the bank and they will put it-up?

Mr. Perry responded no. The assessments still go on the property tax roll. Let's say the bank or the resident doesn't pay their property taxes then that tax certificate will sell. Single family homes and single family lots that are improved probably 99.9% of the tax certificates sell, so we will get our money. We won't get it prior to March but we will get it in June, July or August.

Mr. McCarthy stated in talking to some attorneys said that the average time for everything to go through is 619 days.

Mr. Perry stated they are probably saying that everything will go through on the HOA side of things, not the Community Development Districts side. Unfortunately, HOA's are on a direct bill basis. We are on par with the County or City taxes. They don't get extinguished.

Mr. McCarthy asked would they also pay the back assessments for the HOA?

Mr. Perry responded no, not from the tax certificate. Your HOA cannot put their assessments on the tax bill. They typically don't sell the tax certificates until May. If the certificates don't sell in the first round, they usually have an additional round and possibly a third.

Mr. McCarthy asked so we almost have a year without funding for those properties?

Mr. Perry responded typically, if they have a mortgage you will get the funding in November, so it will be an additional seven months.

Mr. McCarthy asked and we budgeted that shortfall into our budget?

Mr. Perry responded we have that worked into the budget that we know on a cash flow basis it is going to be six or seven months. The consultants such as the District Manager, District Counsel and possibly the operations manager will wait until the cash comes in to get paid. For the landscaper, because he has payroll and you have your monthly operations we try to pay those. We have to pay the F&L bill. We have to really manage our cash. On tab four is assessment allocation and that shows what those numbers would be at gross. The calculations themselves are in the prior tab, which shows the comparisons for a single family unit. If you recall the discussion at the last meeting, we broke out the reserves for administrative and field community wide. We have allocated those to platted and un-platted units based upon the costs that have been incurred for those line items for administrative costs and community wide costs. For this year on a net basis, the assessments per unit would be \$600 for a platted unit and the north units and \$155 for the un-platted units in the south sections. I would ask the board to approve by motion the assessment allocation.

On MOTION by Mr. Welsh seconded by Mr. Bertsch with all in favor the Assessment Allocation was approved.

FIFTH ORDER OF BUSINESS

Discussion of Landscape & Irrigation Maintenance RFP

Mr. von der Osten stated we need a 14 day notice at advertise for our landscape committee meeting.

Mr. Perry stated we need to have the notice published seven days prior to the meeting, so we like to have the information with 10 to 14 days for time to get it to the newspaper.

Mr. von der Osten stated the request for proposals will be published in the local newspaper on July 12th. Then the following morning the RFP package will be available for pick up to bid.

Mr. Welsh asked where will they be available?

Mr. von der Osten responded at Cornerstone office. There would be a mandatory pre-bid meeting, so any contractor desiring to bid this project would be required to attend and that would be on July 27th.

Mr. Welsh asked at what time?

Mr. von der Osten responded right now I have it penciled in for 8:00 a.m.

Mr. Perry stated let's notice the pre-bid meeting.

Mr. von der Osten stated as I read through the RFP, any additional questions have to be in writing and the answers are distributed to all bidders. All information is shared publicly.

Ms. Scruggs stated and if they do not attend the mandatory pre-bid meeting then we will not open up their bid.

Mr. von der Osten stated the way these dates work is the cutoff for questions is seven days prior to bid opening at 5:00 p.m. Then bids are due on August 3rd. The bids would be opened that day. I do not want to open the bids by myself.

Mr. Perry stated I will get with you and I can be here. We will coordinate that.

Mr. von der Osten stated tentatively I have scheduled August 11th as a landscape committee meeting to review the proposals.

Mr. Welsh stated August 11th is a Thursday. Do you want to back it up to the 10th?

Mr. von der Osten responded yes, because we have a board meeting that day. We can do it at 1:00 p.m. on the 10th then.

Ms. Scruggs stated I will probably just call in for that meeting.

Mr. Zemball asked is it limited to the landscape committee to select?

Ms. Scruggs responded yes, that is the purpose of the landscape committee. They review the proposals and then at the board meeting they will make a recommendation.

Mr. Zemball asked the landscape committee is going to do the score cards?

Ms. Scruggs responded yes. They are going to rank the bidders for the board and then they will present the ranking. The board can accept their ranking or reject it. The board can reject all of the proposals if they would like.

Mr. Zemball asked is the committee closed for participants?

Ms. Stuart responded no.

<p>On MOTION by Mr. Welsh seconded by Mr. Bertsch with all in favor the Add Mr. Zemball to the Landscape & Irrigation Maintenance RFP Committee was approved.</p>

Mr. von der Osten asked as the scope of work is tweaked and maybe alternatives determined, does the committee need to review that or am I able to email the committee members?

Ms. Scruggs responded I think the plan was for you to tweak the scope and you can receive recommendations from the landscape committee of what they think should be included but I don't think the plan was to call a meeting each time you wanted to tweak the scope.

Mr. von der Osten asked so if I want to send out the scope to the committee members prior to issuance for their approval and if they had a comment it would come back directly to me?

Ms. Scruggs responded yes.

Ms. Stuart stated just so there is no communication between the committee members themselves. They shouldn't do any replies to all and the committee cannot talk amongst themselves.

Mr. Perry asked aren't some of those alternates?

Mr. von der Osten responded yes.

Ms. Scruggs stated the board will be able to accept any combination of alternates that they choose.

Mr. von der Osten stated-I will send out some suggested alternates and the committee can decide. We need to have the RFP finalized by July 7th because it will be distributed the following week.

Ms. Scruggs stated I'm just trying to make sure that the landscape committee knows they need to have their comments in by July 7th.

Mr. Zemball asked so it is going to be available on the 13th through the pre-bid meeting?

Ms. Perry responded they can start picking them up on the 13th and the mandatory pre-bid meeting will be on the 27th.

Ms. Stuart asked when were you going to cut off final questions from the bidders?

Mr. von der Osten responded that would be at 5:00 p.m. on July 27th.

Ms. Stuart stated I would urge you to at least give another 24 hours because they would have been at that pre-bid meeting and sometimes bidders will send various people that will have to go back to the office and have conversations. I would urge you to give them till July 28th.

Mr. Welsh asked what is on August the 10th?

Ms. Scruggs responded the landscape committee.

Ms. Stuart stated the pre-bid meeting is for the bidders. I would caution the committee to be careful about whether they chose to attend that meeting or not. There is no need for them to attend. We shouldn't have committee responding to questions in that setting.

Ms. Scruggs stated we will distribute all these dates and times to all of you.

SIXTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

SEVENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Scruggs stated Cheryl and I spoke to Julio yesterday and Julio sent Jim a very lengthy email yesterday explaining the situation. As you know at the last meeting Julio had said that the bondholders had hired Hines to give them that report. The bondholders had a couple questions and clarifications needed and they received that updated report from Hines last week. The bondholders haven't been able to reconvene to discuss the revised report. At Jim's request Julio did send the bondholders our budget in regards to the Coastoak delinquencies that we are experiencing. They haven't been able to respond to Julio's email because they have not reconvened to discuss the Hines report. Julio does understand that the board is concerned about the shortfalls. Keep in mind, there is more than just one bondholder here, so he is trying to get in touch with all of them to get responses.

Ms. Stuart stated the good news is the answer is not no yet.

Mr. Welsh asked are we going to get tough with this or are we going to let this fly for another month or two?

Ms. Stuart responded we could certainly look at foreclosure on some or all the parcels. It would be better if a global solution could be reached both economically as well as legally.

Mr. Welsh stated I agree with that but they keep putting this off. Julio was in here last month and he specifically said to us that he would get back to us and give us a definite answer with the bondholders and he did. Do you think we should wait until we meet on the 27th of July?

Ms. Stuart responded yes. I think we need to be thinking about what we might do as an alternative and I'm certainly not ready to give that advice.

Mr. Perry stated we have done a lot of analysis on the specific parcels and a lot of that is predicated on the parcels that Coastoak had paid in prior years that they deemed economically feasible, which there is some validity to that, as far as them being marketable. Maybe what we can do is agenda an item for the next meeting, so that if we still have no response from the bondholders or if the response is no then we at least have identified certain parcels for the board to consider us moving forward on.

Ms. Stuart stated sure, that is no problem. Of course, part of that discussion has to be how are we going to pay for that and what it would cost.

On MOTION by Mr. Welsh seconded by Mr. McCarthy with all in favor in Consideration of the Delinquent Assessments the Board is Postponing any Legal Action until the July 27, 2011 Meeting, Specifically Relating to all of the Coastoak Properties in their Delinquent Assessments for Fiscal Years 2010 and 2011 was approved.

Mr. McCarthy stated at the next meeting I will make a motion that we begin foreclosure proceedings, specifically on the parcel that is described as a resort and numbered 52210000025.

Mr. Perry stated we will bring back a map of the properties and we will also identify the properties that are delinquent and ones that we will recommend for consideration of foreclosure action in case we have no other information from the bondholders or their response is no and we will have an estimate of costs on the foreclosure actions.

B. Engineer

There being none, the next item followed.

C. Manager

Mr. Perry stated I sent out to you some proposed dates for a budget workshop and times. We were looking at either July 12th at either 1:00 p.m. or 6:00 p.m. or we could do it on the 27th, which is our regular scheduled meeting and we could either do it after the meeting or at night. The times are all open for this room.

Mr. Welsh stated I would recommend holding one after the regular meeting on the 27th.

Mr. Perry stated we will advertise it that the budget workshop will be directly after the regular board meeting on the 27th.

On MOTION by Mr. Bertsch seconded by Mr. Welsh with all in favor Scheduling a Budget Workshop for Directly after the Regular Board of Supervisors Meeting on July 27, 2011 was approved.

D. Field Operations Manager

Mr. von der Osten stated the I95 repair is complete of the irrigation and electrical lines. It was primarily a labor job. It was a broken water line at the elbow. It was probably about three feet before it entered into the casing. There are fewer joints in it this time than there were before and we have offset it from the electrical junction box as much as possible without getting near the fiberoptic lines. Hopefully this repair will last. Everything is up and running. I haven't received the final invoices yet but I will have those at the next meeting. It will still be several thousand dollars for the repair but it could have been a lot worse. We didn't lose too much in the way of landscaping. The other item I handed out to board members and staff is a proposal for forestry management of the conservation easement along Tomoka River for the gopher tortoise issue. Legacy, which I spoke with was the most eager and they came out and looked. They gave us a couple different options, which is on the third page of what I handed out. We have four easement areas and there is a map attached. The most inexpensive route is called "roller chopping." We didn't explore burning at this time. They feel that is not going to be a very viable and reliable option in the future considering the proximity of the homes. Roller chopping leaves it a little rough for just bush hogging. There is a photograph in here on what the roller chopping looks like afterwards. Some areas might be mowable after you roller chop and some may need to be more mulch it. You roller chop and then leave it for another year or two and then come back and see what you need to do. The initial expense will be the most expensive. To roller chop it, it will cost \$18,865 and then on top we have Legacy Forest, who is coordinating this effort with the agencies and contractors at a not to exceed \$4,100.

Mr. Welsh asked so this is going to cost \$4,100 plus \$18,865?

Mr. von der Osten responded correct. There are also some miscellaneous expenses, as far as surveying and I have shown them on here as a \$2,000 estimate. There is a possibility that we may have to do a tortoise survey. The Volusia 10 permit mentions a tortoise survey. Volusia two and five are earlier permits and they don't mention it.

Mr. Welsh asked is this included in the budget?

Mr. von der Osten responded we have \$25,000 in next year's budget.

Mr. Welsh asked but it is going to be more than \$25,000?

Mr. von der Osten responded this \$18,865 is based on total acreage, so we might not have to go in and roller chop the entire area. We are talking about on the north leaving a 20 or 30 foot buffer between Champions Drive for esthetics. It will likely be a few acres less than this.

Mr. Perry stated I would ask the board to defer any action on this right now until we get responses from the bondholders. We may look at having it hit in two years and maybe do the first two sections in August.

Mr. von der Osten stated Legacy Forestry is going to present the management proposal to the State Commission overseeing this to have it approved, so at that time we would be either asked to do the entire area or we would ask to do it over a period of two years. Any method we use, other than the burning, we have to send them a letter advising them of the method.

Mr. Perry asked do they have an idea of the length of time it takes for the agency to come back to them and respond?

Mr. von der Osten responded no, because every time they call the person they talk to has been laid off at the State Agency. They basically have one person left in Tallahassee they are talking to.

Mr. Zemball asked wouldn't we want to do it all in one shot because they are mobilized and then it is easier to maintain?

Mr. von der Osten responded after we roller chop then within three to four years we get to the bush hog stage, where all we have to do is go in with a tractor and bush hog it and it would cost \$3,000 to \$4,000.

EIGHTH ORDER OF BUSINESS

Supervisor's Request and Audience Comments

Mr. Jamie Rountree stated Team Rountree is not going to bill the CDD for the work that we did down at I95 because in essence, all we did was some digging. In last year's budget we cut our plant replacement budget back and we have lost consider jasmine, especially on the southern quadrants. I will get all that information to Kurt in advance of the next meeting.

Mr. von der Osten stated I do have it but I haven't had a chance to talk to you about it.

NINTH ORDER OF BUSINESS

Approval of Check Register

Mr. Perry stated included in your agenda package is a check register that totals \$70,091.68.

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

TENTH ORDER OF BUSINESS

Financial Statements as of May 31, 2011

Mr. Perry stated included in your agenda package are the financial statements as of May 31, 2011. For the November 1st payment I don't expect that we will be very close to being able to fund that debt service payment, so with this bond issue we will probably end up tapping the reserve. The 1999A bonds haven't been tapped in the past, so that will be new but for the 1999C bonds we will definitely tap the reserve, like we did in May and we will also tap the 2005 bonds. There is about \$83,000 on tax roll payments that we haven't received from O&M and we expect the bulk of that to come in through the tax certificate sale.

ELEVENTH ORDER OF BUSINESS

Next Scheduled Meeting – 7/27/11 at 1:00 p.m. @ Holiday Inn

Mr. Perry stated the next scheduled meeting is July 27, 2011 at 1:00 p.m. at this location. We will have a budget workshop directly after this meeting.

Mr. Welsh asked can we request to have Julio here on the 27th?

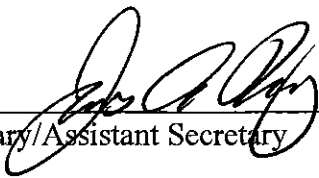
Ms. Scruggs responded yes.


Mr. Perry stated we will make sure that he understands that the board has asked for him to be there.

TWELFTH ORDER OF BUSINESS

Adjournment

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


Secretary/Assistant Secretary


Chairperson/Vice Chairman