

MINUTES OF MEETING  
INDIGO COMMUNITY DEVELOPMENT DISTRICT

A budget workshop of the Board of Supervisors of the Indigo Community Development District was held Tuesday, July 13, 2010 at 4:00 p.m. at the Conference Room at Cornerstone Suites, 1540 Cornerstone Boulevard, Suite 200, Daytona Beach, Florida 32117.

Present and constituting a quorum were:

Robert Welsh	Chairman
Kurt von der Osten	Vice Chairman
John McCarthy	Supervisor
John Zemball	Supervisor
Thomas Leek	Supervisor

Also present were:

Jim Perry	District Manager
Lynn Small	District Counsel (by phone)
Jamie Rountree	Rountree
Gary Moothart	Indigo Development, LLC

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Perry called the meeting to order at 4:00 p.m.

**SECOND ORDER OF BUSINESS**

**Discussion of Fiscal Year 2011 Budget**

Mr. Perry stated you were emailed a revised fiscal year 2011 budget. The revisions are based upon the workshop that we had the other day. I have gone through and made those changes and wanted to walk through them with you. On page one you have the budget itself on what was proposed and discussed previously. We have a new column to the right of that that is called changes and a revised for adoption. The maintenance assessments in the general fund were revised approximately \$75,000 downward for maintenance assessments. The I-95 funding agreement was revised down about \$18,000, which is the cost sharing portion of the agreement. Our annual audit was revised downward by \$3,500 to reflect the current bid that we have in for the audit. As a result of some of the changes we have changed and reduced the additional working capital, which is really related to the non payment of a portion of CoastOak properties downward by \$16,000. We have added a new line item, which is office expense. If you

remember we had in other categories, so we broke that out and that is for the Cornerstone office here. Under maintenance expenses I-95, the discussion at the last meeting was to zero that out, so that is what we have done. There was a lot of discussion on landscape maintenance and at that time the dollars we were working with was \$10,000. Utilities were also reduced by \$15,000 and a lot of that dealt with the timing of the lighting and a reduction of the time they would be light during the year. Repairs were reduced about \$2,000 just based upon actuals and discussion of staff. On page number two you will notice that the on-site manager was reduced approximately \$8,000 and that is related to the office expense that was allocated to the on-site manager. Our lake maintenance agreement was reduced almost \$12,000 based upon the contract we currently have in place. Plant replacements and annuals were reduced approximately \$5,000 based upon the scope of work and discussion here. Maintenance reserves, due to the situation with the District we have basically cut those in half and reduced that down to a level of \$20,000. Each of those changes was based upon previous discussions. There was a little bit of change in some of the narratives just based upon this; such as we added a narrative about the office, since that was a new line item. Then we made a couple of changes in the additional working capital, which is those dollars arising from CoastOak Group. The last page is the allocation of those assessments on a per unit basis. The last page is not correct. At the top of the page the assessments should be \$1,334,911. I will pull up my computer and see if I have that with me and I can give you the amounts for the per lots and per platted lots below. Based upon this revised budget what we wanted to do today was just go through it and see if there were other items the board wanted to address. We will have a meeting this month that we can refine certain items in the budget and when the budget is adopted in August you have the ability to change the budget at that time, also. We are somewhat ahead of the game.

Mr. Zemball stated the question I have is pertaining to one of the board supervisors managing the I-95 overpass. I thought it was dropped to zero?

Mr. McCarthy responded they did not like the idea of doing it for zero because they said you should be under their insurance umbrella.

Mr. Perry stated the board could contract with an entity to provide that service and that entity can have a supervisor as an employee but it is prohibited to have a supervisor as an employee of the District. Is that correct, Lynn?

Ms. Small responded yes. The supervisor would probably be seen as an independent contractor, which would require him to obtain his own insurance, which may make this proposed scheme cost prohibited. We had discussed having a volunteer basis; so long as our agreement between that supervisor and the District understood that the supervisor or whoever wants to volunteer their time would be personally liable for any mistakes or negligence that may be seen on their part. I don't think District Counsel would be opposed to a volunteer.

Mr. McCarthy stated the person that I talked to said if I can't fall under the umbrella the contract in which those people working at I-95 are covered. I might have to seek my own liability and it would be better to go ahead and put in \$100 a month and you could use that to pay for that liability insurance. Is that correct?

Ms. Small responded yes. If you were a volunteer or an independent contractor and I was your attorney I would be advising to obtain liability insurance.

Mr. McCarthy asked who would pay for that?

Mr. Leek responded you would have to pay for that. You could charge the cost of that as your fee, so if it costs \$1,200 a year and you charge \$100 a month then you use that to pay your extra liability insurance.

Mr. von der Osten stated the contract that is in place was a roll over. It has not been readdressed under the current world we are living in. I'm willing to readdress it. How we got to the \$3,600 number it wasn't based upon work at the interchange. The contract was broken down based upon how many dollars go to I-95 and how many dollars go to the community. There was an 82% and an 18% split just based upon the cost. I think a fair number for the interchange is \$3,600.

Mr. Leek asked and the current amount is the \$9,072?

Mr. von der Osten responded yes.

Mr. Welsh asked why don't we open it up and ask for proposals from other individuals who want to look at the job itself?

Mr. Perry responded you could ask for proposals. The total amount of fees does not require statutorily that it be done by the formal process. If that is the consensus of the board today then we could probably start because Hopping Green would probably end up doing a lot of the work. The action would have to be taken at a board meeting. You can't take action today.

Ms. Small stated we have done those before and I could just work from a prior one and probably move pretty fast with it.

Mr. Perry stated I would think that you would include this office being provided in the proposal.

Mr. Leek asked is it billed to Kurt's company or how do we do that now?

Mr. Perry responded the prior agreement that was with Kitson was modified when Kurt started. Kitson's fee included storage of all the documents, etc, so when Kurt took over the cost of the storage of the documents in this office space was netted for a net fee. His fee was reduced by that.

Mr. McCarthy asked is there a cost sharing agreement between the master architectural review and the CDD?

Mr. Perry responded when they used this conference room then the fees related to that usage reduces the cost to the District.

Mr. Leek asked is there an expiration date on the contract?

Mr. Perry responded I'm pretty sure all the contracts that the District has have a 30 day termination provision. The contract with Kitson didn't have an expiration date on it.

Mr. von der Osten asked what is the reason to send this one out for bid?

Mr. McCarthy responded the board has never considered the site manager position. Residents have never really participated in the process of evaluating site managers and what they do. There has been an individual wanting to propose for the site manager position and he was the opportunity to do that. I thought this would be a good time to go ahead and put together a package that we can use down the road.

Mr. von der Osten asked what is public information for this process? I wouldn't want my bid number shared with competitive bidders.

Mr. McCarthy responded we understand that. Is there a license needed for that position?

Mr. Perry responded no.

Mr. McCarthy asked are there qualifications that you would have to have?

Mr. Zemball responded proper insurance documentation and they would have to an established legal entity.

Mr. Perry stated the minutes of this meeting will be transcribed and it is a public meeting. I understand your wishes about the price but we can't accommodate that if it comes up.

Mr. Zemball stated as a board we could reserve the right to select based on our perception on qualification not only price.

Mr. Perry stated we would probably ask the board because you would probably want four or five criteria that you would want to evaluate the proposals on and one of the components would be price. We would probably also ask the board to come to a consensus on how you weight those criteria. There are no set guidelines as to what you have to exactly do. Lynn, I will probably get with you, so we can get an outline for the board for the next meeting.

Ms. Small stated that sounds good.

Mr. Leek asked, "Gary, do you have an opinion as to shutting off the lights at midnight?"

Mr. Moothart responded we don't necessarily have a problem with that. We do have a problem with the changing of the interchange and the way it is laid out and cutting back on the landscaping. We like it the way it is and it was approved by FDOT and maybe some other agencies. If we change it we would have to get permission to change it. The whole thing was designed and constructed to tie in with the Daytona Beach golf theme. We would like to leave it the way it is.

Mr. von der Osten stated I did pull from the file the application to the Florida Department of Transportation for the grid. The landscaping we are maintaining was all part of the original proposal from the oleanders on the ramps to the bunkers to the lighting, etc.

Mr. Welsh asked so any changes that we would make we would have to go back through a review process?

Mr. von der Osten responded there is a letter in there from the City and the LPGA. There are quite a few letters in support of it in the application to the state.

Mr. Jamie Rountree stated I understand what you are saying, which predominantly the one we discussed the most was the southeast quad bunker and grassing that end.

Mr. von der Osten stated we are talking about all of them.

Mr. Jamie Rountree stated if you are look at the northwest quad when Ranger came in and did their work in there that actually got extended almost all the way out to within 50 feet of the road. So going and actually making repairs to bring it back to what it originally was you are not opposed to but shrinking it and making it go away you would be opposed to it?

Mr. von der Osten responded right.

Mr. Gary Rountree stated it is more the damage they did to the area and nothing ever grew back and part of it was they caught that cloth underneath and drug it up, so now you have the cloth there.

Mr. Perry asked in regards to the field services, if we go out for proposals would the board consider having a proposal for field services for the District and then an alternate one for field services for the interchange?

Mr. Leek asked so you are talking about two separate requests?

Mr. Perry responded no. It would be in one document but it would be that they would provide a proposal for field services for the entire District other than the interchange and an alternate for just the I-95, so you can quantify adding on.

Mr. Zemball stated yes.

Mr. Welsh asked so this is the agreement between the City and the State of Florida?

Mr. Perry responded this is the planning document for the interchange.

Mr. von der Osten stated the question was what applied for in this grant on the interchange and that document is the landscape plan that was submitted.

Mr. Perry stated the agreement between the District and the City says that we will maintain that landscaping on the interchange.

Mr. McCarthy asked so we could go to the City and work with the City on coming up with an agreement between the District and the City?

Mr. von der Osten responded you can revise the existing agreement.

Mr. Zemball asked once the grant is issued they do an inspection and then it's final?

Mr. Perry responded you would probably have to get DOT to approve it also and you already have someone who is going to take a position against you at the City.

Mr. Zemball stated we were aiming for \$10,000 a year.

Mr. Leek asked how was that \$10,000 savings broken down? Was that just reduced maintenance due to sodding?

Mr. Rountree responded it was mostly in man hours. The overall total reduction in man hours fell between 250 and 285 depending on which scenario you went with and where we cut it. It was cutting back in your high time frame, which is hand pulling weeds and having to rack the bunkers. We have to bring the equipment in because we don't keep it onsite.

Mr. Leek asked what about rotation of plants or anything like that?

Mr. Rountree responded the budget before the last budget meeting had already taken \$10,000 out of plant replacement, so there is not really a whole lot left to take out. There are some oak trees on the overpass that are over 45 or 50 feet now, so I can't just replace those. You have to bring in cranes. Every year we are going to lose a certain amount of jasmine. You have to leave something in there for it. We cut it in half, so that is a pretty good chunk.

Mr. Welsh asked if the City would okay it and we would okay it but the Department of Transportation would say no that voids it, right?

Mr. Zemball responded if DOT says no then it's done.

Mr. Rountree stated I will also remind you that just by cutting back the lights you probably reduced your costs.

Mr. McCarthy stated I had forgotten about the up-lighting on the overpass and that is something that could be looked at if/when we do our LED lights.

Mr. Zemball asked you mentioned keeping the office in with the contract with the manager? We can't secure the office as the District?

Mr. Perry responded you can. We can either have in the scope that they provide their own location or the District provides it. We have to have certain records within Volusia County.

Mr. Zemball asked not within the actual District?

Mr. Perry responded no. They just have to be within Volusia County. We could store a lot of the records at Iron Mountain but the only problem is when you have to retrieve files.

Mr. Welsh asked wouldn't the vendor have to be insured or bonded for those records?

Mr. Perry responded we would probably have to think about what we would want to provide the vendor. They are going to provide insurance. Typically, they are not bonded. We can make it a provision that they are bonded.

Mr. Welsh stated I don't like these records being transferred out of our view.

Mr. McCarthy stated I certainly lean towards the CDD maintain this office.

Mr. Leek stated I think that makes some sense. We have a presence here. The records are here. Did you find your final page?

Mr. Perry responded yes. There is a wrong number of here. The top number the \$1,419,034 should have been \$1,334,911. The amounts below are correct. Previously we had \$431.90 for a single family unit or platted unit and it went down to \$422.54, so that number is right. Previously for un-platted units we had \$169.14, so it went down to \$151.18.

Mr. Leek asked so how many units of each of those do we have?

Mr. Perry responded we have total platted 1,939.68 units and un-platted is 3,734.10.

Mr. Moothart stated to me, the CoastOak money should be allocated because that represents both assessments due to the administration of the CDD and the maintenance of the CDD and if you don't allocate it between the two I think the un-platted lots have to share an unfair burden for that. In the old numbers the assessments for the un-platted lots went up by 125% or 130%, whereas the platted lots went up by not nearly that much. I did a worksheet and I gave it to Jim, which allocated the \$400,000 between administration and landscape maintenance. It trued up the increases a little bit.

Mr. Perry stated I will provide the board with the detailed allocations next time and show you what Gary is talking about. The way we have allocated this in the past was all of the administrative expenses we allocated against all the lots, whether they are platted or not within the District. The way the budget falls we have included that non-payment of CoastOak as an administrative expense. In theory what Gary is saying is part of that assessment that CoastOak isn't paying is related to non administrative expenses and that should be allocated the way we allocate our non administrative expenses, which a portion of that goes to the un-platted units at a less rate than on a one to one basis.

Mr. Zemball asked is this what we went through a year ago on how we assessed?

Mr. Perry responded correct.

Mr. Leek asked so the formula didn't change?

Mr. Perry responded no. Right now the increase is approximately 100% or a little over 100% for un-platted units and for platted units it is about 30%. Let's say out of that \$400,000 that CoastOak isn't paying there is \$100,000 worth of A&G and \$300,000 worth of O&M related to the field. They paid it on certain lands.

Mr. Welsh asked 55% of their land is being foreclosed on?

Mr. Perry responded they basically haven't paid on 75% of the lands that they own.

Mr. Leek asked do you recall what the difference would be under Gary's recommended allocation?

Mr. Perry responded I think it is the \$25 or \$30 range.

Mr. Welsh asked if this goes delinquent then who holds the majority in the IROA because you won't have it?

Mr. Zemball responded we don't have it now.

Mr. Welsh asked who is the master developer?

Mr. Moothart responded we are the master developer.

Mr. Welsh stated you should be running the IROA.

Mr. von der Osten stated you are the master developer of the DRI but the IROA is independent of the DRI.

Mr. Moothart asked you are saying under the IROA we have the majority ownership?

Mr. von der Osten responded no.

Mr. Moothart asked what if you don't collect their assessments next year?

Mr. Perry responded it is probably better dealing with the bank.

Mr. Moothart asked the bank will normally pay those?

Mr. Perry responded yes. And those lots are all improved and platted?

Mr. von der Osten responded yes.

Mr. Perry stated those will get snatched up quick.

Mr. Moothart asked do you know how far along they are in the process?

Mr. von der Osten responded I think it is relatively new. I received my first notice last month.

Mr. Perry stated for platted lots I don't see an issue, especially if they are fully improved.

Mr. McCarthy asked so have we settled the question about who is the master developer?

Mr. von der Osten responded as far as I'm aware it is CoastOak.

Mr. McCarthy stated the way it is written in the documents the master developer until there is less than 95% of the lands in the north.

Mr. Perry stated they have over 700 units in the north. We have 1588 in the north.

Mr. McCarthy asked how many platted units do they own in the north?

Mr. von der Osten responded they don't own any in the north.

Mr. McCarthy stated if they don't own any in the north then they are not the master developer.

Mr. von der Osten stated you would have to go back through the documents. Just remember the Developer of the DRI, Indigo Development is a separate glass of water here from the master association.

Mr. Perry stated the last thing you need from me is the last page revised to show what is proposed now, plus I'll work up what Gary had proposed to show you the differential if we allocated the shortfall of collections from CoastOak Group and the ratio.

Mr. Leek stated for every dollar you take off the un-platted you add two dollars.

Mr. Perry stated you sit as a board of adjustment and when you do your public hearing I would expect that Gary would propose his methodology. The board could take his input and react to it accordingly. If the board does not take what he suggests then they would have to decide what they want to do. The same with CoastOak Group they could take the same position.

Mr. Zemball asked can we have two of the identical worksheets with this breakdown and ours?

Mr. Perry responded I'll give it to you.

Mr. Welsh asked do we need to schedule another budget workshop?

Mr. Perry responded we can provide you the information and you will get the analysis that we just talked about at your next meeting. Then subsequently you will have the public adoption, which will be in August and the board can chose to reduce it or increase it or change it.

Mr. Leek asked did anyone ever calculate the cost of the proposal that Jubilee signed to the District for budget purposes? I know our monthly cost was approximately \$250. What was it to replace plants? Last week they went in and chopped four of them up.

Mr. Rountree responded it was done by the total area because you put so many plants every three feet.

Mr. Zemball asked vibertim is what we are putting in there now?

Mr. Rountree responded it is what I would suggest.

Mr. Leek asked so you are replacing all of the wax myrtle?

Mr. Rountree responded as they die. It is \$9,000 for plant replacement.

Mr. Leek stated I would just like to make sure that we know what the number is should we go through with the proposal. We have to add \$250 to income, so they can pay us their half.

Mr. Rountree stated \$250 if you remember was only 50% of the maintenance on it. The actual cost is going to be \$500.

Mr. von der Osten stated what I have here is 36, seven gallon vibertim.

Mr. Rountree asked for which side the north or the south?

Mr. von der Osten responded this was only for the corner.

Mr. Rountree asked did I give you a number on the vibertim?

Mr. von der Osten responded yes, it was \$1,908 to do the 36 vibertim and remove the root balls before you planted them.

Mr. Leek asked how much more would it be if they were the same height as what is existing now?

Mr. Rountree responded you would probably quadruple the cost and that is if I could get that plant material. It would almost be silly money spent because one year of growth they would be as high as they are now.

Mr. Zeball stated or we could trim the other ones down, so they could grow together.

Mr. McCarthy asked how much does it cost to repair one of those uprights?

Mr. von der Osten responded it depends if it just the ballast and bulb.

Mr. McCarthy asked would you say \$500?

Mr. von der Osten responded it would probably cost \$200 or \$300 to replace the whole thing.

Mr. McCarthy stated down Tournament there are at least 10 lights that are damaged. I am personally adamant about going ahead with the LED lights.

Mr. Leek stated the other option is we can replace the bad ones with LED if we do in a zone and a time. I technically don't know how you do that but if Tournament has half of them destroyed does it make sense to just replace Tournament with low voltage and save money there. There may be other ways to get it done piece by piece.

Mr. Rountree stated at the last meeting you were asking me about doing the irrigation in sections. I talked to a large commercial installer. I will tell you this is a job that Rountree will probably sub out. It can be made automated, as far as pulling the wires and setting up our stations and running off the same panels that our lights now run off of. The seven or eight electrical panels that we have we can run the wire and set up a control station for just that one if you wanted. In other words, one electrical panel may have two irrigation control stations with one going north and one going south. Our irrigation cost increase is going up steadily, not only month by month but year by year.

### **THIRD ORDER OF BUSINESS**

### **Discussion of Assessment Analysis**

There being none, the next item followed.

**FOURTH ORDER OF BUSINESS**

**Public Comment**

There being none, the next item followed.

**FIFTH ORDER OF BUSINESS**

**Adjournment**

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