

INDIGO
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, September 14, 2015 at 1:00 p.m. in the Holiday Inn Daytona Beach LPGA Boulevard, Ballroom, 137 Automall Circle, Daytona Beach, Florida.

Present and constituting a quorum were:

Robert E. Welsh	Chairman
Thomas G. Leek	Vice Chairman
John McCarthy	Supervisor
Donald Parks	Supervisor
Mark McCommon	Supervisor

Also Present were:

James Perry	District Manager
Katie Buchanan	Hopping Green & Sams
Kurt von der Osten	Field Operations Manager
Jamie Rountree	Team Rountree
Leigh Fletcher	Fletcher & Fischer (by telephone)

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Affidavit of Publication

A copy of the affidavit in your agenda package was for the August meeting. The ad for this meeting ran and I saw the affidavit but it is not included in your package.

FOURTH ORDER OF BUSINESS

Approval of the Minutes of the June 24, 2015 Meeting

On MOTION by Mr. Parks seconded by Mr. Leek with all in favor the minutes of the June 24, 2015 meeting were approved.

Mr. Perry stated Katie has drafted Resolution 2015-06 confirming that the meeting was canceled in August and the public hearing has been reconvened today and that we have advertised as such.

On MOTION by Mr. McCarthy seconded by Mr. McCommon with all in favor Resolution 2015-06 was approved.

FIFTH ORDER OF BUSINESS

Public Hearing Adopting the Budget for Fiscal Year 2016

On MOTION by Mr. Parks seconded by Mr. Welsh with all in favor the public hearing was opened.

Mr. Perry stated if you will recall we approved a budget earlier this year for general fund operating and maintenance and also the debt service funds. The budget before you today has some changes related to adjusting the reserve and lowering the assessments for this next fiscal year. In addition to that under Tab C is an analysis that shows the assessment allocations from 2007 through 2016 and you will see the total assessments at the top for those various years and under that is the unit cost per single family and/or assessment unit for undeveloped lands. Most of the board members will recall that in 2013 we increased assessments considerably because of non-payment by the bulk parcels, the undeveloped lands, and then we kept those at the same level for 2014 and last year we peeled back some dollars because we were very successful in collecting on our tax certificate sales, which we didn't know for sure when we started this process that would be the case. This year we are proposing a further reduction to the level of about \$407 per unit and \$109 per undeveloped unit. It gets us back to about where we were in the 2006/2007 timeframe. We still are sitting on quite a bit of cash with this but from a cash flow perspective we are in fine shape and even with this adjustment we will be fine for the next two years if not longer and that considers all the improvements we made with the lighting system and upgrades to the irrigation system. I wanted to draw your attention to that.

The only other major item that we have discussed before was the impact in regards to the I-95 funding agreement with Consolidated Tomoka, which we don't have in this budget and even

considering that we are still in fine shape. This year we made sure that we expended all the dollars related to the I-95 interchange because they are funding half of it.

Those are the major items that happened in the budget this year especially after what was approved at the May meeting.

Mr. McCarthy stated we are going to award the landscape maintenance bid. Is that reflected in this budget?

Mr. Perry responded it is not reflected in here what we have is the dollar amount we have under our current contract for both the I-95 interchange work and the communitywide work. In looking at the bids and I'm assuming you will go with the current provider because of the price and a number of other factors but looking at the levels of service, the alternate and even going with the higher level of service you have enough dollars in this budget and cash to do that for this year and next year and the foreseeable future too without any impact if that is the direction the board wants to go. If you will recall three or four years ago we had a cash flow crunch and that is why we went to the lower level of service.

Ms. Fletcher joined the meeting at this time by telephone.

Mr. Perry asked are there any questions in regard to the budget for this fiscal year?

Mr. McCommon stated at the last meeting you had the owner of those parcels promising to sign a new agreement. Has that been signed?

Ms. Buchanan stated I can cover all of that in my report. The short answer is it hasn't been signed but they have tried to comply with their payment obligations. I brought with me the documents to sit down with the chair and go over it before he executes the final form. I can go into that more under my report.

A. Consideration of Resolution 2015-04 Relating to the Annual Appropriations and Adopting the Budget for Fiscal Year 2016

Mr. Perry stated on page 2 section 2 we will be inserting these dollar amounts for the general fund, it will be \$1,059,407 the debt service fund for the 1999A bonds, which we are current on is \$77,500, the Series 1999C Bonds is \$683,200 and that is delinquent along with the series 2005 Bonds, which are \$1,036,338 for a total of \$2,856,445.

You will see under section 3 there is also a discussion of budget amendments and so forth.

On MOTION by Mr. Welsh seconded by Mr. McCarthy with all in favor Resolution 2015-04 was approved.

B. Consideration of Resolution 2015-05 Imposing Special Assessments and Certifying an Assessment Roll for Fiscal Year 2016

Mr. Perry stated under Tab B is consideration of Resolution 2015-05 imposing special assessments and certifying an assessment roll for fiscal year 2016. We will attach to this a copy of the budget and also the roll and when I get done today I will call my office because we have to certify this today to Volusia County so they have it tomorrow. That was part of the reason for the meeting. This is a standard form resolution it talks about the assessments and collection and so forth.

On MOTION by Mr. Parks seconded by Mr. Leek with all in favor Resolution 2015-05 was approved.

On MOTION by Mr. Welsh seconded by Mr. McCarthy with all in favor the public hearing was closed.

C. Assessment Comparison 2007 - 2016

This item included for informational purposes.

Item 8A – Attorney’s Report

Ms. Buchanan stated I wanted to explain that Leigh and I came to agreement on the form of that settlement agreement. She has transmitted it to her client but as some of you heard earlier Adam has left the company and Ashley Noonan has been stepping into his shoes so she is double checking with Ashley to make sure that she is fine with the changes. The changes don’t change the substance of the deal they are just details that we have been pushing through to finalize and expect that it will be finalized. With that expectation Leigh had asked her client to go ahead and wire payments that would have been due since the last meeting so that we will stay on track with the agreement as written. The first payment would have been due July 30th and that will be paid in full immediately then we will get back on schedule.

Mr. Parks asked are there any potential buyers in the pipeline?

Ms. Fletcher responded my understanding is that while they had NW 21 under contract again that fell through again so at the moment no but I'm happy to get an update for the board by the next meeting and also Ashley asked me to let everyone know that she would be calling in for the next meeting, she had a conflict today.

Ms. Fletcher left the telephone conference at this time.

SIXTH ORDER OF BUSINESS

Consideration of Proposals for Landscape & Irrigation Maintenance Services

Mr. Perry stated item six is consideration of proposals for landscape and irrigation maintenance services. The board has been provided copies of the proposals, the first one being from Rountree, our current service provider, and the second one from Servello & Sons and you also were provided a landscape selection evaluation criteria sheet. There are a lot of ways to rank these, we can go around and look at the points you each had done and see if there is consensus.

I can read mine into the record and see if there is consensus. The first one being personnel in regard to both of these the first one I will refer to as S&S I think they are qualified based upon their experience and I gave them 18. Rountree I gave 20 because they have been on this project for so long they know what the project is, their personnel are very qualified. The same thought process went into the second one with experience. S&S obviously does some districts and communities so I gave them an 18 and 20 for Rountree. Understanding scope of work and this one is a little different I gave Rountree 20 but I gave S&S 16 and that was primarily based on looking at their proposal and looking at their costs it seemed like they didn't understand the scope. Financial capability I gave both a 15, they are both financially capable. Price 15 to Rountree and I looked at going with the base plus the I-95 and then mathematically S&S had 12 points because their pricing was so much higher. On geographic location I gave Rountree a 10 they are right here and I gave S&S an 8, they are somewhat local but they are a little bit removed but I don't think that is an impediment. I came up with 100 points for Rountree and 87 for S&S and ranked Rountree one and S&S two.

On MOTION by Mr. McCarthy seconded by Mr. Leek with all in favor the evaluation outlined by Mr. Perry ranking Rountree no. 1 and Servello & Sons no. 2 was accepted.
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Mr. Perry stated counsel will get an agreement drafted. The question for the board is what level of service are you considering for the contract, the base level or the alternative one?

Mr. Parks asked could you give us a quick summary of the difference between the Rountree proposal year one is \$444,000 and the alternate is \$344,000? I think it had to do with the bush hogging and I wanted to make sure I was reading it correctly.

Mr. von der Osten stated it is frequency of mowing and rotation of plant materials, fertilization too. It doesn't change the boundaries of maintenance it is the frequency of maintenance. We looked at years prior to the bid and budgets were tied to ways to economize by cutting back in certain areas that are not as noticeable as other areas and that is the alternatives.

Mr. Parks asked what is your feeling?

Mr. von der Osten stated the original base levels is the best and is what it used to be maintained at until we started scaling back to the alternatives.

Mr. McCommon asked what will be done now that wasn't done last year?

Mr. von der Osten stated last year we wound up even though we were at the alternative we added on quite a few things because we did not like the appearance such as bush hogging around the lakes. It sounds great that you can only do it once a month but when you get into the growing season and it is knee high everybody driving by and is calling asking why aren't you cutting the lake banks so we started bush hogging on a regular basis. We added tree maintenance and that is included and annual rotation, we added some of the deleted annual rotations at the entryways. In reality we were following closer to the base level than the alternative last year.

Mr. Rountree stated when we were doing the bids we had to come up with a set number for the lake bank mowing so both could bid the same in reality it probably needs to be a couple cuts higher than that. Right now we are getting all this rain and it is like cutting hay when we go to cut them. Not only do they need it more often but from an economical standpoint for the company doing it, it becomes much harder to mow and takes twice as long.

Mr. Parks stated since we are in pretty good shape financially I would opt to go with the higher frequency.

Mr. McCommon asked which one is in the budget?

Mr. Perry responded the one in the budget now is basically the alternative.

Mr. McCommon asked how does that affect the budget?

Mr. Perry stated it is about a \$60,000 impact.

Mr. Rountree stated there are a lot of things getting done that are not in the alternative that I can't continue to do without compensation. The numbers are still lower than they were in 2004/2005.

Mr. Welsh stated I would go with the extra items because I think we need to get back to where we were.

Mr. Parks stated if you do the base price and ask for extras there may be the propensity to add on a little bit.

Mr. Rountree stated there are always extras we do throughout the year that I will take to him and he will take to you for approval but it is generally things that are outside normal maintenance such as redoing a median. What we are trying to do with this set up is our normal budget covers our basic maintenance.

Mr. Perry stated I will talk to Consolidated before the next board meeting. We will go with the base bid and not the alternative.

On MOTION by Mr. Parks seconded by Mr. Welsh with all in favor the base bid from Rountree was approved.

SEVENTH ORDER OF BUSINESS

Consideration of Audit Engagement Letter with Grau & Associates for Fiscal Year 2015

Mr. Perry stated item seven is consideration of the audit engagement letter with Grau & Associates for fiscal year 2015. It is based upon their proposal and the fee is \$5,200 and that is consistent with what we have in the budget.

On MOTION by Mr. Leek seconded by Mr. McCarthy with all in favor the engagement letter with Grau & Associates to perform the fiscal year 2015 audit was approved.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being no additional report, the next item followed.

B. Engineer

There being none, the next item followed.

C. Manager

1. Discussion of Meeting Dates for Fiscal Year 2016

Mr. Perry stated we do have to approve the meeting schedule for next year and included in your agenda package is not a monthly meeting schedule because we did switch some of the months. Is this consistent with what the board wants to adopt for next year?

Mr. Welsh stated if we look at this we miss December, February, April and July. I thought our mandate said we should meet once a month. The only reason I bring this up is there might be something that people want to bring to this board and if we limit those possibilities that is a lot of months we are not meeting.

Mr. Perry stated there is no statutory requirement in the number of meetings you have to have but practically you have to have at least two because you have to approve a budget and adopt a budget. We do have some districts that meet as infrequently as twice a year but that is not ones like yours and we have districts like yours and even bigger that meet every other month and we have some that meet every two weeks. It is really the desire of the board as to what you feel comfortable with.

Mr. Welsh stated I understand some of this but I think that is lot that we don't meet and shut down the public especially since we are in litigation process with NW 21 and it is my opinion that we should at least add two more meetings to that. I don't know if the rest of the board agrees with that. I'm sure there are a lot of people out there wondering what's going on with NW 21 and if we ever get a builder in there some of them are going to want to voice their opinion.

Mr. Perry stated I hear you but keep in mind that the district doesn't have any responsibility in density or product type.

Mr. Leek stated we can always call a special meeting.

Mr. Perry stated yes and typically we need about 10 days because we have to run an ad.

Mr. Welsh stated that is fine.

Mr. Perry stated unfortunately this last time because of the budget process we couldn't do it in 10 days because of the public hearing the lead time was longer.

Mr. Welsh stated until we get some of this litigation straightened out I don't want to feel like we have shut the doors on the public. As long as we can call a meeting in 10 days that is fine.

On MOTION by Mr. Leek seconded by Mr. Parks with all in favor the fiscal year 2016 meeting schedule was approved as proposed.

2. Establishment of SBA Account

Mr. Perry stated the next item is a resolution authorizing the district to invest funds in the Florida Prime. This is the State Board of Administration. As some of you may remember about five years ago the State Board of Administration where we parked our excess funds there was quite a bit of controversy and we pulled those funds out and are keeping them in a money market account. Even though interest is pretty low they do pay about 3 basis points higher than anyone else. We would like to transfer some funds into the State Board of Administration account. Probably 99% of all municipalities in the State of Florida invest in this. About five years ago there were a lot of issues related to it and everybody pulled their funds out, they have gradually stabilized it.

On MOTION by Mr. Parks seconded by Mr. McCommon with all in favor staff was authorized to open an account with the State Board of Administration.

D. Field Operational Manager

Mr. von der Osten stated the LED lighting is progressing, there was a hiccup in the manufacturer of the lights and those are coming in now. Basically the metal that was shipped to the manufacturer for the housing was not properly anodized so they sent it back and had to wait for the next shipment to come in and that held up the manufacturing of the light and held up the installation. They are projecting to be complete by the end of September.

The fountains on Champions have different displays than the previous fountains and I thought that might be a problem and asked if we could switch it out to what used to be there and I can get something similar but I have actually received several compliments about the new

fountain and the new lighting. I don't know if you have heard anything or had any feedback on the two fountains at the Champions entrance.

Mr. McCarthy stated it is softer and the lighting is great.

Mr. McCommon asked what about the International entrance?

Mr. von der Osten stated International Golf Drive those fountains are repaired, one was replaced but they are basically the same display.

Mr. Leek asked when did we approve the lighting project?

Mr. Parks stated it was quite some time ago.

Mr. Leek asked do we have a performance penalty clause in the contract?

Ms. Buchanan stated I don't recall if we had a penalty clause. I can check and let you know.

Mr. Leek stated I'm disappointed in the amount of time it has taken compared to what they promised.

Mr. von der Osten stated I have stayed in touch with Courteaux and they have been upset because they were geared up assuming the lights would show up at their office to install them. It was not an issue with Courteaux it was the supplier who had the issue with the aluminum housing.

Mr. Leek asked who checks those to make sure they are functioning? I noticed the other day one was blinking and one was out.

Mr. von der Osten stated I will check the contract and blinking would be a malfunction of the light itself.

Mr. Welsh stated they fixed that today.

Mr. Leek stated we struggled with this for a year and we finally get to the point of getting it done and we are waiting and it not only doesn't look as good but we are paying the higher electric bills.

Mr. von de Osten stated I will take those concerns to them.

Mr. McCommon stated you need to impress upon them that they have to live up to the commitment of being done by the end of the month. I understand some of it is the manufacturer but they have to take some responsibility.

Mr. Leek stated we did ask them about the availability of those lights at the proposal meeting.

Mr. Welsh asked Mr. Bertsch brought up the parks that there was a certain amount of land set aside for children's parks.

Mr. Perry stated that was with the City of Daytona and the state attorney. Did they ever finalize any of that, the children's parks they were looking at for district lands?

Mr. von der Osten stated it started and sputtered and I talked with a couple residents in Renar Golf Community identified a couple areas and that was prior to Renar turning over to the residents and I could never get an answer out of Jeff or anyone at Renar. That would be a great project now that we have a member of the board from Renar maybe we can move forward with that.

Mr. McCommon asked who is funding it?

Mr. von der Osten responded the HOA had a couple small parcels that could be utilized, the plan was to maybe transfer that land to the CDD and the CDD could fund a little bit of equipment for that land. It was no expense to the HOA it was a cooperation issue. It was a neighborhood project.

Mr. McCommon stated I don't know if they are aware of it unless somebody brought it to them before.

Mr. Parks stated I'm on that board.

Mr. Leek stated I think we need to be careful who owns the park. If it is the homeowners association it would be better if they owned it than the CDD from a liability perspective and they are right there to maintain it and we are not.

Mr. Perry stated there is more liability exposure if the HOA owns it versus the CDD.

Ms. Buchanan stated the CDD has sovereign immunity the HOA does not.

Mr. McCommon stated I can't speak for the entire board but I'm thinking the HOA wouldn't want to have that liability.

Mr. Parks stated probably not.

Mr. Perry asked you have the maps if you approach them about that.

THIRTEENTH ORDER OF BUSINESS **Next Scheduled Meeting – September 23, 2015 at 1:00 p.m. @ Holiday Inn**

Mr. Perry stated our next scheduled meeting is September 23rd at this location unless you want to change that. It is a week from today.

On MOTION by Mr. Welsh seconded by Mr. McCarthy with all in favor the meeting adjourned at 1:55 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman