

INDIGO  
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, March 22, 2017 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:

Thomas G. Leek	Chairman
Robert E. Welsh	Vice Chairman
John McCarthy	Assistant Secretary
Donald Parks	Assistant Secretary
Mark McCommon	Assistant secretary

Also Present were:

James Perry	District Manager
Katie Buchanan	Hopping Green & Sams
Jamie Rountree	Team Rountree
Sherri O'Donnell	Solaris Management
Kim Davila	Resident

**FIRST ORDER OF BUSINESS**

**Roll Call**

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

**SECOND ORDER OF BUSINESS**

**Audience Comments**

Ms. Davila stated I appreciate all the stuff that has been done lately around the subdivision it is really looking nice. I noticed that they are starting entryway painting by the LPGA building. Are they going to do all the entrances?

Mr. Perry stated I believe so.

Ms. Davila stated I'm not familiar with the bond issues and I know you recalculated those. Are you going to talk about the Hayman Wood default? In past minutes it mentioned the 1999A Bonds being refinanced. I'm trying to understand and you mentioned in the minutes that a couple of the projects being complete and there are \$725,000 outstanding give or take and you talk about 1999A and lowering that assessment.

Mr. Perry stated for clarification the 1999A Bonds are for just a couple subdivisions. It is not related to all of the homes within the district it is just those homes in that subdivision. That bond issue is very small and there are still some construction funds available and because it is such a small bond issue it is not economically feasible to do all the work to close it out and refinance it. The 1999C Bonds were allocated to everybody within the boundaries of the district, the North section and the South section. All landowners are subject to the 1999C Bonds and those are in default because of the Hayman Wood issues and the non-payment of their assessments. The 2005 Bonds are only related to what we call the South Area and there are Hayman Wood properties in there and because of those properties they are in default also.

Ms. Davila asked can't you refinance the bonds?

Mr. Perry stated I won't say you can't but the problem we have is we have so much land that is undeveloped within those bonds that it is not feasible to refinance. It would be different if we only had one or two parcels and everybody else was paying we could probably structure something to refinance that. With the large amount of land that they hold that is in default we are not able to structure a transaction that will work.

Ms. Davila asked in our master plan of LPGA how much land do we have that still needs to be developed?

Mr. Perry stated in total units there are probably 2,000 units.

Mr. Leek asked how many do we have built out now?

Mr. Perry responded almost 500 platted in the South section and most of those are done and in the North it is about 950 to 1,000.

Mr. Leek stated we have roughly 1,300 with 2,000 to go.

Mr. Perry stated if you remember when we went through and reallocated the bonds we also looked at what was feasible on certain parcels of land to make it reasonable and those are projections and that can change at any point in time. What could have been developed into a townhouse project maybe that is not marketable right now so you might have 50 townhomes where you could build 12 single-family homes.

**THIRD ORDER OF BUSINESS**

**Approval of the Minutes of the January 25,  
2017 Meeting**

Mr. Perry stated item three is approval of the minutes of the January 25, 2017 meeting. Are there any additions or corrections to the minutes? I have one change on page 9 that we will make.

There being no additional changes,

On MOTION by Mr. Parks seconded by Mr. Welsh with all in favor the minutes of the January 25, 2017 meeting were approved as amended.

**FOURTH ORDER OF BUSINESS**

**Options for Hayman Wood Delinquent Properties**

Mr. Perry stated I had communicated with Ashley about two and a half weeks ago reminding her the meeting was coming up and she didn't have an update for the board at this time.

Mr. McCommon asked have they been fulfilling the agreement?

Mr. Perry responded yes they have been making their monthly payment.

Mr. McCommon asked the comment I read in the minutes about the foreclosure and so forth is that even feasible since we made an agreement with them?

Ms. Buchanan stated until they default on their agreement I don't think we could move forward with foreclosure. The debt assessments could be subject to foreclosure but not the operation and maintenance assessments.

Mr. McCommon stated they intended to stay in default on the debt side.

Mr. Perry stated yes.

Ms. Buchanan stated that ultimately harms the bondholder it is not the district they are defaulting on.

Mr. Leek asked has there been any more discussion with the bondholders regarding what they want to do about it?

Ms. Buchanan stated I don't know what conversations Ashley may have had. Whenever I have checked in with trustee's counsel they don't have an update.

Mr. Perry stated the only thing I have is the trustee did ask to provide an updated roll, which is not unusual for them and to provide it to Lerner, which is a consulting firm that does a lot of work for the bondholders in different districts throughout the state. I don't know if

anything is going on with that or not they didn't share anything. That is not unusual that they use Lerner I'm just letting you know that maybe there is some work being done.

Mr. Leek stated maybe we should make an inquiry to see if there is any movement.

Mr. Perry stated we will double check.

**FIFTH ORDER OF BUSINESS**

**Consideration of Tree Options from Storm Damage**

Mr. Perry stated item five is consideration of tree options from storm damage and included in the agenda package were some proposals from Team Rountree. The first was to replace all the live oaks on certain roadways with Washingtonians and the second proposal is for replacement of the oaks.

Mr. Rountree stated the original is the one that was submitted right after the hurricane and it was brought up to price out the possibility of changing those out to Washingtonians like we did on Tournament Drive. We searched several nurseries and prices and that is the best price we could come up with. Not only do you have the cost of the new palms but the cost of the oaks to come out. I'm sure there will be some irrigation damage done when you are taking out the oaks and that is a hard number to project.

Mr. McCommon asked of the 167 on Grand Champion are they mostly dead?

Mr. Rountree stated you have 20 along Grand Champion Boulevard that were uprooted and enough damage done during the storm that they didn't make it. Those are the same ones that suffered when we had the irrigation lines cut in that area so they were probably weak to start with.

Mr. Leek stated I don't like what we did on Tournament Drive. Don't we have an original plan that calls for all those to be oaks not palms? Isn't that part of what the LPGA neighborhood's establishment was? The original idea was to have the canopy we have coming down Champion Drive.

Mr. Rountree stated that was the theme and that is why they were originally installed that way.

Mr. Leek asked how did we get the palm trees planted on Tournament Drive?

Mr. Rountree stated the oak trees that were originally planted there because of the soil conditions they kept going down every time we got a thunderstorm. We staked them, they would go down, we replaced them, they would go down, the conditions there didn't lend to good

conditions to grow live oaks. The board at that time authorized me to change them out to Washingtonians. We don't have that same scenario where we are talking about doing these. We were requested by that board to investigate and look to see what the actual cost would be if we decided to do that.

Mr. McCommon stated I would like to see what have to stay in place. The trees between the clubhouse out to the entrance on one side there is no sidewalk and the other side the sidewalk is set further back. Where I live the sidewalk is right there, the tree doesn't have enough room to get big enough to make have a canopy look.

Mr. Rountree stated on Grand Champion Boulevard our distance between the curb and the road and the sidewalk is probably twice that of anywhere else. When they did this portion of our subdivision they gave us more room.

Mr. McCommon stated the other thing is that some of those trees have been there 7, 8 and 9 years and they look terrible, they just aren't growing. My tree is probably one of the biggest ones on the road, I fertilize it and everything else but I don't think anybody else puts any effort into those trees to make them look like they have been there that long. I would love to see them grow enough to have that canopy but I don't see how that is possible. I had to have the sidewalk fixed by mine because there is not enough room and the trees are bumping the sidewalk up.

Mr. Rountree stated also keep in mind these trees are maintained by the CDD, the trees you are talking about are maintained by the individual homeowners.

Mr. Parks asked of the 167 trees on Grand Champions some of those are very large.

Mr. Rountree stated some of them have done pretty well. Probably the largest we have is about 10" across right now but keep in mind those trees went in, in 2004 right before the hurricanes we had that year. It might have been 2003.

Mr. Leek stated I suggest we go with the second proposal in the packet because it meets the original theme of the neighborhood and development and it is less costly than the other one.

On MOTION by Mr. Leek seconded by Mr. McCarthy with all in favor the proposal from Team Rountree dated December 12, 2016 in the amount of \$10,810 was approved.

Mr. Rountree stated we had a car wreck through an island and other than clean it up we haven't done any replacement. Most of it is original plantings that need to be replaced anyway and it is within our budget to do that.

Mr. Parks asked where do we stand on the reflectors?

Mr. Rountree stated they were on backorder but they are now in and by the end of next week they will be installed.

**SIXTH ORDER OF BUSINESS**

**Consideration of Addendum to Operations Agreement for Additional Lighting**

Mr. Perry stated item six is a placeholder from the last meeting for additional days to come out during the week. I talked to Kurt a couple days ago and my understanding was he was going to go back to the electricians in regard to this but I understand they have started coming out here more frequently and there wasn't an additional charge but he was going to confirm that.

Ms. ----- stated they were coming out two additional times during early morning hours.

**SEVENTH ORDER OF BUSINESS**

**Staff Reports**

**A. Attorney**

Ms. Buchanan stated we have a Capital Conversations being distributed and available for questions.

Mr. McCommon asked is there any chance that you might point out to us something that might be more applicable to what we are doing here?

Ms. Buchanan stated most of them are still in a state of flux. The session is only three weeks in and things will start to pare down and be more focused and I'm happy to do that.

**B. Engineer**

There being none, the next item followed.

**C. Manager**

Mr. Perry stated in looking at our financial situation right now and where we project to be by the end of the year and this will be refined by May but overall we are in a pretty good position. I know we have reduced assessments in the past and I wanted some direction from the

board I believe we could probably do some type of reduction this year in the 5% to 7% range. We have spent a lot of money over the past few years upgrading the irrigation system and doing improvements on that and the lighting has proved to be a good purchase for us to save electricity not only at the interchange but also throughout the communities.

Mr. Leek stated I'm all for reducing it as much as we reasonably can.

Mr. McCommon asked will this be put through in the new budget for 2018?

Mr. Perry responded yes. In May we will provide a proposed budget and at that time to give us some flexibility we might not put in the full amount of reduction we might only put in 3% or something like that and then in the August or September timeframe, which will be close to us closing out the year we will look at that and if we have enough funds to increase that we will. We can always go down lower but if we do 3% and approve the budget and if for some reason we come back to you and say we can't do 3% I can't increase it so we are stuck so to be conservative that is the approach we will take.

Mr. Leek asked what is the platted lot assessment right now, is it \$407?

Mr. Perry stated it is \$383 and a 6.4% gross up for the early payment discount so it is \$405 or \$407 for the O&M.

Mr. Leek asked if we look at our budget for I-95 and divide that \$116,000 by the total lots that would be the amount each lot contributes each year.

Mr. Perry stated everybody is assessed about \$45 per household per year.

Mr. Leek asked what is the total number of lots that we have that we assess that to?

Mr. Perry responded there are 1,490 in the North section that are platted and planned and 466 platted in the South area and each of those platted in the South and platted and planned in the north are charged \$45.49 and the South area there are approximately 3,000 units that are planned that are raw land and if you remember we go through an allocation for that and they are allocated \$8.36 per unit because it is just dirt and nothing on those units yet. With the I-95 we have budgeted this year \$116,000 our run rate right now is about \$17,000 favorable to budget and we will probably be reducing the budget for next year on the interchange because we not only have the reduction in the utilities but we did all those irrigation repairs in previous years they are pretty minimal now and we do have \$20,000 in there for irrigation repair and maintenance.



discussion but for everyone to understand what it really means for them right now and if it were fixed it is not as if their taxes are going to go down \$400, it is not going to happen.

Mr. Leek stated I think the website is a great idea and there are a couple other things that fit with that. We can show the chart of the assessments over the past whatever number of years and how they have gone down generally. We can show the total budget that was being spent and how we have reduced that over the years. In graphic charts we could put that out there and make it known to the residents.

Mr. McCarthy stated that is the problem handing it out to the residents so they can use it. I have found in my different activities that emailing they will just ignore it.

Mr. McCommon stated I can imagine there are many folks who don't even know the website exists or what it is. They know the CDD but they don't know there is a website.

Mr. Welsh stated I think as public representatives we should allow them a forum and a time to come and talk to us face to face.

Mr. Leek stated I agree that is what these meetings are for and I don't know that I would want to reschedule a meeting that we already decided we didn't need because we have one resident today unless whoever got them all fired up last month gets everybody fired up in April or May.

Mr. McCommon stated I would be concerned of showing up here in April and no one being here.

Mr. Welsh stated we say we have a light agenda and we cancel the meeting and they are not aware of this and something may come up. We had an incident when they all showed up one time and we didn't have a meeting. We still represent the public and we should allow them this forum. I agree sometimes we don't have an agenda that would warrant that but we shut the public out. They have a right to come to these meetings.

Mr. Leek stated there are a couple things we can do. We can go ahead and schedule a meeting every month and have a meeting every month. What we do on the city board of adjustments is they have a certain time period where if they want to be on the agenda or have questions they have to submit a form that says we are coming to the next meeting to talk about these things. We can do something like that where if residents have an issue they can let us know two weeks in advance, we probably couldn't schedule one that quickly.

Mr. Perry stated we have in our rules of procedure how the agenda is set, which is typically I set the agenda in conjunction with the chair and if there are any questions about an issue we add it. Usually we will accommodate the people.

Mr. McCommon stated I understand what you are saying too but there are some limitations in terms of making ourselves available for that. If they don't show up next month do we say we have to pick up a meeting in June because there might be some people who may show up? I think we had a discussion not too long ago about we were holding eight meetings a year and we have eight meetings scheduled for this year.

Mr. Leek stated it was a cost cutting measure because we save money if we don't have a meeting.

Mr. Welsh stated I think most of the people were concerned about the overpass and that is when they wanted to come to the meeting. We had quite a few here last meeting.

Mr. Perry stated there were eight scheduled. Just so you are aware you are not required to hold a monthly meeting. Some districts only have three meetings a year some have 24.

Mr. McCommon stated as long as everybody knows the website is out there that is one thing and I encourage us to take that step but not wait too long to get that information out there. What would it cost us to take that same material and mail it to every household?

Mr. Perry stated it is going to be pretty expensive. We have done mailings in other districts and just a one or two page mailing is going to be \$4,000 plus.

Mr. Leek stated we are talking about two things, one is are we going to have another meeting in April and the other is how do we communicate with everyone about the things that we know that they would like to know.

Mr. Perry stated we do have all the budgets on there, all the minutes, all the agenda packages, all that information is on there, the meeting schedule. I will get you the relative costs for each household for the I-95 interchange. I can put that in a simple format and attach it to the website and we can also put on there the chart of assessments that we do every budget time that shows over the last ten years what the assessments were and flag it for the next six months.

Mr. Leek stated I was going to suggest that you and I work together on that and look at a way to make it more clear.

Mr. McCommon stated maybe an FAQ type thing too because folks have a misunderstanding of the fact that because Hayman Wood is in default it is costing them more and

that is not true either. I think it could be an FAQ type thing whether you put it on the first page or not that says, does someone else's default mean my taxes are going up, no it just means the bond goes into default but it doesn't cost them more in terms of their assessment.

Mr. Leek stated we get most of that because we put it on the tax roll several years ago and because of that when somebody buys a tax certificate we get our money. If the certificate doesn't sell then we don't get the cash and that could impact them.

Mr. McCommon stated it hasn't yet. Because the bondholders have a clear understanding of the situation here they have decided not to take additional steps or aren't offering alternatives and that may be worth a discussion at some point to say how do you suggest we fix this. You are familiar with other CDDs I know we aren't the only CDD that has bonds in default or have had them in default. What if any resolution or solutions have been done that may be something we could look at?

Mr. Perry stated the first step is the way the bondholders to look at it and unfortunately it is \$8 million of bonds in default or whatever the number is, these bondholders are dealing with hundreds of millions if not billions and to get them to focus on this is impossible. That is the reality of the situation they don't have time for it.

Mr. Welsh stated it was just a suggestion and we can keep the May meeting.

Ms. Buchanan stated it sounds to me like you want sort of a state of the union for the district in writing and that makes complete sense. I just want to get an understanding of your timing because if you are comfortable waiting it would make sense to roll it out when you roll out the proposed budget because we would tie it to the budget and highlight the different pieces of the budget but if you feel an urgency then it can be a completely separate document.

Mr. McCommon stated if you are talking about the proposed budget is going out in May that is one thing if you are talking about September that is another.

Ms. Buchanan stated proposed budget.

Mr. Perry stated for the May meeting we will have everything ready a few weeks prior so we could put that letter on the website prior to the proposed budget.

Mr. Leek stated let's you and I talk about that.

Mr. Perry stated we have a district in Tallahassee that had a chairman's letter every year and I will give you samples of that. I think it is probably too long for this district but we can work on it.

Ms. Davila stated I understand a little bit of what is going on and I agree but when I got to the community a year and a half ago it is very complicated for people when you have the masters, then your own HOA and then other HOAs. A lot of people don't understand the CDD and the difference between the HOAs. When you talk about some people it is just \$45 and it is not much money per household but to some people it is when you are talking about older people.

Mr. McCommon stated I'm not saying it is insignificant but the view I got from some of the social media comments is people think this is going to save them several hundred dollars and that is the misconception I want to eliminate. I want to be sure that people understand the impact if that were to go away completely and that is assuming if it were to go away completely, which I don't think is likely to happen at this point in time.

Ms. Davila stated I think after 20 years it is time for it to go away because the principles of fairness are out of control.

Mr. McCommon stated it is a legal issue opposed to saying we can just walk away from it.

Ms. Davila stated back to simplifying things, they don't understand the bonds people don't understand when you are talking about A Bonds, B Bonds, 2005 Bonds and it is very complicated and I suggest you keep it very simple and spell out whether you are paying for sewer, storm drainage or whatever it is.

Mr. Leek stated it can't be too simple because it is very complex. We have ponds in this district that belong to the district, that belong to the golf course, belong to the city and belong to the various homeowners associations. You can't just say is the pond in my backyard your responsibility you have to look on a map and find out who owns that pond and who is responsible for it. We can try to make it as simple as we can but some of these issues are pretty complex and they can't be simplified too easily. One of the other concerns I have is when people move into the CDD it is disclosed to them what they have to pay, the documents are there what they are paying for, the website is there and that information is available to them. To me if I'm paying \$45 a year for the overpass it is well worth that to me to have that look good, it is a community investment it is well worth that to me but I knew that coming in that it was part of what I was paying. If I didn't want to do that I wouldn't have moved here and I don't want to sound like that person who says if you don't like it move that is not what I'm saying at all and not what I mean. If you enter into a contract to do something you have to do it or get sued or go

to jail or whatever it is that happens and that is where we are with the overpass. A contract was entered into many years ago, that contract had a loophole in it that let Consolidated Tomoka get out but there is no loophole for us. We would have to negotiate a new agreement of some sort with the city and maybe DOT and that is not going to happen.

Ms. Davila asked why isn't it?

Mr. Leek stated because the other parties are not interested in doing that. That is the main reason, the other reason is all the changes that are going to happen to that road who knows what it is going to end up being and who wants to pay. We don't have leverage because we are the ones that is paying. We started some initiatives at different times to try to learn who Consolidated Tomoka was charging for that, we also talked with some of the folks at the Automall and people like that and they are willing to participate at some level. We are stuck with the agreement and we have to work out ways to help fund it but by the same token it costs me less than \$4 a month and I have bigger worries than \$4 a month. Principles are great and I have a lot of principles too and I get into situations where I probably shouldn't just because of my principles.

One of the things we need to clear up on the website is what we are responsible for and what we are not, what we can do and what we cannot do because there is a lot of confusion about it. We will try to get something together to put on the website and the next issue was the meeting next month. Do we want to do that or not.

It was the consensus of the board not to schedule an April meeting.

Mr. McCommon stated I had a question about the painting of the signs or changing the signs. The golf course was able to go to somebody because all the golf course signs changed and somebody was able to create almost a plastic cover that went over the same spot and they look really nice. It might be less expensive than us talking about replacing our signs. I don't know who that was and it is just a suggestion on something we might look into.

Mr. Leek stated we can find out.

Mr. Perry stated Kurt can look into that.

Ms. Davila stated when you come in on the north LPGA entrance you replaced the flag and that is great and I think the Champions Drive sign is gone. When you come in on International Golf Drive the sign is turned around so LPGA is actually facing International Drive. Someone ran into the sign there by the golf course. Right past that the stop sign is tilted.

Mr. Rountree stated that one will actually be done today. I called that in a month ago.

Ms. Davila stated just painting some of those black signs, some need to be repainted. I went to a couple city commission meetings and since they got over \$2 million from the golf course sale I asked if they would do some capital improvements, resurfacing our roads and I was told by public works that their budget is \$700,000+ and to resurface our roads is \$800,000. Those roads are going to have to be resurfaced at some point and I want to keep up with Minto and I would like the community to continue to look better.

Mr. Parks asked who is responsible for maintaining the street signs like Tournament Drive, Champions Drive, Perfect Drive is that the neighborhood associations?

Mr. Leek stated we have always taken care of ours in Lionspaw Grand but we have a private road and I don't know if that changes anything.

Mr. Perry stated most of them are decorative.

Ms. Buchanan stated if they are decorative then they are definitely going to be the HOAs.

Mr. Perry stated if it is just a normal sign typically it is the city.

**NINTH ORDER OF BUSINESS**

**Approval of Check Register**

On MOTION by Mr. Parks seconded by Mr. McCommon with all in favor the check register was approved.

**TENTH ORDER OF BUSINESS**

**Financial Statements as of February 28, 2017**

Mr. Perry stated item ten is the financial statements of the district as of February 28, 2017 including the balance sheet, general fund, debt service funds for the different bond issues, capital projects funds and the only bond issue we have with capital funds is the 1999A Bonds, our fixed assets set of accounts and long term debt. After that is the statement of revenues and expenditures through February. Looking at where we are today and where we possibly will be at the end of the year we will probably end up with about \$2 million in cash in the general fund. That is the basis of what I was bringing up in regards to reducing some assessments this next year. After that are the debt service funds for the 1999A, 1999C, 2005 Bonds along with the capital projects and a month-to-month analysis of the revenues and expenditures.

Mr. Leek asked do you have a feel for how many tax certificates have not sold?

Mr. Perry responded they haven't sold them for this current year. It will start at the end of April.

Mr. Leek asked do you have any idea of how many didn't sell last year?

Mr. Perry stated there were a few I would have to go back and look.

Mr. Leek stated it would be nice to know what percentage of the revenue we actually received.

Mr. Perry stated I can do that.

**ELEVENTH ORDER OF BUSINESS      Other Business**

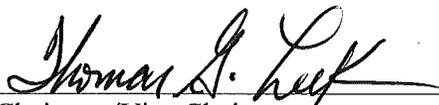
There being none, the next item followed.

**TWELFTH ORDER OF BUSINESS      Next Scheduled Meeting – May 24, 2017 at  
1:00 p.m. @ Holiday Inn**

Mr. Perry stated the next meeting is scheduled for May 24, 2017 at 1:00 p.m. in the same location.

On MOTION by Mr. Welsh seconded by Mr. McCommon with all in favor the meeting adjourned at 2:03 p.m.

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman