

INDIGO
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, May 15, 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
Donald Parks	Assistant Secretary by telephone
Mark McCommon	Assistant secretary

Also Present were:

James Perry	District Manager
Sarah Warren	District Counsel by telephone
Kurt von der Osten	Field Operations Manager
Jamie Rountree	Team Rountree
8 residents	

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

Mr. White stated between Sedona Circle and Bauer Circle is a large lake. Are there plans to put fish in that lake to deal with the weeds?

Mr. Leek stated not at this point.

Mr. White asked why wasn't that done when it was done in the other lakes?

Mr. von der Osten stated that lake is a little questionable because the majority of it is the city and that is the HOA side. Our lake maintenance company typically recommends where we can add carp and they have not recommended that lake. We can inquire of Aquatic Systems they handle the permit to install the fish.

Mr. Leek stated report back at the next meeting.

Mr. Rice stated I would like to know if bond defaults were a major issue over time and I think they still are. I don't know if we have an order in default on them. Just generally, the

entities that did the bond defaults and the principals of those entities have those principals been identified so that those principals are not allowed to re-enter the CDD area of interest in terms of any more property interests or taxpayers interests or any other governmental favorable interest? Considering the fact that they were prior principals in the entities that defaulted. Have those persons been identified so they cannot participate anymore?

Mr. Perry stated I don't really know how to answer your question. Keep in mind that there are a number of parcels that have not paid their assessments and the underlying debt associated with those parcels is in default. We will talk about future actions by the bondholders later on today but as a matter of law I don't know how you can tie individuals to additional dollars that the district may or may not use. This district hasn't provided any additional financing to those parties the district hasn't provided any additional services to those parties.

Mr. Rice stated so you have identified those parties and you know who they are.

Mr. Perry stated we know who the entities are we don't know the underlying principals in those entities.

Mr. Rice stated I'm talking about approving those individuals again for other interests when they have already shown a history of default.

Mr. Perry stated if they buy property out on the open market they can do that. We have no enforcement mechanism against that.

Mr. Rice asked are there any considerations under the PUD you can provide that you are withholding from them?

Mr. Perry stated we don't have approvals over development rights or anything of that nature. We are only associated with the bond debt that was issued to finance the infrastructure of the district and the ongoing operation and maintenance assessments.

Mr. Rice asked have you ever been asked for your opinion to illustrate the history of previous defaulters if they were to seek further governmental approvals for projects?

Mr. Perry stated it is not within the purview of this district. I wouldn't give my opinion in regards to that. I can only give my opinion as to what the district can and cannot do.

Mr. Rice stated you don't have to provide an opinion if you provide the history.

Mr. Perry stated the history is public information, for any parcel you can go to the Volusia County tax assessor and see what is delinquent and what tax certificates have been sold and things of that nature.

Mr. Leek stated that is all public record. I think what you are asking is can we do anything to prevent one of these guys that has been in a company that has defaulted from buying more land here and the answer to that is no. We don't have any power to do that. If someone wants to know about those people it is all in the public records of what they have done and what they defaulted, most of them are LLCs and things like that so you have to dig down deep to find the individuals.

Mr. Rice asked to your knowledge have there been any repeat offenders who are out there looking for big favors?

Mr. Perry stated I don't know what you mean by favors.

Mr. Leek stated I don't know that any of them have bought any more land but we don't grant any favors.

Mr. McCommon stated the default is on property taxes they are not paying the city can't stop them from buying other property because they are in default on such and such either. It is the same situation it is an independent transaction between the seller and them if they were to buy.

Mr. Leek stated I'm sure if they were trying to get favors from the city the city would probably not grant any because they know who they are. We don't have the power to grant any anyway.

Ms. Dauvivant stated in reference to the bond default and you are going to talk about Hayman Wood later but when you talk about it not affecting individual homeowners in a round about way if tax certificates don't sell it does affect individual homeowners for the bond assessments. If the tax certificate doesn't sell that is when it is reallocated against the bond assessment, is that correct?

Mr. Perry responded no, it never is. The bondholders take the hit if there is a default on that bond and it is not redeemed, the value that was associated with that parcel plus accrued interest. We don't reallocate.

Ms. Dauvivant stated we pay a certain amount on the bonds then if there is a default then the bondholders just take a loss.

Mr. Perry stated correct.

Mr. McCommon stated unless those parcels are sold and the bondholders are paid. As you may have seen with the sale of the golf course and they took in part of that acquisition some

land near the football stadium that then Consolidated paid the debt off on those portions but the fact that they paid the debt off on those portions also has no affect on the rest of us it was only on those parcels that the debt was paid.

Ms. Dauvivant stated I want to clarify that because when I talked to the city they were supposed to pay operation and maintenance assessments on that acre by the stadium and they said they did pay it and it was in the agreement. However, when we default we don't get the operations and maintenance so it does affect the homeowners. The O&M is written off in a tax certificate sale.

Mr. Perry stated no it isn't. When somebody buys that tax certificate Volusia County, the City of Daytona Beach, Indigo CDD gets paid.

Ms. Dauvivant stated so you are telling me that the acreage by the stadium all the O&M was paid in that deal.

Mr. Perry responded yes.

Mr. McCommon stated there will be no further collection or assessment there because it is not part of the CDD anymore.

Ms. Dauvivant stated I wanted to thank Kurt and everyone for cleaning up the LPGA Community, we had our entranceways painted. Is the blue part going to be changed out or is that going to be painted and if the marbleized can be touched up or anything done different.

Mr. Leek stated we have been looking into how to do that. Kurt do you have an update on that?

Mr. von der Osten stated we have gone around and around with the club and changing the logo. Literally at this point I was going to ask the board to repaint the blue and gold leaf for \$350 per monument today. I have that proposal and we jump up significantly to replace it.

Mr. Leek stated just leave the old logo up.

Mr. von der Osten stated as it is now there doesn't seem to be any movement. I have had several comments from Consolidated Tomoka on the condition of some monuments also and once again I expressed if you want to change out the logo then the board is looking for some cooperation. Absent that you can expect that we will repaint with blue.

Mr. Leek stated we will probably decide on that today that is on the agenda.

Ms. Dauvivant stated the sprinkler head coming in on the north entrance the timer must be off because at the end of the island it is out and some of the sprinkler heads spray into the

street. I know there were more sprinkler people coming out more. The flowers on Centennial are dead so I don't know if the flowers are getting watered correctly there or if something is wrong with the sprinklers.

Mr. Rountree stated we had another outfit doing work in there but when we leave I will make sure you get one of my cards. Anytime you see something like that just call the office and put in a maintenance request. As far as Centennial goes that is separate from the CDD Centennial is part of Lennar.

Ms. Dauvivant stated at the last meeting someone said Champions Drive coming in on the north that sign is gone. Those decorative black pole signs who repaints those? Last time it was said that the community HOA is responsible for repainting those black decorative signs. The one by the golf course is still tilted.

Mr. Rountree stated the sign was destroyed in the hurricane and we did recover the sign but it is not presentable to put back up and the pole mount has to be redone. Same thing for the speed limit sign on International Golf we are waiting for the pole to come in. When the new pole comes in we will do that.

Ms. Dauvivant stated I know we are at the mercy of the builders but the Kargar signs I know we have required round signs that are supposed to be for sale in yards and that Kargar sign in the entryway coming along Champions Drive is an eyesore in my opinion. The other Kargar signs going into Centennial are a little nicer.

Mr. Leek stated the first sign is going to be a Lionspaw community problem and the one on Centennial may be an HOA problem too. It is for them to address.

Ms. Dauvivant stated I know you have been picking up a lot of trash lately but every month someone is dropping a big pint or fifth empty bottle of vodka and I have picked up at least two of them. I walk all the way down and pick up trash and if we could have someone pick up trash a little bit more. It's looking better the community is looking beautiful.

Mr. von der Osten stated I will answer one part of her question. There is a little placard and also the molding, the stone, those have been pressure cleaned but they age over time. I was thinking of finding a test area on the side that is not visible and painting it.

THIRD ORDER OF BUSINESS

**Approval of the Minutes of the March 22,
2017 Meeting**

On MOTION by Mr. McCommon seconded by Mr. Welsh with all in favor the minutes of the March 22, 2017 meeting were approved as submitted.

FOURTH ORDER OF BUSINESS

Options for Hayman Wood Delinquent Properties

Mr. Perry stated the bondholders have engaged a firm out of the St. Petersburg area called Lerner Advisors and they have worked on a number of districts throughout the State of Florida for the last eight years in regards to the bonds that are in default. We have provided them detailed amounts of the tax rolls that have been submitted to the county over the years, some additional analysis of the delinquent properties that Hayman Wood GC Land has been involved with. They just started their due diligence on that and they are being hired by the bondholders so I don't think their reports will be public record. They are looking at options in dealing with not only Hayman Wood but potentially foreclosing on those properties and marketing them themselves they have done that in other districts. This is one of the last districts that they have really looked at most all other districts they have worked their way through not to say you are the only one there are a handful still in the state that have properties that are upside down in regards to their bond debt compared to what people think the properties are worth.

They are looking at the 1999C Bonds, which are allocated against all the properties within the district boundaries and the 2005 Bonds that are associated primarily with the south portion of the district.

I expect that process is going to take them at least two to three months to get through and hopefully, by the time we get to late summer we will have something additional to report to you. I do know that probably what has happened with the bondholders why this has pushed them to do something is the market itself with all the activity in this area and they have been getting quite a bit of inquiries through Hayman Wood and GC Land about specific parcels.

Back to your comments earlier I don't think the bondholders are going to cut a deal on one little parcel with the owners of all the other parcels that are in default or if they do there would be strings tied to it. That said these defaulted properties do not affect any other lands in regards to the bonds. They do have somewhat of an impact on our O&M to a certain extent.

Mr. Leek stated then we are thinking we might have more news in three months.

Mr. Perry stated I would hope so. Again, the costs associated with this are bondholder costs; the district is not picking up this study and review of the parcels so it is not public record.

We will be asking and I know counsel will be involved with them and our office will be involved with them.

FIFTH ORDER OF BUSINESS**Consideration of Resolution 2018-02
Approving the Proposed Budget for Fiscal
Year 2018 and Setting a Public Hearing Date
for Adoption**

Mr. Perry stated this is the start of the budget process for this next fiscal year, which starts October 1 and runs through September 30, 2018. We are looking for the board to by motion approve the proposed budget and then when we come back on August 23rd at our regularly scheduled meeting at 1:00 p.m. we will have a public hearing and ask the board to adopt the budget. If you will recall in talking about the budget this year previously and looking at cash the district has on hand and the ability to cash flow the district at this point in time we are looking for a reduction in assessments by about 3%. When we come back at our August 23rd meeting we hope to bring it down a little bit further but we would like to go along to make sure that all of our costs are in line. The reason why we have been able to reduce assessments is because of some of the programs that were done previously. Jamie's group did a lot with the irrigation and that has helped quite a bit in cutting down on some of the repairs and maintenance associated with that. The installation of the LED lights has greatly reduced our utility expense for electricity and also repairs and maintenance with that. Those are the two biggest drivers that have resulted in us being able to bring those assessments down. I don't see any reason we can't bring them down another 2% to 3% in August if everything still runs true to budget.

The operating and maintenance line items haven't changed substantially and it also includes the I-95 interchange costs and those are at a minimum they have been reduced over the years. Page 3 shows the funds available that we are looking at for the end of this year and realistically those will probably be where we fall out at about \$1.9 million cash available. The district needs on hand for the first three months about \$300,000 to \$400,000 so financially we have enough money to cash flow us for several years if we have issues with assessments and collections.

There are short narratives for the line items and towards the back is the debt service funds for the 1999A Bonds, 1999C Bonds and the 2005 Bonds and the last page shows the allocation of assessments to the platted lots in the north and south and raw land in the south area.

We feel pretty comfortable with the numbers and we will have some adjustments when we come back in August.

Mr. McCommon stated when you say a proposed 3% reduction on average what is that?

Mr. Perry stated I think it is \$10 or \$12 per unit per year and if we come back and reduce it another 3% it will be approximately a \$25 a year decrease.

On MOTION by Mr. McCommon seconded by Mr. Welsh with all in favor Resolution 2017-02 approving the proposed fiscal year 2018 budget and setting the public hearing for August 23, 2017 at 1:00 p.m. in the same location was approved.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

There being none, the next item followed.

C. Manager – Report on the Number of Registered Voters (1,632)

Mr. Perry stated we are required by statute to report the number of registered voters within the district boundaries each year and there are 1,632 registered voters within the district.

D. Field Operational Manager

Mr. von der Osten stated we have the reflectors and they are being installed. The fountain at International Golf has been sporadic, city work crews have been coming through and shutting off the water valve and we regularly turn it back on.

We have an irrigation leak under International Golf Drive and to repair that will require directional work from one side to the other. We anticipate that repair cost to be \$2,500 to \$3,000. It is tough to get a firmer quote because they calculate the final price based on the issues they run into. I will ask the board to approve an amount up to \$3,000 on that repair.

Mr. McCommon asked when is it scheduled?

Mr. von der Osten stated it is not yet scheduled. Once we get approval we will go forward with the repair.

Mr. Rountree stated it is a line we have had issues with before, the city came in and removed part of that road for us so we could make a repair but when that line was put in it wasn't sleeved so anytime there is a break you have to go in and take out part of the road to fix it. We are going to put a sleeve under the road so we can put the line through the sleeve.

On MOTION by Mr. McCommon seconded by Mr. Leek with all in favor an amount up to \$3,000 was approved for the irrigation repair/directional bore under International Golf Drive.

Mr. von der Osten stated going back to the signage one of the neighborhood directional monuments was hit by a motorcycle and the insurance adjuster said he approved it and would expedite it. Now that the majority of that cost is being covered by the insurance company in order to proceed the sign company is asking for a 50% deposit. Do we want to proceed with funding that deposit prior to receipt of the insurance check? The total replacement is \$6,900 and Graphic Design is asking for 50% deposit before they start on rebuilding the monument.

Mr. McCommon asked how much are we short on the insurance?

Mr. Perry stated it looked like they were going to pay within \$500 or \$1,000 of the cost.

On MOTION by Mr. McCommon seconded by Mr. Welsh with all in favor a deposit of \$3,250, which is 50% of the cost for signage repair was approved for the monument that was hit by the motorcycle.

Mr. McCommon asked how long will this take?

Mr. von der Osten stated he is ready to go and it will be less than two weeks for the repair.

We are also doing general maintenance of the neighborhood directional signs in the community, pressure washing, painting, changing out faded logos and that is ongoing.

Mr. Welsh asked how many street signs have you painted?

Mr. von der Osten stated we will do an inventory. O want to paint the blue entry monuments and it is \$350 per sign.

Mr. Leek stated until we get some help from the golf course we will maintain what we have.

Mr. von der Osten stated that is what I'm proposing they look pretty bad. We have four large ones and two small ones.

Mr. McCommon asked is that in our budget?

Mr. von der Osten stated I don't think there is a specific line item for that.

Mr. McCommon asked will that affect our budget negatively budget versus actuals?

Mr. Perry stated I think we will be fine.

On MOTION by Mr. Welsh seconded by Mr. McCommon with all in favor painting of entry signage was approved for an average of \$350 per sign for a total of \$2,100.

Mr. McCommon stated kids walking to the bus stop on Champions this morning about 7:30 or 8:00 a.m. were forced to walk on the road because the sprinklers were on the sidewalk. Somebody needs to adjust the timer.

Mr. Rountree stated I will check them all.

SEVENTH ORDER OF BUSINESS

Supervisors Requests and Audience Comments

Ms. Dauvivant asked with the I-95 interchange overpass redesign I would hope that this board of supervisors and the community as a whole would contact anyone and everyone necessary so that when they redesign that the agreement that was agreed to in the past for maintenance becomes obsolete. I would hope that you do everything in your power to make sure that another agreement leaves the LPGA Community out of maintaining that overpass. It is my understanding that in the agreement if the FDOT does anything such as redesign it voids the agreement.

Mr. Leek stated I'm not sure about that. I haven't read it recently.

Mr. Perry stated obviously, this has been a sore point with this board and previous boards for several years and they will do everything they can and staff is well aware of that. If we have the opportunity to make that agreement go away we will take every opportunity we can.

Mr. McCommon stated the burden would go to the state or the city and they are going to have to get agreement from the city to take over the cost that they don't currently have. If

anyone ever attended a city council meeting you understand how adamant they are about not spending money in certain circumstances and how that potentially could be something that we don't have control over. It doesn't mean we aren't going to try but understand it is not just getting an agreement with the state or somebody like that because the agreement is actually with the city.

Mr. Leek stated we probably all agree with you as to what it should be but we have to deal with what it actually is. That is not what it should be in our opinion. We are working towards that but it is not easy.

Ms. Dauvivant asked do you ever write letters to the city or DOT?

Mr. Leek responded I haven't personally.

Ms. Dauvivant asked as a board?

Mr. Perry stated I have written emails and obviously have attended several meetings over the last few years with members of staff when this item has been discussed. Several years ago the board engaged district counsel to try to draft an addendum to that agreement, which basically fell on its face. There has been money spent over the years to try to resolve that.

Mr. Dauvivant stated from what I hear I know you want to pursue it but you also sound like if they don't want to do it we will do it. Is that what you mean?

Mr. Leek stated we are obligated by contract to do it.

Mr. McCommon stated if they don't agree to a change we are limited.

Mr. Leek stated we have been plenty aggressive over time but we have no leverage. We have an agreement that says we are 100% responsible the fact that Consolidated Tomoka was paying half of it before based on that agreement but they had a loophole and they got out. We are stuck with the agreement that says we have to do that and that is based on grants and other moneys that were given to develop that from the state, the city and things like that. We have no leverage other than to say we will just cut it once a year but I think you will all agree that is not the right approach.

Mr. Dauvivant stated I disagree, sometimes you have to have a footing to stand on. The city is not going to want that place to look bad.

Mr. Leek stated I hear what you are saying and I don't want you to think we haven't done anything. We have to do it and there is a minimum maintenance standard in the contract and we have to do the minimum and we are not far from the minimum now.

A resident asked when they do the expansion isn't that contract voided?

Mr. Perry stated it depends on what they do.

Mr. Leek stated that is obviously going to have an impact on it and we will wait to see what that impact will be but nobody really knows yet what they are going to do. We have tried a lot of things, we have reduced the cost of that significantly, we have done almost all the capital improvements when Consolidated was participating in that cost so we have reduced the ongoing expense significantly. I will point out it is about \$4 per month per unit or about \$45 a year. The \$45 a year for the look of that interchange is fine with me, other people may feel differently but it is not the biggest problem we have had over the last few years when you consider the operating and maintenance fixed cost fees that haven't been paid by some of the people that were in default and we went through the process of putting them on the tax roll so we can get that back when the tax certificates are sold. We have done a lot of things to reduce the expense, the cost to each of you for the operating and maintenance piece that we are responsible for. It has come down significantly over the past several years. We are talking about another 3% to 6% reduction this year. We have acted responsibly in trying to negotiate things we can negotiate and tried to reduce the cost of things that we can't negotiate.

Mr. Dauvivant asked can we stop doing maintenance when they start tearing that up?

Mr. Leek stated that would happen if there is no maintenance to be done.

A resident asked has there been dialog with Minto or ICI or the Automall about voluntarily picking up a share of this?

Mr. Perry stated yes but there is no incentive.

EIGHTH ORDER OF BUSINESS

Approval of Check Register

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

NINTH ORDER OF BUSINESS

Financial Statements as of April 30, 2017

Mr. Perry stated you have the financial statements starting with the balance sheet as of April 30, 2017, general fund statement of revenues and expenditures, the debt service funds for the 1999A Bonds that are not in default, 1999C and 2005 Bonds that are in default, capital project funds that are set aside for potential improvements in the future from the 1999A and B

Series, a month by month financial analysis of the line items revenues and expenditures and as indicated on the assessment receipt schedule we are about 65% collected. We are starting to get revenue from the tax certificate sales and those will continue for another month or so.

Mr. McCommon stated on the GC Land after February there was no additional payment.

Mr. Perry stated I believe they made one in early May.

TENTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

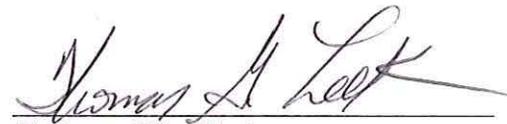
ELEVENTH ORDER OF BUSINESS

Next Scheduled Meeting – 06/28/17 at 1:00 p.m. @ Holiday Inn

Mr. Leek stated the next scheduled meeting will be June 28, 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 1:55 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman