

INDIGO
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, June 22, 2016 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	Assistant Secretary
Donald Parks	Assistant Secretary

Also Present were:

James Perry	District Manager
Katie Buchanan	Hopping Green & Sams by telephone
Kurt von der Osten	Field Operations Manager by telephone
Jamie Rountree	Team Rountree
No residents present	

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

Approval of the Minutes of the May 25, 2016 Meeting

Mr. Perry stated the next item is approval of the minutes of the May 25, 2016 meeting.

On MOTION by Mr. Parks seconded by Mr. Welsh with all in favor the minutes of the May 25, 2016 meeting were approved.

FOURTH ORDER OF BUSINESS

Acceptance of Minutes of the May 25, 2016 Audit Committee Meeting

Mr. Perry stated item four is acceptance of the minutes of the May 25, 2016 audit committee meeting.

On MOTION by Mr. Welsh seconded by Mr. McCarthy with all in favor the minutes of the May 25, 2016 audit committee meeting were accepted.

FIFTH 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 – Discussion of Tax Certificate Process

Mr. Perry stated by way of background, we had forwarded correspondence we received from an individual in South Florida to members of the board and said we would go through the tax certificate process at this meeting. In regards to that letter, that individual is involved in several hundred LLCs, their primary business is to purchase and sell tax certificates throughout this and other states. Take that for what it is worth in regards to this correspondence. The correspondence portrayed that there could be a workout method, a plan or something in regard to delinquent assessments, but keep in mind that in regards to those lands, bonds and past due assessments, the debt assessments are the real issue, and if he has anything to offer to the bondholders then he knows the process would be through the trustee. It is a lot more complicated than just saying I have a plan and you need to look at it.

If you recall, we had originally direct-billed assessments to HW CGC Land for several parcels in 2009 and 2010 and we subsequently decided to put on the roll the operations and maintenance associated with those parcels. The debt was already in default and if we layered on the debt those certificates probably would have never sold or they might have sold, we don't know but there was discussion with the bondholders and we did not put the debt service related to those lands on the roll. In regards to that a lot of the certificates did sell but also prior to that timeframe we recorded several documents related to the debt on the land and the O&M on the

land so that if anybody was to do a search of that parcel even though there are documents supporting those assessments in years past and the establishment of the district there is a document there to give them an update that there are a lot of past due assessments and be forewarned if you are going to buy these because it could be an issue down the road. What has happened is those certificates sell each year if the landowner doesn't pay their taxes. Included in the taxes is our assessment so they have Volusia County ("county") taxes and our assessment along with any other special purpose district assessment. Just like the tax bill on your house you have St. Johns River Water Management District assessments, there is a cadre of items that make up the property taxes and assessments. If the landowner does not pay those by March 31st that parcel is eligible for tax certificate sale. The tax certificate sale process is a bidding process and the bottom line is the bids start out at 18%, the lowest bidder interest-wise gets the certificate and pays the taxes due and a tax certificate is issued. The same process happens the next year if the property owner doesn't pay. If I am the certificate holder from 2011 I probably will buy the next year's tax certificate but sometimes that doesn't happen. You have some parcels that might have different certificate holders for each year. Eventually you can apply for a tax deed with the county. If you are the earliest tax certificate holder you can apply for the tax deed before the other certificate holders and when you do apply for it you bring everything current. The other certificate holders fall out and you own the land subject to our assessment and debt and so forth.

The process that was alluded to was that the County has been struck unsold certificates, which is correct. If those certificates don't sell, they revert to the County and when I say revert to the County, someone can still come in and make an offer and buy those certificates. After three years if the County has been holding a tax certificate, the land can go to the County. That parcel will go to the County and the process then, and in all the districts I have worked on and other members in my firm, it usually doesn't get to that point, something usually gets cured before it goes to the County. Let's say it doesn't get cured, what are the next steps. If it goes to the County, the County doesn't have a need for a parcel like NW 21 unless they are going to build a fire station or school or something. The parcel will go into their portfolio of lands that are not necessary for government use and then it will be sold as surplus lands. Somebody will buy that parcel from the County and it will be a formal bid process. When they buy that parcel what will happen is the debt assessments and all your O&M that have been past due are wiped out. But this is the interesting thing, debt and O&M are wiped out but going forward it is now a

private entity that owns the parcel, just like you or me. The debt has been wiped out but we can start collecting our O&M because they receive benefit. The district is in a lot better shape than the bondholders because they are going to lose their investment and their assessments related to that parcel. If you are a certificate holder in earlier years and a subsequent certificate has been struck to the county, you have to pay everyone else's certificate to get the tax deed or you hope someone else in that chain will do the same thing and pay you off, but if not you are going to lose your investment.

Mr. McCarthy asked has Volusia County picked up any of the certificates?

Mr. Perry responded yes for certificates, but no for tax deeds. It hasn't been long enough for the tax deed process.

Ms. Buchanan stated this is more of an issue for the debt service assessments than the O&M assessments because we re-levy those assessments every year. From an operations standpoint we are in a better position than the bondholders.

Mr. Perry stated I went through this with Mark on the phone because he knew he wasn't going to be able to be here today.

D. Field Operational Manager

Mr. von der Osten stated it has been quiet since the last meeting, mainly typical service requests, fountains, LED lights and lakes.

I have a proposal from Rountree and we do this every two years where the natural areas begin to encroach on our sod areas and Rountree cuts back 6 – 8 feet, the vines, tree limbs and everything else coming out towards the turf. The proposal for both roads is \$3,770, which is in the normal range for that type of work. I would ask for approval from the board to move forward with that.

Mr. Rountree indicated on a map the areas to be trimmed back.

On MOTION by Mr. Parks seconded by Mr. Welsh with all in favor the proposal for additional landscape trimming in the amount of \$3,770 was approved.

SIXTH ORDER OF BUSINESS

Supervisors Requests and Audience Comments

There being none, the next item followed.

SEVENTH ORDER OF BUSINESS

Approval of Check Register

Mr. Perry stated the next item is approval of the check register that is included in your agenda package and totals \$68,209.50.

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

EIGHTH ORDER OF BUSINESS

Financial Statements as of May 31, 2016

Mr. Perry stated under section eight are the financial statements including the balance sheet of May 31, 2016, statement of revenues and expenditures for the general fund. One thing we will be looking at for the budget meeting in August will be related to updating the projections for this year and we are still very favorable in a lot of areas to budget. We are also going to do some analysis on the electric because we are running really well to budget and see where we come out with all the LED lighting and so forth.

We also have the debt service funds for the 1999A Bond, which we are fine then the 1999C and 2005 we are still in default on those related to GC Lands. The financials stand on their own.

NINTH ORDER OF BUSINESS

Other Business

Mr. Perry stated we have been requested to provide estoppel letters for all the GC Lands as of September 30th of this year and GMS has to prepare those and do all the analysis on past due interest penalties and all that. We have done that several times before, I don't know where they are going with it they haven't told us but it is a little unusual that they are looking at all their lands. It is probably going to be over \$1,000 just to do that. That is for informational purposes and I'm at a loss as to why.

Mr. Welsh asked if we get a letter back from this firm and our next meeting isn't until August would we need a meeting before that if they come up with something or you would call a meeting?

Mr. Perry stated yes, we can always schedule a special meeting. We get letters from different individuals on different subject matters on districts a lot of times and just because you get a letter on something doesn't mean you have to react or take any action on it. At this point I

don't see anything. The real avenue he needs to go down is with the trustee and as you well know it takes quite a bit of time dealing with the trustee.

The two seats that are up for election I see you have qualified and are running unopposed at this point.

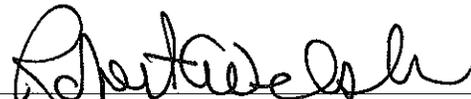
TENTH ORDER OF BUSINESS

**Next Scheduled Meeting – August 24, 2016 at
1:00 p.m. @ Holiday Inn**

Mr. Perry stated our next scheduled meeting is going to be August 24, 2016 at 1:00 p.m.

On MOTION by Mr. Welsh seconded by Mr. Leek with all in favor
the meeting adjourned at 1:17 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman