

INDIGO
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, August 23, 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 by telephone
John McCarthy	Assistant Secretary
Donald Parks	Assistant Secretary
Mark McCommon	Assistant secretary

Also Present were:

James Perry	District Manager
Katie Buchanan	Hopping Green & Sams by telephone
Kurt von der Osten	Field Operations Manager
Jamie Rountree	Team Rountree
6 residents	

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Audience Comments

Mr. Cardino stated I want to thank all of you for your service to this organization. I have a list of things and I know some do not apply to you; however, I am going to bring them to your attention anyway because I am now a member of an oversight committee of the Lionspaw Homeowners Association. As a member of Lionspaw my greatest concern is that after living many years I have seen really nice communities go downhill and start to lose the quality of their initial presentation because of little things that weren't taken care of over a period of time.

I'm going to start with the reflectors that were my idea when I came here the last time. Reflectors are designed to receive light a certain way, the reflectors that were placed on the island were set incorrectly and unless the light hits it, it is not going to reflect. We have all these white things on these islands that don't do anything they just sit there. They should have been

placed such that when light hits them they will reflect, notifying the driver that there is an island there. These are useless and do absolutely nothing.

The main entrance to our subdivision has two different color paints on it, two of the signs are painted gold the third sign was redone with yellow paint they said they were going to fix it but it is not done.

For sale signs, many people have to spend money to buy an LPGA for sale sign in their community; however, when you go into the Grand and I know this is a homeowners' issue but it has to be dealt with, there are two signs that say for sale on red signs and a phone number. They are not quality LPGA for sale signs.

Things like car tarps, we were told you couldn't have car tarps.

Who oversees all the homeowners that can bring to their attention that they are not doing their job as a homeowners' association?

The sidewalk on Champions Drive are you responsible for that or not?

Mr. Leek responded the city.

Mr. Cardino stated they took some kind of machine and cleaned the sidewalk from the entrance all the way down past Centennial. We have two rows of clean driveway on the outside, the middle and the inside and it looks like it was never cleaned. I don't know who paid for that but someone should have reported that they didn't do a good job.

I realize the homeowners are responsible for the entrances to various places. I ride through the subdivision and see grass growing through pavers, driveways that are not painted, mailboxes that are rusted and pitted. Why are these homeowner associations not taking care of it and we are on that now. We set up a website to do that. I believe the CDD needs to be aware of these things and I know you say you don't.

Mr. Perry stated they are residents of the community and they are aware of a number of these items but these are items that are outside the boundaries of the CDD. The things we can address we will, but we can't do anything about these items.

Mr. Cardino stated I understand but you should be aware of it. Who has the power to call the officers from every homeowners association for a general meeting? Does anyone? Does anyone know who does?

Mr. Perry stated you are asking questions that are not applicable to this district. We don't oversee the HOAs.

Mr. Cardino stated little by little the quality of this neighborhood is going to start to diminish. LPGA is a national acronym that is known nationwide and worldwide. When people pull in here they should see a quality community that we pay good taxes for and it is starting to diminish. I'm bringing that to your attention now and I'm going to the MARC meeting and I'm going to see if we can get all the homeowner associations together to discuss some kind of an LPGA initiative so we can say fix that mailbox, etc.

Mr. White stated in January I asked if anyone was going to put fish in our lake. I haven't gotten an answer from anyone. Are they going to put grass carp in the lake between Bauer Circle and Sedona Circle? In reading your past minutes that looks like it is part of the maintenance program with chemicals and fish.

Mr. von der Osten stated they put as much carp in as they can according to the permit with DEP and it is on a rotating basis, you will not get them every year. In that lake I'm not positive if any were put in.

Mr. White stated they were not put in there.

Mr. von der Osten stated it doesn't mean they haven't been. Your lake looks good.

Mr. White stated who is responsible for repairing the culverts?

Mr. von der Osten stated that varies depending on location if it is a city right of way or CDD property we have to look at that specifically. If you give me a location I can determine that.

Mr. White asked with the addition of Gray Hawk 2 and the lots in Eagle Marsh is that going to have any impact on adding homeowners to paying non-ad valorem assessments?

Mr. Perry stated no, every property owner in the district pays whether there is a house constructed or not.

Ms. Davila stated I don't want to rehash what Mr. Cardino said but my first time I went to a meeting it was a Master's meeting and Kurt was there and the only thing I said at that meeting was, why are you letting a beautiful community just get by. You have done a lot of things in this community since I have been coming to the meetings and I really appreciate it. I'm sure all the homeowners do and I second his passion for this community because I see the same things. It is a beautiful community it is LPGA name and we want to keep up with the times. I still see things that need to be done. The decorative signs some need to be repainted I don't know who is responsible. I brought up how it gets confusing for homeowners and a lot of people

don't want to get involved because they are living their lives but to me my community is our community and I would like to see it improved. It gets confusing and complicated when you have your own HOA, MARC, the masters, Indigo CDD and you always go to the HOA meetings and they always blame it on the CDD. I still see things like, the signs and the trash. I would like to see the model signs either taken out or power washed, the concrete stucco model signs are there are a reason. Why do we have three in Centennial that say model homes? The Kargar big sign was blown off by wind and then it disappeared. My HOA I told them to work with Kargar they don't want to do anything. Now there is a brand new Kargar sign and we have one blocking Centennial and then we have a model home sign made of stucco right there. Someone has to be accountable for all this stuff coming in here and I know the CDD doesn't want to be accountable. However, it goes back to the original developer that started this CDD, which still runs the masters in the background is my understanding.

Mr. McCarthy stated no.

Ms. Davila stated I don't even know if masters has a budget, I have never seen a budget, I have never seen a meeting since I went to that last master's meeting. I don't know what's going on either because I never see anything there is nothing on the website. Is it by law, statute, Florida Statutes that we are supposed to have a budget for the masters?

Mr. Leek stated most of us on this board are passionate about the community too and I wouldn't say that we don't want responsibility but we do have a specifically defined responsibility, which we take very seriously that we don't step out of. We are not legally chartered to do that. Many of the things you are talking about are homeowner association issues. The master homeowner association is the senior regulation writer and enforcer in LPGA. If somebody has a trashcan out too long and your own homeowner association isn't taking care of it you need to take it to the master, the same way with sign conformity and those kinds of things. We don't have the authority or the responsibility to do those things on the CDD. Ours is very specific it is set by regulation and even though we might want to we cannot do some of those things. I would say get with your representative on MARC and on your homeowners association. It sounds like you need to bring your own homeowners associations to their responsibility not so much the MARC but it sounds like the individual ones need to be held to their task. That is going to take the same thing that you are doing here, go to their meetings and make them accountable.

Ms. Davila stated I haven't seen a master's meeting posted in two years.

Mr. McCarthy stated you call it masters but it is the International Residential Owners Association and that is governed by the master developer. You have to find out who the current master builder is. They have meetings once a year. There should be one coming up in November.

Mr. Perry stated this is a CDD, we are a governmental entity under Chapter 190, Florida Statutes we do have limited authority as has been said by the chair and our oversight and responsibility for assets in the district are primarily the stormwater system, the landscaping, entranceways and maintenance of the I-95 interchange. The streets are owned by the city, they are not owned by the district. The sidewalks are owned by the city not by the district. The irrigation systems predominantly are owned by the CDD and the lighting systems within the community are owned by the CDD.

THIRD ORDER OF BUSINESS

Affidavit of Publication

A copy of the affidavit of publication was included in the agenda package.

FOURTH ORDER OF BUSINESS

Acceptance of the Fiscal Year 2016 Audit

Mr. Perry stated item four is acceptance of the fiscal year 2016 audit. There is a copy of the audit in the agenda package. The audit was issued June 30th and our prior meeting was June 28th so it wasn't available for you at that time and it has been submitted to the state. Most of the board members have been involved with the district for several years and the audit hasn't changed much. On page 1 is a clean opinion, which basically states in the CPA's opinion the financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities in each major fund of the district as of September 30, 2016, which is the end of our last fiscal year. Following that opinion page are the financials and notes related to the financials. On page 25 is the report on internal control and toward the end of that page before compliance with other matters it is noted that the auditors did not find any issues in regards to internal controls that they noted. On page 27 is the report in regards to compliance with rules of the auditor general and we met the requirements as prescribed under that specific statute. After that is the report to management and there is a finding for the current year in regards to the financial the condition assessment and that is related

to the bonds, the 1999C and 2005 bonds and this has been an audit finding since 2011 so you have 2011, 2012, 2013, 2014, 2015 and this year noted in this report where we are in default of the bonds because we have not made our debt service payments. The board is very familiar as are most of the residents in regards to certain properties have not made their annual assessment payments for debt service. There is nothing that this board is not aware of in regards to that. Item 2 is prior year findings and recommendations and that is related to the debt on those two bond issues. After that are some detailed items in regards to compliance with provisions of the auditor general of the State of Florida. There are no issues there other than on item 6 and that is in regards to the bonds where we basically said we are trying to do everything we can with the bondholders and trustee in regards to trying to get these bonds current.

You have seen this basic report for the last several years; there have been no changes in regards to that.

On MOTION by Mr. Parks seconded by Mr. McCommon with all in favor the fiscal year 2016 audit was accepted.

FIFTH ORDER OF BUSINESS

Public Hearing to Adopt the Budget for Fiscal Year 2018

Mr. Perry stated there were some minor changes that we made since what was approved, the biggest change was additional reduction in annual assessments and at this time we are looking at a little bit more than a 5% reduction in the operations and maintenance assessments for the district is what we are proposing. In regards to individual line items there were a few additions and corrections to that based on where we felt we could come out for the end of this year but overall the district is in a very good financial condition. We looked at taking and using some more additional funds to lower assessments a little bit more but based on where we are currently and this is a board decision obviously, we thought it might be more prudent that the board instead of using another \$50,000 to \$100,000 consider some improvements in the landscaping and things of that nature for the community enhancements. That is something that can be discussed and we can modify the budget going forward but we felt very comfortable that with the 5% reduction you still had some dollars that you could utilize going forward for those types of projects if you wanted.

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

Mr. Perry stated this is a public hearing. One thing I wanted to let the board know before we start with that is we sent you a separate email in regards to a sheet that was not included on the budget and this is a worksheet that shows that the proposed net assessments for single-family unit would be going down for operations and maintenance from \$383.21 to \$364.51. That is a net number, we gross that up 2% collection cost by Volusia County and 4% early payment discount. This board has approved the budget today is adoption of the budget and if the board adopts this budget then it will be certified on the tax rolls to Volusia County.

Ms. Davila stated my concern is the I-95 interchange and I hope that when a redesign comes in that you do everything in your power to get rid of that responsibility for the community as it is totally an outdated agreement. It is a ridiculous agreement and the original developer put us in this spot. That money can be going back to our community.

Mr. Leek asked how many years have we reduced the assessment?

Mr. Perry stated this is the fourth year in a row that you have reduced the budget, it started out at \$503 and over the last four years it has gone down considerably.

On MOTION by Mr. Parks seconded by Mr. Leek with all in favor the public hearing was closed.

A. Consideration of Resolution 2017-03 Relating to Annual Appropriations and Adopting the Budget for Fiscal Year 2018

Mr. Perry stated on page 2 of the resolution we will put in the numbers that have been discussed in regards to the general fund, which is \$1,101,929, the debt service fund for the 1999A Bonds is \$78,650, 1999C Bonds of \$301,890 and the series 2005 Bonds, which is \$87,804 for a total expenditures of all funds for \$1,570,273.

On MOTION by Mr. Parks seconded by Mr. McCommon with all in favor Resolution 2017-03 was approved.

B. Consideration of Resolution 2017-04 Imposing Special Assessments and Certifying an Assessment Rill for Fiscal Year 2018

Mr. Perry stated this resolution allows the district to certify the roll to the Volusia County tax collector so it will be a separate line item on your tax bill.

On MOTION by Mr. McCarthy seconded by Mr. McCommon with all in favor Resolution 2017-04 was approved.

SIXTH ORDER OF BUSINESS

Discussion of Hayman Wood Delinquent Properties

Mr. Perry stated Ashley Noonan with Hayman Wood provided an email yesterday to Katie. When they were making their payments they skipped a month in February and skipped a month in May. Those payments have now been made and we are up to date in regards to their \$3,000 monthly payment per that agreement that was put in place by the board. In regards to Lerner doing their review I provided them notice of the meeting for today, I haven't heard anything additional from them. I know they have been doing work and working with Hayman Wood but I have not heard anything as an update for the board.

Mr. Leek asked what are we expecting to see from that review?

Mr. Perry stated I don't know if the board will see anything concrete other than discussion. You are not going to get a written document probably because they are working for the bondholders and the trustee and if they provide a document to the board that is public record so I don't think you will get their report but they are going through and looking at every property that Hayman Wood has, what the relative marketability of that property is, what the debt assessments related to that property are, the taxes related to it, what the potential zoning could be, almost all the things that we did several years back when we reallocated the assessments. They are going through that process and I expect when they are done with that before they come to the board they are going to probably have discussion with bondholders trustee to know they have a deal and they might reallocate the debt or want to reallocate the debt or write off debt or things of that nature and they will ask the board for their concurrence.

Mr. Leek stated the bondholders are really going to be the ones that have to accept that deal.

Mr. Perry stated they are going to have to accept the deal. As you well know starting in fiscal year 2011 on most of the properties we put the operations and maintenance assessments on the property tax roll and this board has been collecting that not directly from the tax collector

through Hayman Wood but as tax certificates have been sold. We have been made whole pretty much for all of the delinquent operations and maintenance that were assessed to these properties. The debt service has been sitting aside in default since 2011.

I know it is a long process and hopefully there will be some resolution to it but I don't have anything else to give you today.

SEVENTH ORDER OF BUSINESS Acceptance of the Public Facilities Report

Mr. Perry stated item seven is a public facilities report and this is an overview of the district's assets and is done every seven years. It is a limited scope review by the engineer and he went through existing public facilities that the district is responsible for, which includes the stormwater management facilities, certain landscape, irrigation, lighting for roadways, it talks about the potable water system, which has been turned over to the city, the sanitary sewer system, which is turned over to the city so it is a general overview required by the Florida Statutes every seven years.

On MOTION by Mr. Leek seconded by Mr. Parks with all in favor the public facilities report was accepted.

**EIGHTH ORDER OF BUSINESS Consideration of Resolution 2017-05
Designating the Primary Administrative
Office and Principal Headquarters for the
District**

Mr. Perry stated Resolution 2017-05 is a formal resolution, which denotes the principal headquarters for the district, which is 1617 Ridgewood Avenue, Suite D, and also the primary administrative office of the district being my office location in St. Augustine, Florida. We have had these in place but this is to make sure if anybody is trying to serve the district in regards to litigation and things of that nature they do have a document and resolution. We are doing this with all districts to have it formally documented.

On MOTION by Mr. McCarthy seconded by Mr. McCommon with all in favor Resolution 2017-05 was approved.

**NINTH ORDER OF BUSINESS Approval of Minutes of the June 28, 2017
Meeting**

On MOTION by Mr. Parks seconded by Mr. McCarthy with all in favor the minutes of the June 28, 2017 meeting were approved as presented.

TENTH 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 the Meeting Schedule for Fiscal Year 2018

Mr. Perry stated next is the meeting schedule for next year, providing for meetings here at the Holiday Inn. Typically we will meet every month except for a couple months we skip. We have meetings scheduled for October 25, November 29th, skip December, meet January 24th, skip February, meet in March, skip April, meet in May, June, skip July then meet in August and September. If there are issues that we need to address we can schedule a meeting with at least 10 days notice. The October meeting was rescheduled to Monday, October 30th with the balance of the meetings staying the same as proposed.

On MOTION by Mr. Leek seconded by Mr. McCommon with all in favor the fiscal year 2018 meeting schedule was approved as follows: Monday October 30, 2017, November 29, 2017, January 24th, March 28th, May 23rd, June 27th, August 22nd, and September 26th.

Mr. Perry stated we will put the schedule on the district website with that change.

D. Field Operational Manager

Mr. von der Osten stated there are no major projects underway. The monument we replaced that was struck by a vehicle. Various logos have been replaced on community signage that had faded. Various entry monuments have been repainted. I had not noticed another

Ms. Davila stated I have already done that they won't do anything although it is in the docs. I guess Rountree has onsite managers, the master has onsite managers and I see trash in the neighborhood. Power washing on the sidewalk, I know the master and CDD split the cost, Rountree did it and two strips right down the middle of the sidewalk is what happened. Trees are trimmed up to Captiva and maybe a little on International Golf coming from LPGA. I don't know when the rest of the community is going to get done.

Mr. von der Osten stated we will take a look at the pressure washing. The tree trimming does happen over a period of a year it doesn't happen in one shot and typically it is in the slower time of the year.

A resident asked who is your engineer?

Mr. Perry responded the engineering firm is out of Sanford.

A resident stated that lady over there came to a Transportation Planning Organization meeting and she made an allegation, which was corroborated today that private homeowners in the CDD pay for the landscaping in LPGA interchange.

Mr. Perry stated that is correct.

A resident stated I'm going to have that private conversation with the district manager. When are the elections for the board?

Mr. Perry stated it is on a two year cycle, general election, there are three seats I believe opening 2018 and two in 2020. You have to be a qualified elector living within the district boundaries.

Mr. McCommon stated it was an agreement between the developer, the city and the state that they wanted an interchange put in to build this and it was in the agreement that the maintenance of it, not the roadways just the landscaping would be taken care of. When it became a public organization we inherited that agreement.

Mr. Leek stated the original agreement that was inherited included Consolidated Tomoka paying 50% of the cost. There was a loophole and they got out of it last year.

Mr. White stated I did look at the assessor's website and when Consolidated Tomoka bought the golf course they do get non-ad valorem taxes and they are paying, the golf course does.

A resident stated the grass around the lake was high and we kept calling and they said no it is the HOA no it is the city and we found out it is the HOA.

Mr. Rountree stated the problem with those areas is they are extremely wet, in June we got 10" of rain and in July 14" and you can't get a mower in there. Once they dry out we are on it.

TWELFTH ORDER OF BUSINESS Approval of Check Register

On MOTION by Mr. Parks seconded by Mr. McCommon with all in favor the check registers were approved.

THIRTEENTH ORDER OF BUSINESS Financial Statements as of July 31, 2017

Mr. Perry reviewed the financial statements that were included in the agenda package.

FOURTEENTH ORDER OF BUSINESS Other Business

There being none, the next item followed.

FIFTEENTH ORDER OF BUSINESS Next Scheduled Meeting -- September 27, 2017 at 1:00 p.m. @ Holiday Inn

Mr. Perry stated our next scheduled meeting is September 27, 2017 at this location. We emailed to the board a draft overview that the board requested that we work up, which basically outlines the responsibilities of the district and it has an overview of the financial statements, the rates that have been charged from 2007 to what was proposed today for 2018, also frequently asked questions in regards to general items of the district. For some reason I don't think the frequently asked questions are on the copy you have. If you have any comments email them to me and we will put this on the website. We have a few minor changes to make to it but you have seen this before, this is the third iteration and I think we are ready to put it on the website.

Mr. Leek stated I read it online and it looks pretty good. The pictures need to be pictures of LPGA, some of these are candid pictures.

Mr. Perry stated okay, why don't you email me about 20 or 25 and we will get those on there.

On MOTION by Mr. Parks seconded by Mr. McCarthy with all in favor the meeting adjourned at 2:02 p.m.

August 23, 2017

Indigo Community Development District



Secretary/Assistant Secretary



Chairman/Vice Chairman