

INDIGO  
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, August 24, 2016 at 1:05 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
Kurt von der Osten	Field Operations Manager
Jamie Rountree	Team Rountree

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Perry called the meeting to order at 1:05 p.m.

**SECOND ORDER OF BUSINESS**

**Audience Comments**

There being none, the next item followed.

**THIRD ORDER OF BUSINESS**

**Affidavit of Publication**

A copy of the affidavit of publication of the public hearing was included as part of the agenda package.

**FOURTH ORDER OF BUSINESS**

**Approval of the Minutes of the June 22, 2016 Meeting**

Mr. Perry stated item four is approval of the minutes of the June 22, 2016 meeting. Are there any additions or corrections to the minutes?

There being none,

On MOTION by Mr. Parks seconded by Mr. Leek with all in favor the minutes of the June 22, 2016 meeting were approved.

**FIFTH ORDER OF BUSINESS**

**Public Hearing to Adopt the Budget for Fiscal Year 2017**

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

Mr. Perry stated you have two resolutions in the agenda package. The first is Resolution 2016-02 in regards to the annual appropriations and adopting the budget. The second one is the resolution imposing the special assessments and certifying a roll to Volusia County. We have not made any changes to the proposed budget since what you originally approved a few months ago. We have updated our projections for the year and I do think the expenditures in the approved budget are consistent with where we want to operate the district at this time.

The one thing I want to mention and there is an additional page of the budget, page 3 Exhibit A. You will see on the exhibit at the top the beginning fund balance, which is funds that are available to the district at the beginning of the year was almost \$2,100,000. This year we are expecting to not collect about \$140,000 related to our operating expenses so we are in a negative cash position for this year. We budgeted for over \$1 million in assessments and we are keeping the assessment levels at the same level but we expect to only collect this year about \$730,000 and our operating costs are a little over \$800,000. We are going to have negative cash coming in, our cash outflows are higher than the receipts coming in. We are eating away at that \$2.1 million.

Mr. Welsh asked what was the reason for that?

Mr. Perry stated there were a number of parcels that the tax certificates didn't sell. They are available for purchase by anyone at this point in time but nobody is buying them right now.

Ms. Buchanan stated they will ultimately be struck to the county and after a couple of years there is a process that runs through and the county can sell them without any liens on them.

Mr. Perry stated my point in all of this is last year we were able to reduce the assessments a little bit because of our collections and this year we are not recommending that we do anything. Even though we are eating into that it is not a lot and it would be several years before you have to do anything. I think it is more prudent to just keep the assessment levels where they are.

Other than that everything else is what we discussed previously.

Mr. Welsh asked when we had anticipated revenue and we restructured everything we didn't have any wetlands that we thought was going to be buildable then we found out it is wetlands, right?

Mr. Perry stated if you will recall there were a number of parcels that were allocated more dense construction than what was available so some of those parcels have wetlands on them and some of them have more wetlands than what was originally anticipated. I think one of the biggest examples of that was one parcel that had a couple hundred units allocated to it but it was only eight acres and there is no way you can put a couple hundred units on eight acres and it ended up being 25 or 30 units allocated to that. Right now based on the engineer's study of all those parcels we feel pretty confident that the allocations are reasonable.

Mr. Parks asked on the GC Land settlement we are again budgeting zero but we collected \$30,000 this year.

Mr. Perry stated correct and we didn't budget it last year and they are continuing to pay us \$3,000 a month but I haven't budgeted for it.

The only other thing to note is we will start seeing the full effects of the landscape lighting in utilities. We are probably going to be almost \$20,000 favorable this year.

**A. Consideration of Resolution 2016-02 Relating to Annual Appropriations and Adopting the Budget for Fiscal Year 2017**

On MOTION by Mr. Welsh seconded by Mr. Parks with all in favor Resolution 2016-02 was approved.

**B. Consideration of Resolution 2016-03 Imposing Special Assessments and Certifying an Assessment Roll**

On MOTION by Mr. Leek seconded by Mr. Welsh with all in favor Resolution 2016-03 was approved.

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

**SIXTH ORDER OF BUSINESS**

**Discussion of Funding Plan for I-95 Interchange**

Mr. Perry stated item six is discussion of the funding plan for the I-95 exchange. Supervisor McCarthy had provided a document that we included in your agenda package.

Mr. Leek stated I read through all those things this morning and it looks to me like the city is responsible for maintaining the overpass and that improvement work that is stated is not assignable, which means what?

Mr. Perry asked are you referring to this 21<sup>st</sup> day agreement?

Mr. Leek stated it was in a couple places, after the “whereas” clauses and in the “therefores”. No. 4 on page 2 of the first agreement both parties understand the city will be responsible for providing all future maintenance responsibilities contained within the highway beautification grant memorandum of agreement.

Mr. McCarthy stated page 1 references an agreement between the city and us.

Mr. Leek stated yes to cooperate.

Mr. McCarthy stated I have not seen that agreement.

Mr. Leek stated that was my question at the end of reading all of this, where is that agreement between us and the city?

Mr. Perry stated we can provide that to you. I don't have my booklet with me but if you remember we put all those documents together and bound them. We will get that to you.

Mr. Leek asked what does that agreement say?

Mr. Perry stated that is part of the grant.

Mr. McCarthy stated the one I remember seeing between us and the city is the mowing and just the mowing that the city would mow 26 times a year and that is the only agreement.

Mr. Leek stated I think we have to see that before we do anything. Did anyone read that differently than the way I read it?

Ms. Buchanan stated I read it that they are agreeing to future maintenance responsibilities I don't read it as precluding assignment.

Mr. von der Osten stated there is an interlocal agreement between the district and the city on maintenance because the CDD could not go to the DOT for the grant application the city had to go. The city would only do it if the CDD agreed to the maintenance obligation. What is in the city agreement between the city and district is pretty minimal requirements, it is basically what was in the DOT requirement.

Mr. Leek stated point no. 14 on 4 of 6 says the same thing the city shall be the responsible party.

Ms. Buchanan stated we now have it pulled up and section 4 of the agreement reads that the city has applied for certain grant moneys to fund the construction, installation and/or maintenance of certain improvements and services for the proposed LPGA Boulevard and I-95 interchange. The district agrees to cooperate with the city in ensuring the proper maintenance activities are performed at the proposed interchange. It describes the landscaping to include mowing, installation and maintenance of lighting and irrigation, fountains and additional foliage and shrubbery at the interchange. The district agrees to reasonably assist the city in the disposal of reuse and reclaimed water by utilizing such and the city agrees that the district shall incur no rate, charge or fee for the reclaimed water then operation and maintenance.

Mr. Perry stated although it does have responsibilities it does talk about the city doing the cuts, the mowing.

Ms. Buchanan stated the responsibilities are broken out this way, all the mowing at the interchange shall be performed by the city, 27 cuts a calendar year. The city shall also perform necessary routine waste and garbage. The district shall be responsible for the maintenance including repair of the interchange landscaping. The district shall in no event be responsible for construction or installation of other improvements.

Mr. Leek stated so we are responsible for the landscaping.

Ms. Buchanan stated yes.

Mr. Welsh asked how much is that a year?

Mr. Parks stated \$126,000.

Mr. Perry stated that is landscape and utilities. The actuals this year are going to come out \$82,000 and we budgeted \$116,000 for this past year. We were pretty fortunate this year in that the biggest item was all the irrigation repair work that you did.

Mr. Rountree stated as of today we have another one.

Mr. Leek asked is there a term on that agreement?

Ms. Buchanan stated there is not.

Mr. Parks asked what does maintenance include?

Ms. Buchanan stated I think this is where we have to go back and review. Arguably it references the grant in connection with the construction, installation and/or maintenance of the

improvements so I think they would argue that maintenance includes whatever the conditions of the grant were. I believe we are maintaining it at a higher level than that.

Mr. Perry stated we have cut back on the level of service over the years.

Ms. Buchanan stated it still looks pretty fancy to someone who drives up and down the interstate all the time.

Mr. Rountree stated I walked it this morning and it is very deceiving when you are going 70 mph down the road versus when you are on the ground. We reduced how many times we cut the palms to two, one in the spring and one in the fall and realistically it needs four. The bunker on the southeast quad we have pretty much let the grass grow into it and grow over it because it was never designed well. We don't cut the spartina but twice a year and normally we cut it four times a year. When I took that over in 1998 I took 46 dump truck loads of debris off that overpass because of the way it was being maintained to those previous standards. The specs for example the mowing alone was 27 time a year and we mow it 42 otherwise it looks like a hayfield after you cut it. It was cut at the same rate they cut the highways.

Mr. McCarthy asked when a palm tree dies are we responsible to replace it?

Mr. Leek stated I would say yes, we are.

Mr. Rountree stated we have worked diligently to keep our costs low especially since the exit of the shared costs with Consolidated.

Mr. Perry stated Kevin's position was there were other businesses that would be interested and we looked into possibly the Tangier Outlet Mall the CDD being a party to it but that is under the control right now of Consolidated.

Mr. McCarthy asked what happens if we just stop?

Mr. Perry stated there is a default provision in here that says the DOT takes it over and charges you back.

Ms. Buchanan stated there is no default provision in the agreement I'm looking at meaning there is no \$100 per day penalty or anything like that. What would likely have to happen is the city would sue you under this agreement for specific performance and then you have a judge decide that you had to do that.

Mr. McCarthy stated we are responsible for maintaining everything that is out there right now and we cannot let it disappear.

Ms. Buchanan stated I would like to see the specs but they are not included in this one but Kurt or Jamie might have it and that is worth looking at to confirm.

Mr. Perry stated some additional information for the board I know it doesn't provide any comfort but there are a number of CDDs throughout the state that have enhanced landscaping that they maintain that are interchanges and/or highways. The biggest one is probably on C.R. 210 in the Nocatee development Jacksonville. If you ever go up there, there is a four-lane bifurcated highway with palm trees for probably seven miles and that community development district, which is going to be 15,000 homes they maintain that whole interchange. That is the agreement that was worked up with FDOT. I know it doesn't provide comfort but it is not unusual to have district staff have these types of arrangements and it is borne by that community even though it is a public road that everybody can use.

**SEVENTH ORDER OF BUSINESS                      Acceptance of Audit Committee's Recommendation**

Mr. Perry stated the audit committee met immediately prior to this meeting and ranked the no. 1 firm as Grau & Associates and the no. 2 firm was Berger Toombs, no. 3 was McDirmit Davis and no. 4 was Carr Riggs.

On MOTION by Mr. Welsh seconded by Mr. Parks with all in favor the audit committee's recommendation of the audit committee was accepted as follows: Grau & Associates no. 1, Berger Toombs no. 2, McDirmit Davis no. 3 and Carr Riggs no. 4.

**EIGHTH 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 Fiscal Year 2017 Meeting Schedule**

Mr. Perry stated you have in your package the meeting schedule for next year and it is scheduled here at the Holiday Inn and there are no conflicts with the dates listed. We can cancel meetings or add meetings if necessary.

On MOTION by Mr. Welsh seconded by Mr. McCarthy with all in favor the fiscal year 2017 meeting schedule was approved.

**D. Field Operational Manager**

Mr. von der Osten stated I have proposals for pressure washing the monuments at the entrances for a total of \$8,725 with a two year warranty.

Mr. Leek asked is that repainting the old logo sign?

Mr. von der Osten responded yes.

Mr. Leek asked what would it cost to replace those blue signs with a new logo sign?

Mr. von der Osten stated I believe we did have a proposal in the past for that.

Mr. Leek stated rather than repainting the old logo we talked to Consolidated Tomoka about assisting in that and sharing the cost of that because it is their logo.

Mr. von der Osten stated I recall it was a substantial number in the \$4,000 to \$6,000 range to change out the logo.

Mr. Leek stated we might talk to Mike Glenn to see if they are ready to do that.

Mr. von der Osten stated it would be a good time to do that when we are painting and refurbishing.

Mr. Parks asked can we get a firm price on what it would be to put the new logo up?

Mr. von der Osten stated yes.

Mr. Parks stated the fountain pools at the entrance on Champions have algae.

Mr. von der Osten stated we do put chlorine tablets in those and the problem is it rains, or the irrigation or the sump stops working and they get flooded and it washes the chlorine out and we end up with untreated water, which gets algae quickly. This time of year it is a maintenance issue due to the heat and lack of rain.

Mr. Rountree stated we are actually lower in the month of August for rainfall totals than we were in July and July we only had 7/10 of an inch.

**NINTH ORDER OF BUSINESS**

**Supervisors Requests and Audience Comments**

There being none, the next item followed.

**TENTH ORDER OF BUSINESS**

**Approval of Check Register**

Mr. Perry stated the check registers total \$122,784.26.

On MOTION by Mr. McCarthy seconded by Mr. Leek with all in favor the check registers were approved.

**ELEVENTH ORDER OF BUSINESS**

**Financial Statements as of April 30, 2016**

Mr. Perry stated the financials through July 31<sup>st</sup> are included in your agenda package and they are the same as was included in the budget that we just adopted.

**TWELFTH ORDER OF BUSINESS**

**Other Business**

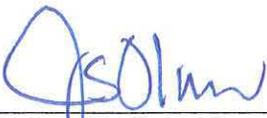
There being none, the next item followed.

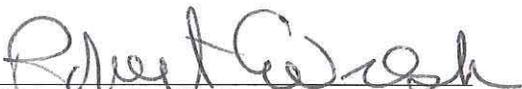
**THIRTEENTH ORDER OF BUSINESS**

**Next Scheduled Meeting – 09/28/16 at 1:00 p.m. @ Holiday Inn**

Mr. Perry stated the next meeting is September 28, 2016. I won't be here but someone from my office will be here.

On MOTION by Mr. Welsh seconded by Mr. Parks with all in favor the meeting adjourned at 1:46 p.m.

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman