

INDIGO  
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, November 29, 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     | District Counsel by telephone |
| Kurt von der Osten | Field Operations Manager      |
| Jamie Rountree     | Team Rountree                 |
| Jane Rountree      | Team Rountree                 |
| 15 Residents       |                               |

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Leek called the meeting to order and Mr. Perry called the roll.

Mr. Perry stated I would like to move the field operations report towards the front of the meeting because he has a meeting conflict.

**Field Operations Report**

Mr. von der Osten stated we had some issues with the lighting and when we find the short we will have a permanent fix. Pressure washing along Champions Drive starting from the north entrance on LPGA is scheduled to begin next week. We are hitting the bad areas, this is not the entire community. Daytona Public Works has been notified of street drainage issues on International Golf Drive and the practice range by the clubhouse. In the south we had a drainage issue with a lot of standing water and we installed a drain to take the water off the road and over

to the canal. We had an electrical issue at the I-95 interchange that will be taken care of this week.

Mr. McCommon asked do you have an update on repairs to the sign?

Mr. von der Osten stated a mason is doing the work on Catriona and I have another referral to contact. The goal is to have it done before the holidays.

**SECOND ORDER OF BUSINESS**

**Audience Comments**

Mr. Jones stated there was a light pole that was knocked down at the corner of Champions and Tournament that is at a 30° angle. Is that getting fixed?

Mr. von der Osten responded yes, the city was doing underground work there and I asked them to correct the issue.

A resident asked is the city responsible for the paving? A lady on Jubilee had a very bad fall she just had spine fusion and she fell.

Mr. Leek stated if you are talking about the sidewalks that is the responsibility of the city.

Mr. McCommon stated if you call the city about any sidewalk issues and advise them of the issue they will come out and inspect to see what the issues is and they will arrange for a repair.

A resident stated if you go to the City of Daytona website there is a place to report a concern and get as many of your neighbors that you can to go on the website and complain.

A resident stated I addressed my concern to Kurt about the new reflectors installed in the medians. As you turn into Tournament they are not working at night. He said he would get new ones.

Mr. von der Osten stated we should have them within a week and then Jamie will have them installed.

Ms. Ramer stated I would like to know what that money added onto my property taxes, \$803.10 is for.

Mr. Leek stated the is the annual assessment and is for all the things that are done to keep the common areas in good condition, mowing, the streetlights and all the common ground type repairs.

Mr. Perry stated it is a non-ad valorem assessment with two components, one is the annual operation and maintenance costs, which includes landscaping, fountains, ponds, etc. and

that can change annually, the other component is the debt service related to the 1999C bond issue and 2006 bonds. Those are 30 year bonds and those were used to pay for the infrastructure of the district when it was developed including the roadways that were turned over to the City of Daytona Beach, the utilities, stormwater system, etc.

Ms. Ramer stated then that never ends.

Mr. Perry stated the debt service ends after 30 years and think of the operation and maintenance like an HOA fee, as long as you have things to maintain you will have that fee.

Mr. Leek stated that fee is set when we adopt the budget and we did reduce it this year again.

Mr. Grasped stated I just moved here about five months ago. Does that section include the median and exit of LPGA?

Mr. Perry responded yes.

Mr. Grasped asked in the future if we as LPGA residents are paying for that what is going to happen with Margaritaville, ICI Homes and virtually even ICI Homes will have more homes than LPGA has. Is that fee going to come down in time? Why are we maintaining LPGA?

Mr. Leek stated we are contractually obligated to do that. It is an agreement that was put in place way back when the overpass was originally built. In the past Consolidated Tomoka paid half of the cost of the maintenance. They opted out of their contract two years ago and right now we are obligated. We would love to have a citizen committee meet with the people who benefit from that like Margaritaville, like the Automall and people like that. We need to try to get some help but we are contractually obligated and no one else is obligated to help.

Mr. Parks stated Consolidated Tomoka formed the CDD and typically when CDDs are set up and until they have a certain number of residents the developer controls that board. We now are on the board but back then they controlled it they also could make an agreement with the state and the county and city to get that overpass put in and they put in the CDD agreement with those entities that we would maintain that. Whether we like that or not legally and contractually they did that with no sunset, at no point did it say that this would end. Up until two years ago they shared that cost with us, which amounted to about \$55,000 a year and we paid the other \$55,000. They had an option to get out of it two years ago and they opted to do that. Therefore, the entire burden remains on us.

Mr. Leek stated the overpass was built with grants, which is one of the reasons the agreement exists.

Mr. Grasped stated my taxes are double here what they were in Indiana and my house barely has a 30 foot front yard and I'm paying \$5,000 plus \$800 for the overpass area.

Mr. Leek stated that is not just the overpass but we can give you the amount it costs for the overpass. Part of your tax bill, which is the maintenance for the CDD that we control we have continually reduced that over the last several years. We are doing the best we can with what we have control of.

Mr. Grasped stated in the future with all the development is LPGGA taxes going to continue to go up. Rumor is that Margaritaville's taxes are going to go down.

Mr. Perry stated those areas are outside the district boundaries they are not part of this district at all, Margaritaville and everything on the other side of LPGGA.

Mr. Parks stated their approximate monthly dues for their HOA is going to be close to \$300 once it is built out and that is \$3,600 they are paying and you take your homeowner's assessment along with what is in your taxes and in some cases it will actually be less. They are promoting that they don't have a CDD but their homeowner's association costs are significantly higher than any of us pay so there is an offset. We did this calculation a few meetings ago and this is a round number but it is approximately \$45 per year per homeowner to maintain the overpass. I understand everybody doesn't like it and I'm not saying that I like it but it is not a significant part of the cost.

Mr. Grasped stated we know something has to be done with the roads because of traffic, it is bad now and we are just in the construction phase. Is that going to be tacked onto our taxes for the new road improvements? Is that going to be passed on to ICI and Margaritaville because the roads were adequate before the new development.

Mr. Leek stated we really don't have anything to do with that but the developers pay an impact fee for that and it doesn't involve our taxes.

Mr. Mathis stated at last year's meeting it was discussed that the city had a responsibility for the overpass and you were going to approach the city and say that it is in the agreement that they were to maintain some of the overpass. Has that been gone through?

Mr. Perry stated yes and last year they paid us approximately \$8,000 and it is about the same for this year. The total cost budgeted this year for the overpass is \$108,000 and we typically come in under budget.

A resident asked what makes up the \$108,000?

Mr. Perry responded FP&L for lighting, landscape maintenance, irrigation and pond maintenance.

A resident asked who distributes that money?

Mr. Perry stated the district.

A resident stated the maintenance seems very high. Where can I get a breakdown of that?

Mr. Perry stated there is a website, [indigocdd.com](http://indigocdd.com) that will have the budget for this year and several previous years. There is a detailed roll that is submitted to the county each year and if you get with me after the meeting and give me your name and address we can send you the roll, it is going to be several thousand line items on there by each parcel number so each house has a parcel ID and each bulk parcel has an ID also. Assessments are about \$400 per developed unit.

A resident stated through my experience I have seen bonds get extended past the initial timeframe.

Mr. Perry responded they have not been extended. By statute they can't be issued for more than 30 years. Once it is paid off after the 30 years, they are paid off. The other component of the assessment is the operation and maintenance, which is the landscaping, electric, all the items in the district and that goes on in perpetuity.

A resident asked why doesn't the Automall and those other businesses help pay for the interchange?

Mr. Leek stated they have no obligation to do so.

Mr. Parks stated Jim and I met with a representative from the Automall two years ago and we have made attempts but they are unwilling to pay anything.

A resident stated last December you approved a motion to pressure wash the sidewalks in the subdivision and I guess it was if the IROA was going to split it with you, you were going to pay up to a certain amount. What is the status of the pressure washing? Last month you said you were just going to do the bad spots.

Mr. Rountree stated we did the initial and we had some areas that were skipped in the past and those areas were to be done again. We have a new truck and outfit and are going to start in the beginning and run it right through. Most of the areas even the ones that have gotten bad again have already been done once they need to be done again. At some point we will put forth to the board and IROA a program to make it a permanent part of the budget so it is an ongoing program. The biggest challenge to the sidewalks is that we have reclaimed water and a lot of shade with the oak trees. By the time we get to one end of the subdivision the other end needs it done over again.

Ms. Mathis asked who cleans those stones that says Daytona Beach LPGA and who is trimming the palm trees because now the cherry picker is gone?

Mr. Rountree stated that is Team Rountree, we started on the project and there is no way I can have people up there working on the weekend with Black Friday. That equipment was pulled out and when we go back the equipment will go back and we will have a full crew not one crew trying to get as much done as they can. It almost has to be done on Saturday because otherwise the traffic on that road puts my people in too much danger.

Ms. Mathis asked is the city responsible for the pavers at LPGA and Champions Drive? There are little ruts on there now.

Mr. Rountree stated periodically the city will come in and pull those up and do repairs. Kurt will contact the city on that. Typically two or three times a year we try to go up and clean the rocks. That is surrounded by jasmine and I'm limited on the products we can use to clean them.

Ms. Davila stated I am still opposed to the maintenance we have to do on the I-95 interchange. I would like to get away from doing it and the problem I have is there is no consistency, you trim half of Champions Drive and then stop, go to I-95 interchange and I think the money should go to our community. You guys are doing a great job it looks a lot better I just wish if you were going to trim the trees on Champions Drive that you would finish Champions Drive. We have an onsite manager and the lights are on half the time on Champions Drive, half are on and half are off. I know we are having problems with the entry fountains and I prefer the I-95 fountains not be fixed compared to our community. The sidewalks are ground and I think the masters association and the CDD split the cost of doing the sidewalks and spent \$13,000 on

that. The city grinded them from free, they are city sidewalks, city roads, city pavers, city trees and we are paying for them to be trimmed.

Mr. Leek stated they are not city trees.

Ms. Davila stated we have over \$1 million in landscape in all the communities and the CDD and we have no oversight when it comes to Margaritaville or Minto tearing up the front end of our communities and people dumping lawn clippings in the front of the community. We pay \$30,000 for oversight and we pay extra for someone to check the lights occasionally.

Mr. Leek stated you may not have been here when he gave his report but the electrical problem with the streetlights is being addressed, the sign is being addressed.

Ms. Davila stated everybody's entrances should look good.

Mr. Rountree stated the front entranceway where they are doing all the work is a right of way so it is a right of way that they allowed us to upgrade the landscaping on it. The CDD has no control when they come through there and tear up the entrance.

Ms. Davila asked when are we going to trim the trees on the major roads all the way?

Mr. Rountree responded January and February.

Ms. Jones stated I appreciate everything Jamie has done. We live next to a vacant lot where you cleaned it up. Is that going to be a regular maintenance fee once a year?

Mr. Rountree stated that is a conservation area.

A resident stated we were assessed a one-time fee for putting in perennials at the entrance.

Mr. Perry stated it wasn't a district assessment.

A resident stated Rountree does a great job, I'm really impressed with them. How long has LPGA been established in that area?

Mr. Perry stated the district was established in 1995 and the development order was probably in 1990 or 1991.

A resident asked is future development going to be done? I know Eagle Homes is going to open a new section by my house. Is additional housing going to be done later on?

Mr. Perry stated there are approximately 900 platted lots and overall there are going to be about 1,500 most of it would be in the south section of the community but there are some hold backs in regard to that with infrastructure for roadways and utilities. It will eventually happen it is a matter of when it will happen.

Mr. McCommon stated next to the clubhouse is an area that could be developed at some point in time. The owner of that property has to determine what they are going to do and they are limited in terms of types of homes.

A resident stated the entrance on LPGA next to the Automall, I know they can't put another light there but how are we going to handle it when they do the bridge?

Mr. Leek stated Kim has been to the meetings and can probably tell you after the meeting.

Ms. Davila stated I haven't been to a meeting lately but eventually they are going to do an overpass interchange redesign and they can't widen the bridge so they are going to have to do something like a new bridge. The county is putting it back on the residents to raise gas tax. You have to contact your county officials on the road and bridge and the FDOT and governor for the interchange.

Mr. Leek stated all of that is in planning and doesn't have anything to do with the CDD and we don't have any influence on that.

A resident stated there is a lot for sale across the street from the clubhouse. Is that within our purview? Can anyone talk to what it could potentially do for our revenue?

Mr. McCommon stated it won't do anything for our revenue it is a lot that is getting assessed just like everyone else. Whatever is developed there will affect what their maintenance assessments will be.

Ms. Davila asked can you tell me how many homes are paying and how many are defaulted?

Mr. Perry stated none are defaulted because if they don't they don't pay their property tax bill they will go up for tax certificate sale and all the certificates are sold on the property that has been developed. Once the certificate is sold the district receives their assessments so we don't have any delinquencies. There are foreclosures in process but that doesn't affect the district. That is in regard to single-family homes that have been built. It is different in regard to raw land and the board has been dealing with that with Hayman Wood for several years.

Mr. Leek stated some developers are in default and that property has been put on the tax bill and when that certificate is sold we get our part of the money. We are doing pretty well in collecting everything that is due us every year.

Ms. Davila asked how many homes are in LPGA?

Mr. Perry stated there 1,300 platted units, which includes 855 in the north and 466 in the south. There is the potential to plat an additional 3,000 units in the south but that is highly unlikely.

A resident asked what happened to the company, Oak Mart out of Texas that went bankrupt?

Mr. Perry stated it was originally Coast Oak Group and they bought the bulk parcels in LPGA in 2009, Coast Oak in turn transferred the ownership to Hayman Wood. That entity is still the owner of those parcels. I think there was one that went to a tax certificate sale and a tax deed was issued so someone in the tax certificate process now owns that parcel. The bulk of the land that they bought in 2009 they still own.

A resident asked won't that impact our taxes when you finally make a settlement with them?

Mr. Perry stated that really focuses with the bondholders. We used to direct bill them instead of putting them on the roll like we put every single-family home on the roll and one year they paid a portion of their bill and the subsequent year we put all their properties on the assessment roll. We do have in 2011 a few parcels that they did not pay that they still owe the district but subsequent to that in 2012 through 2018 they are on the roll and if they don't make their payments then it goes up for a tax certificate and most of those have sold.

Mr. McCommon stated if one person defaults on their bond payment it has no effect on anyone else. If there is a default it doesn't mean that your taxes are going up or that your bond portion is going up.

Mr. Leek stated what we referred to in the past as to what would go down was your maintenance because they weren't paying but now because we have them on the tax certificates we are getting that money. That is what has helped us bring it down for the last several years.

A resident asked how many actual homes are constructed?

Mr. Perry stated I think it is close to that 900 to 1,000.

A resident asked does that include the south portion?

Mr. Perry responded yes.

A resident asked but there is no connection road-wise, right, to the south portion?

Mr. Perry stated right.

A resident asked is there ever going to be?

Mr. Leek stated we hope so, that would require a developer to come in and we would probably need to issue a new bond in order to build the infrastructure.

A resident asked does a new bond mean we all have to pay for it?

Mr. Leek stated I can't answer that, that is probably what will happen. But right now there aren't any developers interested in doing that. Once the south gets developed more that could happen.

**THIRD ORDER OF BUSINESS**

**Approval of the Minutes of the October 30, 2017 Meeting**

On MOTION by Mr. Parks seconded by Mr. McCommon with all in favor the minutes of the October 30, 2017 meeting were approved as amended.

**FOURTH ORDER OF BUSINESS**

**Discussion of Hayman Wood Delinquent Properties**

Mr. Perry stated as we discussed in the past they have engaged outside consultants, the bondholders, and they are still working through that process. I haven't heard anything from them for a month and a half and I expect they are no further along than they were a few months ago. The other thing in regard to Hayman Wood on November 8<sup>th</sup> we received a transfer of funds from Volusia County, \$595,000 related to tax certificate sales. We have asked them to provide the detail for us and they provided some detail and we are trying to tie that out to past assessments on three parcels. The first parcel is NW 21, which we are all familiar with, the second parcel is 32-1 and the third is Gray Hawk 2, 51 lots that is not a Hayman Wood parcel. We received some detail from them in regard to the tax certificates that were sold on those three and included in the \$595,000 is \$95,000 interest accumulated on those related to past due O&M. That number we have not budgeted and did not anticipate but in regard to the remainder of the \$500,000 we asked the county to provide more detail because we can't find out how they determined their numbers so we don't feel comfortable that it is accurate. We are off in the magnitude of \$100,000 from them. They provided more money than we would have anticipated. We are going to segregate that money and hold it until we get it resolved. If these things are accurate and we agree with their calculations the only reason I think they were paid in full is because there are possibly some transactions that are in process by the landowner and buyers.

**FIFTH ORDER OF BUSINESS**

**Ratification of Engagement Letter with Grau & Associates for FY 2017 Audit**

On MOTION by Mr. Parks seconded by Mr. Leek with all in favor the engagement letter with Grau & Associates to perform the fiscal year 2017 audit in an amount not to exceed \$4,900 was ratified.

**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**

There being none, the next item followed.

**D. Field Operational Manager**

This item taken earlier in the meeting.

**SEVENTH ORDER OF BUSINESS**

**Supervisors Requests and Audience Comments**

Mr. von der Osten stated I heard comments about Margaritaville and affecting our roadways and things like that and if we think we have that concern we can ask our engineer to monitor the situation and file a report with the city asking for repairs. You have that option.

Mr. Perry asked why don't you engage them now so they will have a baseline in case there are issues going forward.

Ms. Davila stated about perennials, we spend a lot of money on our landscape and maintenance budget. If we get more flowering trees and more perennials around the community entrances we will hopefully save some money. We wouldn't have to plant them every year and we would just fertilize them when they are supposed to be fertilized. I see flowers that die within a week.

Mr. Rountree stated if a plant dies they get replaced. The current annual rotations are three times a year about the time they get changed is when they are due to be changed, they are starting to go downhill. Because we are a destination town we try to plan the annual rotations around bike week, 4<sup>th</sup> of July and around the first week in November. We attempted some perennials in those large beds but they are not designed for it and they don't do well and they look terrible. The problem with flowering bushes is that most will freeze or the deer will eat them. The board engaged with Team Rountree to create a budget moving forward for 2018 budget year for additional plant material to medians and such. A lot of the plant material is 20 years old and the board is going to invest some money because they do care about the community. One of the trees we are talking about using is Crape Myrtle in lieu of where some of the Ligustrums are because they are gorgeous but they are all green. That also keeps you from having to replace plants a lot. Other flowering shrubs we are talking about using is instituting more Camellias so we have some flowers coming out in the fall and winter not just in the spring and summer. We are working with the board and by the next meeting they will have a proposal.

Mr. Jones asked who is responsible for the paving of the overpass? The southern part going east was repaved a year or two ago.

Mr. Perry responded it is FDOT. The board has nothing to do with the repaving of that.

A resident asked what is the northern border of the district?

Mr. Leek responded LPGA Boulevard.

A resident stated I think having Kurt engaging the engineer is a good idea because there are going to be 6,000 to 8,000 homes in Margaritaville and whatever is going across from our main entrance.

**EIGHTH ORDER OF BUSINESS**

**Approval of Check Register**

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

**NINTH ORDER OF BUSINESS**

**Financial Statements as of October 31, 2017**

Mr. Perry stated under section nine is the financial statements of the district including the balance sheet as of October 31, 2017, statement of revenues and expenditures through October 31<sup>st</sup>. You also have the debt service funds for the 1999A Bonds, 1999C Bonds and the 2005

Bonds. Depending on where you live you can be subject to one bond or two bonds. After that is the assessment receipt schedule and it doesn't reflect the \$500,000 that we received in November because it applies to prior years but we will add it on as a footnote and when we get it resolved we will bring that to the board.

**TENTH ORDER OF BUSINESS**

**Other Business**

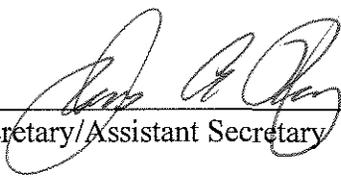
There being none, the next item followed.

**ELEVENTH ORDER OF BUSINESS**

**Next Scheduled Meeting – January 24, 2018  
at 1:00 p.m. @ Holiday Inn**

Mr. Perry stated the next scheduled meeting is January 24, 2018 at 1:00 p.m. in the same location.

On MOTION by Mr. Parks seconded by Mr. Leek with all in favor  
the meeting adjourned at 2:08 p.m.

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman