

INDIGO  
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, January 25, 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:

Robert E. Welsh	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
20 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**

Ms. Dunivant stated I have lived in the community a little over a year and a half and there are needed improvements at the entranceway and I emailed Kurt concerning that. The signs are faded, the columns are dirty and the stuff is falling apart and I didn't know if there was a timeframe within which we could get some improvements to that older community. It seems like there would be a lot of taxes out there a lot of non-ad valorem and I think the CDD is responsible with all our money we could get a lot more improvements out there. Kurt talked about \$14,000 to have the sign walls power washed and someone was going to go in half with this. I don't think that is necessary. I went to the last two city commission meetings, we had a lot of sidewalks that are uprooted, I know the CDD is aware of this, I know the city is aware of it; however, City Commissioner Gilliland said that no one ever contacts him concerning the issues at LPGA it is all quiet out here. Commissioner Gilliland said he was going to get a grinder out there to take care of our sidewalks. It is my understanding that the city is responsible for the

sidewalks and roads and I'm not sure about the trees on the main thoroughfares, Champions, Tournament and International Golf. It is frustrating for me to see this beautiful community we have two beautiful golf courses, now the city sold one of the golf courses and they got 14 acres out by the stadium and we can't get attention paid to this whole community. It is a beautiful community, why are we letting it go? It needs some attention and my concern is Indigo gets a lot of money and I hope we can make the community better. I asked Mr. Gilliland about the I-95 interchange and I know there is a lot of history there. I don't know how we ended up paying for that it is ridiculous, it is \$116,000 to maintain that and that is mowing, ponds, bushes, landscape. I called the county I called the Florida Department of Transportation, I wrote the Governor, I wrote senators I don't think this community should take on that task. I don't care what the agreement is so I confronted Commissioner Gilliland to answer me why is the city not taking care of those responsibilities out there and he assured me that he is going to check with the county, the Florida Department of Transportation and find out who is responsible for everything out there. We will see if that happens. I can't believe that Indigo CDD just bought off on a commissioner saying we aren't going to do anything out there. Things change and development has gone crazy, we should not be paying for that, that money could be going to our community. I don't care if it is only \$116,000 it is just crazy. I don't know why the attorney hasn't gone after the city. I know you don't want to spend money with the attorney I understand that perfectly. I lived here for three months and the sign for the golf course was knocked down for three months and I called the golf course and they took care of it. Right now you have LPGA and International Golf Drive sign backwards, turned around tilted backwards. You have International Golf Drive and Champions right at the golf course, those golf pros drive in there everyday and that sign has been tilted for three months. There are little things that people just don't take care of they expect everyone else to take care of it. Kurt you are a field operations manager have monthly checks and walk out there and check on the stuff. The other thing has to do with LPGA sale 14 acres are out there by the stadium the city got that in the deal I asked Commissioner Gilliland is he going to pay operation and maintenance assessments for that property and he said it was like \$13,000 and I'm waiting on a response on that.

Mr. Perry stated as you said there is a lot of background on a lot of issues that you just stated. To be clear the city is responsible for the sidewalks and is responsible for the streets, the district does have responsibility for the landscaping, lighting, etc. In regards to the golf course it

is my understanding there was approximately 15 acres that Consolidated Tomoka did transfer over there. There were estoppel letters provided for that. Once those lands are owned by the city they are not assessable for operations and maintenance. In regards to the signage this board has gone around and around for a year and half in regards to signage. I believe Kurt has some proposals for updating signage and so forth and is moving forward with that but that is an issue this board hasn't been ignoring. A lot of that obviously was with the rebranding of the golf course, we were looking forward to maybe have some cost participation but none of those have come through so this board is moving forward with doing the signage as necessary. I know I didn't address all of your items but some of the bigger points hopefully I have given you more factual information. I will be happy to sit down with you and give you some more background because there are a lot of things related to this district. Unfortunately they carried over for 15 years and one other thing in regards to the I-95 interchange that was an agreement entered into 20+ years ago. I can't speak to the merits whether it is right or wrong I can just tell you there is an agreement that is the liability of the district. The district has tried several times to have the maintenance of that taken over by the city and the state and it has gone nowhere. There is a lot in there in regards to that. You mentioned litigation and litigation is always very expensive and I believe it was probably counsel's opinion that we wouldn't prevail because there were agreements that were entered into that does have liability for the CDD.

Mr. Canose stated the agreement that was entered into 20+ years ago, is that an agreement that lasts infinitum until the end of the earth? Or are there changes that would necessitate or at least come into consideration such as the outlet mall that just went in there? Those people benefit far more from that signage on I-95 than the golf course does. Now Stonewood has taken over Vince Carter's all these big retail businesses that are earning tons of money and who should be paying taxes and contributing to the upkeep of that area. While litigation may be expensive and may go nowhere I think it is worth a challenge to this agreement, which is outdated and you are not the rural community that you may have been 20+ years ago. A lot of retail is going to make hay out of it and sticking the homeowners who are earning nothing for being in that location that have to pay for that interstate exchange makes no sense whatsoever.

Mr. Perry stated just some background in regards to that agreement there was in place until approximately two years ago a cost sharing agreement with Consolidated Tomoka that did

charge benefiting parties. I don't know who they charged but there were a number of entities including the Automall, I believe Vince Carter's was one of them also and our agreement was with Consolidated Tomoka and they decided they wanted to cancel that agreement there was a clause in there that provided for that. We don't have a funding mechanism now to offset some of the costs. We have tried to work with the outlet mall and contacts we have with the Automall but at this point in time we really don't have much leverage in order to get them to agree to some type of cost share. We have worked on that for probably a year and a half.

Mr. Canose stated it is interesting that the newly elected president repealed agreements his first day in office and we can't repeal an agreement that is 27 years old.

Mr. Perry stated I am not an attorney.

Mr. Canose stated that might be something to take up with an attorney.

Ms. Buchanan stated Mr. Perry's representations are consistent with my understanding as well. No one at the table would say that the terms of the agreement is something that we would agree to today but they are in place and they were agreed upon years ago so it would be very difficult for the board to now say we can no longer comply with this agreed upon contract. You don't just get to walk away from signed agreements with other government entities like that.

Mr. Canose stated contracts have a beginning and end to them. I'm talking about the agreement in general it is time that it be looked at again and a contract that is open ended that lasts forever doesn't make a whole lot of sense.

Mr. Parks stated we fully understand that. Jim and I have met with people from the Automall we tried to replace the money that Consolidated Tomoka was paying us. We are continuing to work on that.

Mr. Welsh stated since Mayor Henry lives in my community I would think it would behoove us to talk as a group here you are voters and talk to him about this because it is the city and state and you are right Commissioner Gilliland is our representative who should be doing this for us not the board. I agree with you the agreement should be broken but it isn't and we tried even on both sides and they aren't going to budge on it. A change in that contract will have to come from the city or state.

Mr. Fitzpatrick stated several meetings ago during the construction of that Automall or the outlet malls I suggested we make up signs and do a little informational picket so that the whole city knows what we are dealing with here. I will go further and say maybe we need to do

informational signs in front of our builders in here to let all the people that might want to buy know how it works and put it on top of the table. That is not going to help the neighborhood but I would like to know what can be done. I was told at that meeting that I suggested picketing to be quiet, settle down, we are having side meetings with the city council people and never heard nothing about it. I don't know how many meetings were held and what was accomplished. The other thing I heard was we may end up getting more money if we can recoup the businesses that were paying Tomoka Farms so they got their half of the money to pay for the maintenance from everything they sold. That was even mentioned at the council meeting last week or two weeks ago that they understood that Tomoka was pocketing money from the sales that was supposedly somehow pertaining to the maintenance, they are not sure how legal that might have been. When it comes to the maintenance of our neighborhood I agree with Kim it took phone calls from me letting the city know that a motorcycle crashed and a guy got hurt bad on account of the holes at the entrance. It surprises me that it takes a neighborhood or somebody out here to notify the city of what's going on that is unsafe. I took a picture to the meeting one time and there is a sidewalk on Champion and that showed almost inches from one to another. For that to go on with nothing being done and then if you manage it over the step that shouldn't be there you are lucky if you don't have ice skates on and end up on your butt. Those little things mean a lot to the people who do run around here, they ride bicycles, one of the big complaints I had is riding a bicycle with the island in the middle these cars that race through the neighborhood almost run over you if you are on a bicycle and there is hardly any space. There is a lot going on in here that you guys don't hear about. Some of the neighborhoods that have HOAs do hear some of it and it falls back here and then when we talk about this contract it is this board's job to do the maintenance and acquire the money and spend the money but when it comes to something that is so wrong do you represent us? Do you represent us in such a thing like you said you went and had meetings with people to do something about the cost and helping? That was doing something for us, correct? How far can you go and pursue it because I didn't see any of you at the meeting when the golf course sold. What financial affect is that going to have, the income or outgo of money pertaining to what you do? There were several thousand dollars mentioned I thought that is going to be earmarked and a representative said that would be dedicated to the maintenance area, he would look into it. I'm not sure maybe Kim can elaborate a little further on that part. There was nobody there from this board. This board lives here just like our neighbors

live here or the HOAs and we are starting to get a little upset and I have heard ever since I have been involved complaints about this interchange. Here you have another 3,300 homes or so going in across the street they get on and off the interchange at no cost. A judge typically when something goes to court tries to be fair. You don't take something that is totally unreasonable and say that is the way it is. Maybe there is a way to pursue who does it, when do they do it and how do we do it.

Mr. Perry stated I can't address everything you are asking but just to be clear this board is responsible for the assets that this board has control over. They don't have control over the streets, they don't have control over the sidewalks and with that if there are issues with the sidewalks we encourage you to call the city. Kurt will call the city if he sees it but the more people calling will get a better response than us calling. This board isn't sitting here to represent you in regards to anything other than stormwater, landscaping, entranceways, etc. The golf course is not an issue that this board deals with at all. The other thing is you mentioned that this board discouraged you from your free speech in regards to the signage and so forth that you mentioned and that is not the case. As a citizen of the United States of America you are free and this board is not trying to tell you that you can't do that. You implied that and I want to make sure the board understands that.

Mr. Fitzpatrick stated it may have come across that way. I'm just saying what was said at the meeting you give us a little time we are working on it and I respect that.

Mr. Perry stated this board has their own opinions and they might agree or disagree on certain things that you are talking about too but I want to make sure that you understand.

Mr. Fitzpatrick stated I didn't mean to imply that. You are not going to tell me what to do or not.

Mr. Perry stated and this board won't either.

Mr. Dunivant asked as far as the maintenance on the I-95 interchange if we can't get rid of it and we are charged with maintaining it what would happen if we lowered the maintenance and it started looking like warmed over meatloaf? Then do you think the other communities and businesses will help us out? I'm not saying to lower it but to get things done sometimes you have to do something like that.

Mr. Parks stated we have had that discussion during our budget process whether we should fund it at a lesser level but we came to the conclusion that by doing that it would detract from this area.

Mr. Dunivant stated now might be the time to do that since you have new builders going out you have businesses coming out and inform them that we are going to lower it, it is our choice to do that and they will say, we will help you maintain it the way it is.

Mr. Perry stated it can go to a minimum level, there are requirements in the agreements and documents but the level we are at now is a little bit above that I'm not saying it is way above it but it is above the minimum.

Mr. Dunivant stated I'm just saying a way out of the contract that's all.

Mr. Perry stated this board has looked at that option before and decided not to go in that direction but that is not to say that they might change their mind.

Mr. Crick asked I'm not sure does each homeowner pay for the maintenance of that overpass? I got my tax bill I got the bond issue money and the maintenance and I get that \$70 bill once a year I don't know what it goes for. Can you even tell us what each homeowner pays toward this overpass maintenance?

Mr. Perry stated I don't have the numbers in front of me I know I have the analysis I think it is somewhere around \$15 a year.

Ms. Dunivant stated I have the figures if you want to know. Our particular tax bill on the bottom for the bond 1998 paid \$205.65 the 1999C paid \$333.08 and for operation and maintenance you pay \$407.66. My understanding is that can never go up, that maintenance.

Mr. Perry stated no, the \$407 can go up or down and a component of that \$407 is the I-95 interchange it is not all related to that.

Ms. Dunivant stated approximately \$116,000 that's mowing, everything.

Mr. Perry stated that is the budget.

Mr. Crick asked but you really can't give us an actual figure, though.

Mr. Perry stated I could I don't have it handy, I do have that analysis I can provide it to you.

Mr. Crick stated that is one of the things that irritate me everyday when I come up that overpass and get on it I'm paying for that and these guys over here at the outlet mall, 6,000 homes going up across the road over here they are not going to contribute. Why should we have

to pay all of that? I do not believe for a moment that the contract cannot be renegotiated. A 27 year old contract things have changed I can't believe that it cannot be renegotiated. One of the things is the new lights we put in on the trees the LED lights they were great but since they have been in there, there is a section of them out I guarantee you every night. They are not all on at one time. Right now there is a group on Tournament that is not burning right now. There was a bunch of them not burning last week and the guy fixed them but now there is another section out again right down from the ones he fixed. I just wonder why we can't fix them, why does it break, a lot of them are not burning at all.

Mr. von der Osten stated we have been in contact with the electrician multiple times a week lately because of the issues there. The service technician with all the historical knowledge left the company a couple months ago. They are in the process of training some new crews and this system has been patched for so long finding the problem is very tricky. There are so many junction boxes that have been added, the panels are aging and while we upgraded all the lights it was lights only there was no infrastructure updated, no panels no underground wires or anything like that, which going forward the board will be addressing because it will be a capital expense. Until we address some of the infrastructure issues connecting the lights we are going to continue to have this problem. We discussed at the last meeting and we agreed to weekly inspections of all the lights, we were only making two inspections a month. Needless to say a lot of lights go out the day after the inspection it seems like. We are constantly replacing timers and relays and searching for underground junction boxes. That is the big problem we have with those lights. It is an ongoing repair, replacement, upgrading the system out there but I can assure you we get calls every week and a tech will do a repair one day and three days later we run into a problem. It is not the light fixtures themselves we replaced sensors from dusk to dawn, we switched timers and go back and forth trying to rectify the problems. The board is addressing it.

On the sidewalks there have been multiple requests to the city on the sidewalks and as of last week the gentleman compiled an action plan for the sidewalks, his name is Michael Roystein in the public works department so that is who I recommend you contact. The best thing in the world is for residents and taxpayers to contact public works, contacting commissioners. They listen to the board members sometimes but they are really going to listen to the residents and taxpayers. Phone calls and attending one city commission meeting that gets their attention.



On the entry monument signage we have multiple proposals from repainting and caulking to total upgrade to the new logo the club has adopted. I wish Mr. Leek was here tonight because he is on the board at the club also and he was making a proposal to the board to totally take down the faded blue gold leaf logo that is on the entrances, upgrading those entire signs to the new logo and that would be the directional monuments in the medians so that is basically why the repairs have not been done. We have plenty of quotes I just don't want to do it twice and I was hoping to get the clubhouse to participate.

As far as the interchange it is a perpetual maintenance agreement with the City of Daytona. I don't want to step on anybody but Consolidated Tomoka convinced the city to apply for a landscape grant from the Florida Department of Transportation. One of the provisions of the grant was the city would always maintain the interchange. The city didn't want to do that so the city worked out an agreement between Consolidated Tomoka and the City of Daytona that the CDD would maintain it because Consolidated Tomoka at that time controlled the CDD board. That is just a lot of the history.

A resident asked people buy into this community are they aware of what they are buying into? Is there any paperwork that goes into the sale of the home?

Mr. Perry stated it is the HOA documents or CDD documents all the documents have been recorded any title work is going to show you that you are within a CDD. There is typically another form that is required at closing to explain to you about the assessments. I'm sure a number of people at closing don't read all the documents but it is there.

Mr. Fitzpatrick stated the first time I noticed non-ad valorem on my tax papers I immediately called the property appraiser's office and asked what it was. They didn't even know, they could not answer me what this almost \$1,000 on my tax bill was. I said how does it get there and they said they have to fill out forms, who is they, so apparently what I have learned is and maybe it is this department here somebody tells the tax department here is what the dollars are on the taxes this year and they have to tell them that in a given time. That is how those dollars that we get to pay end up on our tax papers. Maybe you can elaborate on that. What determines that amount?

Mr. Perry stated the budget is set by this district. Each and every year there is a certified assessment roll that goes to Volusia County and we have an agreement with Volusia County to

process those non-ad valorem assessments. You might have talked to somebody who just doesn't understand.

Mr. Fitzpatrick stated you establish a budget and if that budget doesn't have enough income coming from last year to cover the new budget you are the ones who are going to tell them jack it up another \$50 or whatever it might be.

Mr. Perry stated no you don't understand the process. The process is if assessments are going to go up every landowner within the district, which includes Consolidated Tomoka and all the residents that are here that own property you will get a form letter that is about three pages long that is going to explain that there is an increase in operations and maintenance assessments, we have a public hearing, we have budgets. First we have a budget that is approved then we have a budget adoption, which is at that public hearing. We have had plenty of residents when we have increased assessments in years past, luckily we have been able to decrease them over the last couple of years but there is a formal process and I'm surprised you don't know about it because you have lived here quite a while.

Mr. Parks stated I'm surprised at the property appraiser, he is a very competent individual. He knows about non-ad valorem assessments for the Indigo CDD.

Mr. Fitzpatrick stated I didn't talk to him it was a woman on the phone. It struck me strange that was the answer I got. Along those lines your budget, I remember coming to the meetings when the developer went belly up and all of a sudden he is not going to pay on the properties that he didn't build a house on. What is the status of that today? Is it fixed now? Are we getting the money we should be on all the property?

Mr. Perry stated we will talk about that but very briefly starting in 2010 a lot of the land was sold to an outside developer "landowner". During that timeframe they decided they weren't going to continue to pay their assessments, which were included in the property tax bills. The district at that time on the roll certified operations and maintenance assessments but not debt service for the bonds that were issued. Because of that the district has been collecting those dollars out of tax certificate sales. The landowner specifically hasn't been paying his assessments; however, in the tax certificate process an investor will buy a tax certificate and pay the taxes on it and the district gets paid. In essence we have been paid and when I say that not on every property because there are a few that tax certificates haven't sold but on the bulk of the properties we have received payment.

Mr. Fitzpatrick stated it makes me puzzled how we were able to keep functioning all of a sudden because it sounded like it was heading to the dirt and apparently you got that pretty much in control now, that's great, glad to hear it.

A resident asked is this board responsible for the conservation areas within LPGA?

Mr. Perry responded some of them.

A resident stated in our neighborhood at the end of Bauer Circle.

Mr. von der Osten stated I think that is the golf course.

Mr. Perry asked can we get with you afterwards to make sure we know where you are talking about?

The resident stated yes.

Mr. Cratty stated at the last meeting you talked about putting markers on the ends of the islands so nobody would drive into them. I went into the trails and they have this type of sign there that I wanted to show you as opposed to reflectors on the sidewalk and on the curbs. I was talking to Kurt about the washout over at Tournament and Perfect Drive it is getting real close to the sidewalk.

Mr. von der Osten stated I will get that from you.

**THIRD ORDER OF BUSINESS**

**Approval of the Minutes of the December 4, 2016 Meeting**

Mr. Perry stated item three is approval of the minutes of the December 4, 2016 meeting. Are there any additions, corrections or deletions to the minutes?

Mr. McCarthy made an amendment to page 1, which will be reflected in the final document.

On MOTION by Mr. Parks seconded by Mr. Welsh with all in favor the minutes of the December 4, 2016 meeting were approved as amended.

**FOURTH ORDER OF BUSINESS**

**Discussion of Hayman Wood Delinquent Properties**

Mr. Perry stated item four is discussion of Hayman Wood delinquent properties and if the board will recall we have been expecting Hayman Wood to provide a proposal and update to the board in regards to the properties they own within the district boundaries. As you are aware at

one point in time they had a contract they were dealing with a purchaser and I spoke this morning with Ashley and obviously that contract fell through before the end of the year. They are still working with the bondholders to look for some type of relief in regard to the debt on the properties but she did tell me that what they are doing now is going to remarket their properties. Before they had bundled them all together and it appears now that they are going to remarket them and not bundle them. She did say there might be a few that are bundled just because of the proximity to each other and it makes sense to sell them bundled together instead of independently. For the most part there has been no movement she did tell me that as soon as they do have something in ink she does want to come to the board and review it with the board and let you know what is happening. I can tell you from discussions with her and I have been trying to contact her back and forth over the last several months, I know they are pushing real hard they think the market is more favorable to them right now with all the growth in Daytona but as you well know this has been going on for several years and as of right now there doesn't appear to be anything else in sight.

Mr. Welsh stated we have bent over backwards for Hayman Wood we cancelled meetings, we rescheduled meetings, we had our attorneys go out of their way to try to get with their attorneys over a period of time and Hayman Wood refuses to come to the table and address the issues. This is another example of them saying they would be here today and they didn't show.

**FIFTH ORDER OF BUSINESS**

**Consideration of Tree Options from Storm Damage**

This item deferred.

**SIXTH ORDER OF BUSINESS**

**Consideration of Signage Options for Community Entrances**

Mr. Perry stated the next item is consideration of signage options for community entrances.

Mr. Parks stated Mr. Leek was going to approach the club since they changed the logo to ask them to contribute to the new signs.

Mr. von der Osten stated he got color copies of the options and delivered them.

Mr. Parks stated in lieu of getting that you have some other proposals.

Mr. von der Osten stated I can just paint the existing signs.

Mr. McCarthy stated just go ahead and repaint them.

Mr. Parks asked couldn't we go ahead and paint the big portion of the signs and leave the logo as is? If the golf club wants to pay for the new logo they can.

Mr. von der Osten stated I wouldn't have a problem with that. That would not be money wasted.

Action was taken on this item later in the meeting under the field operations report.

**SEVENTH ORDER OF BUSINESS**

**Consideration of Addendum to Operations Agreement for Additional Lighting**

This item deferred.

**EIGHTH ORDER OF BUSINESS**

**Consideration of Proposal for Preparation of a Public Facilities Report**

Mr. Perry stated item eight is consideration of proposal for preparation of a public facilities report. There is a proposal from the district engineer in the agenda package and this is a report that is done every seven years and is a statutory requirement. It goes through and evaluates the assets of the district, which basically is the stormwater system, lighting and irrigation and we have to have that done by an engineer registered in the State of Florida. The estimate is \$5,100 and is consistent with what I have seen in other districts for the size of the district and the assets that we have.

On MOTION by Mr. Parks seconded by Mr. Welsh with all in favor the proposal from Singhofen & Associates to prepare the Public Facilities Report in the amount of \$5,100 plus reimbursable expenses was approved.

**NINTH 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 – Example of Costs to Foreclose on a Parcel of Land (for discussion purposes)**

Mr. Perry stated there are two items I wanted to update the board on. The first is the LPGA Golf Course, the district had received a request for estoppel letter on the three parcels that Consolidated Tomoka is transferring to the city so we worked through that and provided that to them yesterday. Once the golf course is sold and that 15 acres is transferred to the city the bonds will be paid off in regards to the debt that is on those parcels and then going forward since it will be city owned there is not going to be any O&M on those parcels. You can't assess governmental entities. That will reduce our assessment by approximately \$5,000 a year. When we go through the budget process this year we will take that into consideration.

We discussed before the possibility of the district moving forward without the consent of the bondholders to foreclose on parcels such as the Hayman Woods parcels. Included in the agenda package is an example of what it would cost to do that and the parcel that is commonly referred to as the Five Sisters parcel that has 45 single-family units that could be platted on that parcel is about 20 acres in size there are property tax certificates that have been issued on that parcel for the years 2013, through 2015, which if we were to foreclose on that parcel we would have to pay those property tax certificate holders. There is past due taxes on that parcel for 2016 of about \$15,000. The tax certificates and past due taxes is almost \$82,000, the debt associated with that parcel on the 1999C Bonds is about \$25,000, the debt on the 2005 Bonds is \$77,000 and then in 2010 there is still past due operations and maintenance that was never paid on that parcel for \$6,800 so the debt and past due O&M is about \$110,000. Foreclosure costs would range from \$25,000 to \$50,000 and it could be higher than that if there are challenges and depending on how deep the challenges go so the total cost to foreclose on that land without any debt carryover would be \$242,000, that would be the district paying everything off. If you could work out something with the bondholders, which I'm sure you could you could foreclose on the land and it would cost you about \$131,000. Then of course you would have to resell it. This is just an example of one parcel out of many to give you an idea. We have always said if you are going to foreclose you are going to want the bondholders in this with you so they will fund all of it or the large portion of it.

Mr. Welsh asked what is the acreage for NW 21?

Mr. von der Osten stated it is about 52 acres. Quite a bit of it is wetlands so the usable acreage is much less.



board. Another thing for LPGA they left them out. Consolidated Tomoka made over \$400 million in a six month radius of LPGA and I-95 interchange and they are still making money and the bottom line is they started LPGA development and they own 20% of the property so we are at the mercy of big business and when they do expand it to six lanes we still have the LPGA committee taking care of that interchange.

Mr. Welsh stated I don't think so hopefully that is gone.

Ms. Dunivant asked how long are you talking? He told me six years at least.

Mr. Welsh stated the traffic people told me that once that starts construction out there we don't have the service roads for that two-lane highway.

Ms. Dunivant stated you have people riding bicycles there.

Mr. Welsh stated I agree.

Ms. Dunivant stated I want to work together with everyone that is why I chose to write the governor, my representatives, every congressman, every senator because we are going to get out from paying that and the commissioner told me they are responsible for mowing out there they should do the mowing out there. That would save us \$50,000 would it not?

Mr. Perry stated they do mow a lot of the area. Kurt has maps that show the areas they do mow.

Ms. Dunivant stated we pay \$116,000 to maintain the lakes, the trees, everything. It is wrong. Who is benefiting from that?

Mr. Parks asked can you get that repair to the weir done?

Mr. von der Osten stated yes, the work order was put out there.

Mr. Parks asked who was the work order to?

Mr. von der Osten stated Rountree.

Mr. Parks stated if it doesn't get done it is just going to further erode. It needs to get done and if he can't do it in the next week or so then get somebody else.

Ms. Dunivant stated I would like your opinion concerning the district's financial stability because I have seen in past records and I'm not an expert I don't understand the bonds, the assessments and all that stuff it is very complicated, the history behind it and all that. I see where we do interfund transfers money taken out of reserves, some bonds paid for the 2005 bonds if it was taken out of the north assessments. The comment you don't have to worry about it because it concern your assessment, your land your lot your property because we defaulted on



two bonds. Well, you said it affects the whole district and in my opinion big business Consolidated Tomoka is responsible for a lot of this stuff. I'm not saying Mr. Albright is a bad person I'm not saying Consolidated Tomoka is a bad thing it is good for the economy and our community but LPGA just keeps being left out. I don't want to see the community deteriorate like it has. It is a beautiful community and we want to make it better. I just want to know your opinion on our financial stability when it comes to money being transferred out of different funds out of us letting the landowners, GC Land and Consolidated Tomoka and now Hayman Wood they don't pay assessments they get deals minimal payment deals. The finance charges we are paying on these bonds is just crazy 7% of \$5 million whatever the percent is. Why can't we get this, there is a lot of money involved in bond fees and I know the economic downturn and everything I just want to know your opinion as a board where we are at with this? This is just crazy that the homeowners are footing a lot of this development and paying a cost including the interchange. I just am flabbergasted to try to figure it out.

Mr. Perry stated the way the bonds work when the bonds were issued they lay upon all the lands in the district. You have an assessment related to the debt that was assigned to your lot. If your neighbor doesn't pay it doesn't affect you. That is the basic tenet of these bonds so all these other parties that are not paying on the bonds they are not affecting you other than we are in default. The district is in default on those bonds because there are a number of people who are not paying their principle and interest payments. Indirectly it does affect the district because we can't refinance those bonds in default. You are not able to refinance those bonds and get a lower interest rate. The only way we can cure that is to foreclose on those lands and to foreclose on those lands as in the example I gave the board earlier it is very expensive and typically because the bondholders have the biggest amount of dollars at risk they typically fund that and the bondholders have not moved forward with wanting to foreclose on these properties. From a quick overview keep away the O&M but the bonds do not impact you directly. The interest has been set for 30 years and we would love to refinance them but we can't do that unless we are out of default.

Ms. Dunivant stated but you assess and levy assessments on our tax bill, correct.

Mr. Perry stated yes.

Ms. Dunivant stated so if our operation and maintenance goes up you made that call.

Mr. Perry stated let's talk one thing at a time. Bonds, operation and maintenance this board sets a budget each year, we do assess all the property owners within the district boundaries based upon that budget. We do assess you, there is an O&M for you, we assess Hayman Wood we assess Consolidated Tomoka, we assess all these other parties too. If they do not pay their assessments then it goes through the tax certificate sale process, which I mentioned earlier. If somebody buys that certificate those dollars come to us so we are made whole. It doesn't impact you. This district seven years ago decided they would put on the assessment rolls all the operation and maintenance for those parties that weren't paying because we did have direct bills to various bulk landowners like Consolidated and Hayman Woods and when they decided not to pay we said we can't operate in that manner we need the money to cash flow this district so we put those assessments on the property tax roll. As a result of that this district right now has about \$2 million in cash and we are very stable if you look at our budget and the cash we have on hand for operation and maintenance. If Hayman Woods and Consolidated Tomoka were not to pay their bills and we couldn't sell the tax certificates in any one year we have enough cash in reserve that we could probably operate five or six years. That is a nuclear kind of outlook and I don't think that would happen but when you look at this district we have substantial cash reserves on hand. We have been able to reduce some of the assessments for operation and maintenance over the last couple of years.

Ms. Dunivant asked how much have they gone down?

Mr. Perry stated I think about \$75 and we did have to raise them when Hayman Wood wasn't paying their property taxes.

Mr. Fitzpatrick stated I heard you give that explanation the last time I heard you talking about this stuff we were in virgin territory with the default. Apparently you have done a lot of good work it sounds like things are back and that was a good explanation and made it very plain to me.

Mr. Perry stated this district not unlike a lot of other districts in the state when the economy downturn hit there was a lot of defaults on bonds related to districts and most of them have worked their way out unfortunately this district hasn't on the defaulted bonds. If Hayman Woods could sell those properties and somebody comes in and develops them that is great for everyone.

Ms. Dunivant asked is there a possibility the board could just stop certain bonds? We are talking 2030 and 2031 before the bonds mature.

Mr. Perry stated no.

Ms. Dunivant stated the reason I asked the question is because for economic reasons we were showing the 1999 and 2005 bonds were paid in full and for economic reasons an option.

Mr. Perry stated we deemed those bonds complete at that point in time there was construction funds related to those bonds and because the board wasn't willing to utilize those funds for further roads and so forth the construction funds related to those were used to pay down the bonds and in turn reduce the assessments on the property owners. We can't renegotiate the interest rate on those bonds.

A resident stated as far as winding roads and considering LPGA area I notice yesterday I was behind a tractor trailer on that little bridge and it was from Tennessee so it was going from I-4 to LPGA that is federal responsibility in my opinion so who would pursue that?

Mr. Parks stated that is a county road.

Mr. Perry stated it is state or county, this is outside the district boundaries.

A resident stated a minor thing but it is the way we think about it, the sign, the logo, they changed the logo it won't affect us nobody that comes in to look at a house knows the difference between one logo and another. Don't spend a dime of my money to change the logo. We roll over and play dead on every lawsuit we ever incurred and we need to have a way to enforce these things on this property where we are not getting money why isn't there a lien on that property, just put it on and if they sell it they have to pay.

Mr. Perry stated there is a lien on it.

**ELEVENTH ORDER OF BUSINESS**

**Approval of Check Register**

Mr. Perry stated the next item is consideration of approval of check register.

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

**TWELFTH ORDER OF BUSINESS**

**Financial Statements as of December 31, 2016**

Mr. Perry stated under section twelve is the financial statements as of December 31, 2016, with the balance sheet and the statement of revenues and expenditures. Keep in mind this is only for three months. You have your assessment receipt schedule and we are about 70% collected on the debt service and about 45% collected on the O&M. Some of that is timing and we will keep you informed. We are basically where we were last year at this time.

**THIRTEENTH ORDER OF BUSINESS      Other Business**

There being none, the next item followed.

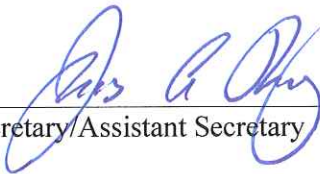
**FOURTEENTH ORDER OF BUSINESS      Next Scheduled Meeting – March 22, 2017 at  
1:00 p.m. @ Holiday Inn**

Mr. Perry stated our next scheduled meeting is March 22, 2017 at this location at 1:00 p.m.

Mr. Welsh asked do you anticipate that Hayman Wood will be here?

Mr. Perry stated where we left it was unless they have something they can bring forward they are not going to show up and they don't have anything at this point in time.

On MOTION by Mr. Welsh seconded by Mr. McCarthy with all in favor the meeting adjourned at 2:11 p.m.

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman