

INDIGO  
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, March 28, 2018 at 1:03 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
Kurt von der Osten	Field Operations Manager
Jayne Rountree	Team Rountree
Jamie Rountree	Team Rountree
10 Residents	

**FIRST ORDER OF BUSINESS**

**Roll Call**

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

**SECOND ORDER OF BUSINESS**

**Audience Comments**

Mr. Welsh joined the meeting at this time by telephone and there not being a clear connection he left the conference call.

**THIRD ORDER OF BUSINESS**

**Approval of the Minutes of the January 24, 2018 Meeting**

On MOTION by Mr. Parks seconded by Mr. McCommon with all in favor the minutes of the January 24, 2018 meeting were approved as presented.
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**FOURTH ORDER OF BUSINESS**

**Acceptance of Minutes of the February 26, 2018 Workshop**

Mr. Perry stated FDOT did send me their slide presentation and their notes of the meeting and the people who signed up to attend the meeting and we will attach those documents to this summary.

On MOTION by Mr. Leek seconded by Mr. McCarthy with all in favor the minutes of the February 26, 2018 workshop were accepted.

**FIFTH ORDER OF BUSINESS**

**Discussion of Hayman Wood Delinquent Properties**

Mr. Perry stated I did have correspondence with Ashley Noonan in regard to Hayman Wood and they are basically walking away from almost all their properties other than one or two parcels they might keep. There are a number of tax certificates that have been redeemed and title has gone to those certificate holders. The bondholders are working with consultants to try to package the number of parcels that Hayman Wood has.

Mr. Leek asked when that changes hands does that cause a catch-up from all the past O&M or are they going to come to us and want us to waive that?

Mr. Perry stated you have to look at that on a case by case basis because some of the parcels we put the O&M on the tax roll, there were a couple years where we direct billed so there could be some issues there in years 2010 and 2011 but for the most part in years subsequent to that the district received those funds.

Mr. McCommon asked what about the legal agreement we had with them to pay ongoing charges?

Mr. Perry stated they are not going to be paying going forward.

Ms. Buchanan stated our security to enforce that agreement was SW 28 which has been sold in a tax deed sale, so they don't own it anymore. That being said the agreement was recorded and officially there is a lien of record against the property. We could potentially have our ----- where we try to enforce that agreement against the new landowners ----- and the new landowner for S.W. 28 did file an action to clear title on SW 28. I advised her that there was a large amount of assessments outstanding both debt and O&M and she knew about the mortgage because it was officially recorded. What they did was decide to drop the district from their quiet title action with the hope that at some point in the near future they would come to the district with a settlement proposal that would include both the debt

to the bondholders and O&M for the district. That is particular to just SW 28. You have multiple landowners who have picked up large tracts from tax deed sales.

Mr. Leek asked for SW 28 in particular is that new owner a developer?

Ms. Buchanan stated it is Cardinal Mortgage so I'm not entirely sure what their business model is and ----- but perhaps it is an unrelated company.

Mr. McCommon stated you said they dropped us from their attempt to get clear title.

Ms. Buchanan stated they did.

Mr. McCommon stated so our lien is still relevant and will stay on there. Is there any opportunity to legally pursue Hayman Wood since they originally signed the agreement?

Ms. Buchanan stated potentially but I will tell you frankly that you will get into an area where you need to evaluate the cost effectiveness of doing that. They have paid close to \$100,000 out of their original \$117,000 balance. There were two parcels and the lien of record was for the NW 21 assessments which were \$117,000 and that is the only lien we have, the assessments for SW 28 were not included in the mortgage because that is the one they were always trying to sell.

Mr. McCommon stated I would like to get an understanding of what the current balance due and so forth is on that property, SW 28, so we can understand both the O&M and past due taxes so we are better prepared for any discussion or deciding if there are other options we want to pursue. I don't feel comfortable saying we don't want to pursue something when I don't know the amount we are talking about.

Ms. Buchanan stated ----- pursue against G.C. Land. The agreement called for the repayment of \$117,000 on assessments for NW 21 and that was secured by a mortgage on SW 28 and of that \$117,000+ \$101,000 has been received to date. These are from our assessments from 2010 and 2011.

Mr. McCommon stated what I also want to understand is what is due and outstanding on SW 28 since that wasn't part of the agreement.

Ms. Buchanan stated the full balance, which I think was in the \$----- range for O&M.

Mr. McCommon stated that is O&M but there were also taxes. I assume whoever bought the tax deed had to pay those.

Mr. Perry stated they paid them when the tax certificates were sold. We don't get the taxes but there is still debt that is subject -----.

Ms. Buchanan stated when the property was purchased they did get estoppel letters. Granted I think they got estoppel letters from another interested person so they didn't contact Jim's office directly but I believe the estoppel included the entire amount of the balance owed for SW 21 inclusive of the 2010 and 2011 assessments so they were advised those assessments were outstanding.

Mr. Perry stated we will get you the amounts.

Mr. McCommon stated I would like to get a copy of that as well.

**SIXTH ORDER OF BUSINESS**

**Acceptance of Draft Fiscal Year 2017 Audit**

Mr. Perry stated item six is acceptance of the draft fiscal year 2017 audit. One thing I will point and unfortunately, we sent this out and we had a correction subsequently, which is on page 1, the auditors opinion. Where it says, basis for qualified opinion on the debt service fund that has been removed and it is now an unqualified opinion, which is what is referred to as a clean opinion. The reason this was in the initial draft was there were certain costs that the trustee had paid out of the bond funds and the documentation for those costs had not been provided to us or the auditor. They subsequently were provided to us and the auditor is comfortable with what was paid so this has been removed, which is what you want to see. If it is in there it creates an issue -----. That has been changed and in regard to the report itself the most important other section is page 24, the report on internal control and they have a clean opinion on this too there are no items that required disclosure to the board. Also, on page 26 is the report on compliance and the district met all the compliance requirements. Also, there is the letter to the auditor general on page 27 that goes to page 29 and you will see the only issues that we have are related to issues with bond funds that were delinquent, certain properties have not paid their assessments. These are standard comments that have been appearing since 2011 in the audit report and we have been trying to work through them with the bondholders. In regard to all the compliance items with the auditor general there are no issues there other than the financial one on no. 6 on page 29, that also has to do with the bond funds and the district being in default on the 1999C and 2005 Bonds. Those are items that we have gone over every year for several years.

On MOTION by Mr. Parks seconded by Mr. Leek with all in favor the fiscal year 2017 audit was accepted.

**SEVENTH 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 on Delinquent Payment Processing by Trustee on Bond Payments**

Mr. Perry stated in regard to the qualified opinion we will be working with the trustee. Since the bonds have been in default there have been payments made by them through the ----- account to consultants, legal firm and the consultants working with them to try to market this property. Those costs are about \$47,000 to date and what will eventually happen at the end of the day is when they either sell those properties those funds will be recognized back to the district or in the future if we refinance the bonds the district will get the benefit of those dollars. It is kind of a stopgap that they are doing but we want to make sure that they recognize that going forward.

**D. Field Operational Manager – Discussion of Pocket Parks**

Mr. von der Osten stated we discussed at the last meeting the idea of pocket parks and there was mention of sexual offenders moving into the neighborhood I was asked to come back with a more detailed presentation. I handed out some information to you and I will quickly run through it and there is a lot of supporting documentation that you can look at later today. I went through this looking at it as a cooperation between neighborhood HOAs and the CDD for the reason I just stated. Not only creating the residency restrictions for sexual offenders in the neighborhood and use of the playgrounds by children.

Ms. Buchanan asked it is a fine distinction, but is it predators or offenders?

Mr. von der Osten stated most of the documents you look at say offenders but it does include predators also. There are a lot of legalities, I have attached all the Florida Statutes and there are exceptions. It is the majority of registered offenders/predators but there are exceptions.

Everything in here is based on one city ordinance and three Florida Statutes and what is recommended is you model it and restrictions in your agreements after the city. The city is more stringent and it is modeled on Florida Statutes. Using the local municipality is the way to go or with the county, 11 of the 13 municipalities in the county have these ordinances only two do not, Ponce Inlet and New Smyrna Beach. After multiple discussions I did a bullet point presentation that can be researched after the meeting. The state code is a 1,000 foot radius, the city is 2,500 and that creates a significant difference and in a couple drawings that you can see what that does. Originally, when ----- did this you had to go out and get a surveyor to come out and create the GPS coordinates and whatnot and turn that in to FDLE now the Florida Department of Law Enforcement through NGIS mapping all you have to do is give them the address of the park they plug it in and it automatically creates a radius and goes into the registry. That would be a cost savings. There would need to be an agreement with the city that the HOA or CDD wants to adopt that here on their private property if that is where it goes.

Just some quick points that are in the ordinances:

Owners cannot knowingly lease or allow a registered felon into the property.

Existing offenders who already live in the community are grandfathered in prior to the date of implementation.

You register these with FDLE, the county, sheriff's department and the city.

I'm told that the communities surrounding LPGA are looking to implement the same system. At Bayberry Lakes across the street they have three areas they registered, their pool area has a small playground, they created a new park playground at the midpoint of the community and they also registered Champions Elementary School, which qualifies.

Initial financial cost for what I would call the minimal park and that is two quality pieces of equipment and I put some quotes in one of the attachments from a company that the City of Daytona uses in their parks. Two good pieces of equipment, the ----- service, permitting, prep, you are at an entry price of \$10,000 to \$12,000 per park.

Mr. Leek asked would that be shared equally between the HOAs and CDD?

Mr. von der Osten stated that is to be discussed. I talked to all three agencies and the state and there was a meeting with representatives of the city public works department who handles all the recreation and parks with the city and he made a list and went over several casual recommendations you may want to think of as you go through this. You have to make sure it is an area that attracts children. He mentioned walking trail stations could be a possibility and it would be a station that would attract children as well as adults, it cannot be just an adult oriented station. Plan on phases and go with a small phase first to get it started and registered and as the budget allows you can increase it. Purchasing the equipment from a reputable company. Get one that provides replacement parts and is durable. Do not go to Home Depot or Lowes and buy spare parts, they are not going to be quality and meet the standards that we need. Fall zone extended 6 feet around the equipment to pass safety inspections. Certain things like swings have to be for the same age person.

Everybody was very cooperative in this and a prosecutor in the state attorney's office is the one who spearheaded the creation of this in Bayberry Lakes, which is the first one in the state to use existing ordinances to create these parks and create residency restrictions. Since that time he has become a little bit of the de facto expert in the state and communities around the state contact him for information on these types of things. He was very helpful about offering additional help if we need it.

Mr. McCommon asked did you actually observe that playground?

Mr. von der Osten stated yes. They went a little further they did a \$100 assessment and spent \$30,000 and put fencing around it and more than two pieces of equipment. They also added equipment at the pool. The pool area might qualify, we have bike racks, pool but if you want to be conservative add a couple pieces of equipment. Once you request to be registered at least FDLE will send a probation officer to the community and see if he deems it a park playground that attracts children, he will report back to FDLE then it goes into the system and the city will do the same thing and it would be enforced by the city since we would ideally have an agreement with the city since they have the strongest ordinances.

Mr. Leek asked what about the liability issue?

Mr. von der Osten stated the insurance company for the general liability policy in Grand Champion estimated the additional premium would be about \$750 a year.

Mr. Perry stated that is the

**EIGHTH ORDER OF BUSINESS****Supervisors Requests and Audience Comments**

Mr. McCarthy stated I think we should pursue getting a traffic light at Champions and LPGA. The reason I bring that up is Margaritaville installed their own and they paid for it.

Mr. Perry stated you have to do a traffic study first because there are a number of trips that have to be recorded in order to have signalization. I'm not an engineer but the cost of a light is around \$400,000.

Mr. von der Osten stated one positive is that those lights will create gaps in the traffic and now there are no gaps and everybody is flowing freely through there.

Mr. McCarthy stated one concern I had was if they put in a light at the Automall entrance that will stop traffic and it will back up over that little bridge and it is going to impact Champions.

Mr. Perry stated I hear your request but if you want a traffic study done it is probably going to cost between \$25,000 to \$30,000 and you go from there.

Mr. McCommon stated I would want to wait until they get the light up at Tomoka Farms to see what the impact is. What we heard at the FDOT meeting is there is a light going in there, but it won't be permanent because the interchange potentially affects that light. I would like to see the impact of it before we get too far down the road.

A resident stated it won't go in this year it will go in, in 2019.

Mr. McCommon stated it may have been more than just the last few days, but I now have noticed a significant number of construction vehicles parked at or inside our interchange off of 95. Not that they need our permission, but we are paying for maintenance of that and whatever damage they do I don't want us to be responsible for repairing. Especially since we are still under that obligation and I imagine it also affects Jamie's ability to maintain some of that property because there are cranes down there, all kinds of stuff.

Mr. Rountree stated the biggest area they are actually utilizing for their parking we don't actually maintain. That is mowed by DOT. We talked to one of the supervisors to make sure they knew where our mains ran and the biggest issue that we have is every time construction is done they shut our water down. They don't tell us and they don't always turn it back on. Until we do our monthly inspection we don't even know that we don't have water. We are working with them the best we can.



Mr. McCommon stated the notifications that are on the signs that say exits and entrances were going to be closed periodically starting tonight at 10:00 p.m. and it has to do with them installing lights.

Mr. Rountree stated yes, if you see those large concrete columns, those are the anchors that will actually get set in the ground that ultimately the light poles attach to like a balance. They will probably install all of those and at some point they will come back and install the actual lights.

Mr. McCommon stated I understand that what we saw at the FDOT presentation was more around redoing the interchange, but it caught me off guard seeing all this equipment down there then I see signs saying we are going to close the entrance and exit ramps at certain days and times.

**NINTH ORDER OF BUSINESS**

**Approval of Check Register**

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

**TENTH ORDER OF BUSINESS**

**Financial Statements as of February 28, 2018**

A copy of the unaudited financial statements was included in the agenda package.

**ELEVENTH ORDER OF BUSINESS**

**Other Business**

There being none, the next item followed.

**TWELFTH ORDER OF BUSINESS**

**Next Scheduled Meeting – May 23, 2018 at 1:00 p.m. @ Holiday Inn**

Mr. Perry stated the next scheduled meeting is May 23, 2018 at 1:00 p.m. in the same location. We will bring to the May meeting the proposed budget for next year. We will bring the budget for your consideration of approval then adopt a budget probably in August.

Mr. McCommon stated whatever you can send out a week or two in advance of the budget would be helpful because whatever we are going to agree to as far as the parks will need to be considered in the budget.

Mr. Perry stated I can put a line item in the budget like a pro forma and we can use some of the funds we have available right now. We are still looking to decrease assessments so your assessments will go down even if our expenditures are up.

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

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman