

INDIGO
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, March 27, 2019 at 1:00 p.m. in the Holiday Inn Daytona Beach LPGA Boulevard, 137 Automall Circle, Daytona Beach, Florida.

Present and constituting a quorum were:

Thomas G. Leek	Chairman
Robert E. Welsh	Vice Chairman
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
Jamie Rountree	Team Rountree

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

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the December 12, 2018 Meeting

On MOTION by Mr. Parks seconded by Mr. McCommon with all in favor the minutes of the December 12, 2018 meeting were approved as presented.
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FOURTH ORDER OF BUSINESS

Selection of Audit Committee

Mr. Perry stated the financials are audited every year and our contract with the current auditor expires with fiscal year 2018. For fiscal year 2019, which we are in right now and ends

September 30, we have to select a new audit firm or retain the current one. Today we are asking the board to consider appointing the whole board to be the audit committee. At our next meeting we will have an audit committee meeting, where you will decide what the criteria is and most of that is determined by statute. We will then ask that you authorize staff to move forward with solicitation of proposals and the following meeting you will evaluate the proposals and select an audit firm.

On MOTION by Mr. Parks seconded by Mr. McCommon with all in favor the board members were appointed to serve as the audit committee.

FIFTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Buchanan stated since the last meeting we were contacted by counsel for the trustee and they have requested that the district move forward with foreclosing the delinquent parcels. By way of background you will recall that in 2014 we reallocated our special assessments and had a hearing; after that hearing we immediately invoiced the landowners that had been previously delinquent and the statute of limitations for us to collect that debt is coming soon. I reminded the trustee of that and they have spoken with the bondholders and have made the request that we start to foreclose.

Mr. McCommon asked which parcels is that related to?

Mr. Perry stated the various parcels are undeveloped lands. Once we went through that process we also recorded on those individual parcels the notice that we sent explaining that they were delinquent and the reason I want to mention that is some of those parcels have changed ownership since that time, but the people who acquired those undeveloped parcels when they did their title work should have been aware of that issue.

Mr. McCommon asked what is the status of the buyer for SW30 and 32?

Ms. Buchanan stated that deal closed.

Mr. McCommon asked are we current on that?

Mr. Perry responded yes, per the agreement.

Mr. McCommon asked when did that close?

Ms. Buchanan stated it closed shortly after the board meeting and none of the substantial terms changed, everything was as was presented to you.

Mr. Welsh asked is NW 21 on the list?

Ms. Buchanan stated no, it is not on the list that would be foreclosed. They are parcels that were owned by GC Land or HWCGC Investment Land, which was an affiliate of GC Land. Those were the only two owners initially, however, as Jim mentioned some of those have changed hands, whether it be tax certificate sales or what have you and now it is G.C. Land, EBT Properties, Ina Group, a couple of individuals and a large number still owned by HWCGC Investments.

Mr. McCarthy asked what is the total acreage?

Ms. Buchanan stated it might be easier to give you the total outstanding amount of money. When you are looking at the total accelerated balance of the 1999C balance it is about \$820,000 additionally, you were looking at some lots that had the 2005 balance, which is \$1.95 million. That is the principal amount and there is delinquent interest and penalties that would accrue on that as well. When you count interest, penalties and acceleration you get close to \$10 million.

Mr. McCommon stated help me understand why the bondholders would not do the foreclosure since they have the debt.

Mr. Perry stated the district has the debt.

Ms. Buchanan stated it is technically default of payment of the special assessments. That is the reason they have asked us to pursue it. I have requested confirmation that they are going to pay the expenses of the foreclosure out of the trust estate and I assume when we ask for a motion to authorize this foreclosure, your approval will be conditioned on that.

Mr. Parks asked how long is that process?

Ms. Buchanan responded it really depends on the court calendar. You can have the complaint prepared in this particular instance because we have nine parties my thought is to do just one complaint for the nine parties because you will have various parties with different tracts, it is hard to say. My guess is it would take a while to untangle it. The reality is that longer may be better. They are doing this because of the statute of limitations, they would like to see more properties work out like the American property did and the Cardinal property did but clearly, they want to preserve their rights.

Mr. Perry stated this is also a way to force those parties to potentially do a workout.

Mr. McCommon asked what is the next step for the CDD on 30 and 32? Whatever development they are doing has to be approved.

Mr. Perry stated the development will be approved by the city; it doesn't get approved by this board.

Ms. Buchanan stated the next real step for the CDD once they have their development approvals is comparing that to the number of units that we anticipated and seeing whether a true-up is due.

Mr. McCommon asked would you anticipate any cost to the CDD for these foreclosures? Even if the bondholders were agreeable, would they pay all the expenses or would there be expenses we would bear in this process?

Ms. Buchanan stated the way my office would work it is we would set up a separate billing matter and everything that relates to the foreclosure would be put on that separate matter. It would be isolated, and I expect that it would all be paid. The foreclosure process itself; six to nine months is reasonable, and I expect this might take longer just because it is kind of messy.

Mr. McCommon stated before we start you are going to need to get their agreement to pay the expenses.

Ms. Buchanan stated right, what we did initially because we have some timing issues is, we ordered the title work as to which entities or owners we would need to include in the complaint, and they agreed to cover the cost of that title work. We had an interim agreement but now that we have had this meeting and the title work came back last week, it would be the start of the real charges.

On MOTION by Mr. Parks seconded by Mr. McCommon with all in favor staff was authorized to proceed with foreclosure of delinquent parcels subject to the bondholder paying the expense of the foreclosure.

Mr. McCommon stated I don't know that anything will happen between now and our next meeting, but I would like to understand what steps are being taken between meetings.

Ms. Buchanan stated the next step now that we have the title work is to prepare a foreclosure compliant, identifying all parties; we would then serve that on the parties and file a

notice of lis pendens so that any potential purchaser of the property understands and knows that this property is subject to litigation. Once the foreclosure complaint is filed, they have 20 days to file an answer whether they agree or disagree with the conclusions that I make in the complaint and then at that point there is discovery. Because there are so many parties, I expect that they will take off on different paths, but I would like to start it with one because that is the cleanest and easiest. I don't think the bondholders are going to mind if this takes a while because they want to give every opportunity to work this out.

B. Engineer

There being none, the next item followed.

C. Manager

Mr. Perry stated there was one parcel they are looking at rezoning, the 300 acres and rezoning is going to a mixed-use residential, potential office, retail. The owner of the parcel is requesting this and there is a hearing in regard to that and it is a zoning matter before the city, this board doesn't have any power over zoning matters. If you want to attend those personally, that is fine, but it is not a district matter. The one thing I will say is I would expect what they will do with that parcel once they start to develop it and get it site planned and or plats approved I expect they will probably pay off the debt on that and make it cleaner and if not we are going to have to reallocate the debt. If they adjust the units, we will have to adjust our O&M also.

Mr. Leek joined the meeting at this time.

D. Field Operational Manager

Mr. von der Osten stated the issue generating the most questions is the construction at Champions and LPGA and the contractor did reach out to us before he started construction a month ago. It is basically all the infrastructure for the traffic signals going in there. This contractor is also developing the Publix Shopping Center across the street that is going to be one of the main entrances to that shopping center across from Champions. It will be a four-way intersection and the driveway across will be a multiple lane entrance to the shopping center across from our entrance there. That will be a fully functional traffic signal with turn lanes from both directions on LPGA. What they are doing now is directional bores underneath the road. Once you look at the plat you realize that right of way for LPGA Boulevard comes back almost to our fountains, probably 10 – 15 feet in front of the fountains so it looks like they are on our property but in reality it is county right of way and you also have the city right of way coming in

and they might be treading a little bit on our property but they have agreed to all restoration of any damaged plant material and sidewalks and I recommended that they discuss any of the plant material, landscaping and irrigation issues with Team Rountree since he knows the system. They agreed to that and they have worked it out with Jamie on when they will be ready to go in and replace sod, plants, and sidewalk, that type of thing.

Mr. McCommon stated you mentioned turn lanes and that means the road is going to be widened.

Mr. von der Osten stated I don't know just how far into the right of way the pavement expands, but I will find out.

Mr. McCommon stated we have a turn lane now. Will they redo that for us or will there no longer be a turn lane?

Mr. von der Osten stated there is a turn lane coming in from both directions on LPGA. Right now the schedule for the traffic signal is flashing in May and fully operational in July.

Mr. Leek asked when will they be done with that?

Mr. Rountree stated in about two months I should be able to go in and start restoration. Today they are doing chlorination of the line installed on the west side and once that is done and everything is buried for the last time I can go in and do my irrigation check, do my final grade and sod. On the east side where they are going to widen that there is no reason to do anything there because they are done, and they will come in and set the light poles. If we go in and start redoing things other than just sod, which is the cheap part they are just going to tear it up again. We can have it look halfway decent in the meantime. Once he pours the sidewalk on the west side, we will grade it and sod it. I expect that to be in the next couple of weeks.

Mr. von der Osten stated we are looking at the interchange because there was a lot of damage to our irrigation system out there from traffic, lighting project and whatnot and they have been much more difficult to get in contact with. We can have it repaired, we can take care of it almost immediately for the broken valves, we are going to repair those at the same time we are talking to them and see if we get anywhere with that.

Mr. McCarthy asked why don't we wait until everything is done?

Mr. von der Osten stated if they are still in the area with heavy equipment, we are not going to do the repairs.

March 27, 2019

Indigo Community Development District


Secretary/Assistant Secretary


Chairman/Vice Chairman