

INDIGO
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, August 22, 2018 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
Kurt von der Osten	Field Operations Manager
Jamie Rountree	Team Rountree
5 Residents	

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Audience Comments

A resident stated we are having an issue with homeless people who are now camping out in the property northeast of Acclaim going down towards Rountree's workshop area. I don't know if it would be the master association or the CDD who would enter into an agreement with the City of Daytona Beach to have it posted as no trespassing.

Mr. Perry stated if it is not a district property we have no authority over it.

Ms. Buchanan stated it is private property and I believe it is in the process of being transferred and I'm happy to pass along the message to the attorney we are working with to see if he can get some signage posted.

A resident stated we had that issue a few years ago and they were in the protected turtle area and they chased them out.

Mr. Rountree stated I have a meeting Friday at the police station and I will get with the chief and get some new signs from him. We will update the current post and as long as the board authorizes a few dollars it takes to buy the lumber we can get it built we can get new ones on the conservation area too.

Mr. Perry stated we need to notify because there is a change in ownership of that parcel.

Mr. Leek asked how many people are we talking about living back there?

Mr. von der Osten stated they come and go, I have walked the site twice inspecting it and never ran into anybody but there are indications that they have been in there. There is clothing, food containers and things of that nature.

THIRD ORDER OF BUSINESS

Affidavit of Publication

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

FOURTH ORDER OF BUSINESS

Ratification of Agreement with Cardinal Servicing Company, LLC

Mr. Perry stated item four is ratification of agreement with Cardinal Servicing Company, LLC. We received confirmation that they did wire in the \$259,520.24 related to the 11 delinquent parcels. If you will recall that was the agreement the board approved a couple months ago. It had been modified slightly, none of the major parameters have changed since your approval, however, it did take some time to get it all closed and worked out.

Ms. Buchanan stated there was a bondholder issue, not an O&M issue that they had to work out.

Mr. McCommon stated that is the O&M but did they submit the other part?

Mr. Perry stated they submitted the portion due to the bondholders to them. They are current on all their property taxes in regard to those parcels.

Mr. McCommon stated we have already had tax certificates on everything there.

Mr. Perry stated correct. When we get to the fiscal year budget 2019 we have taken that into consideration and as a result you will see what we are proposing for adjustments to assessments for next fiscal year.

I had the chair sign the agreement a couple weeks ago, there have been no major modifications and I would like you to ratify that agreement.

On MOTION by Mr. Parks seconded by Mr. McCommon with all in favor the settlement agreement with Cardinal Servicing Company, LLC was ratified.

Ms. Buchanan stated it is in the agreement but just to point it out to you, you had the 11 parcels included, which have been resolved. They still are hoping to resolve two more additional parcels, which would be NW 13 and 15 and NW 21 and 22 and that is contained on their list and the satisfaction will be released upon payment.

Mr. McCommon asked are they still negotiating on that?

Ms. Buchanan stated again with the bondholder. The way it works is that somebody probably owns 80% of these bonds and somebody else owns 5-10%

FIFTH ORDER OF BUSINESS

Ratification of Satisfaction and Release of Notices of Unpaid Non-Ad Valorem Special Assessments

Mr. Perry stated associated with the above item we also ask that you ratify the satisfaction and release of notices of unpaid non-ad valorem special assessments related to those parcels.

On MOTION by Mr. Parks seconded by Mr. McCommon with all in favor the satisfaction and release of notices of unpaid non-ad valorem special assessments were ratified.

SIXTH ORDER OF BUSINESS

Discussion of Settlement of Past Due O&M Assessments on SW 30

Mr. Perry stated associated with Cardinal Servicing Company they have been looking at SW30. I included that in your agenda package because we did provide them an estoppel letter. If you will recall SW30 is the parcel I refer to as kind of an amoeba, it is on the south end and goes for several acres and there are approximately 681 lots that were associated with that. Originally, several years ago that parcel was described as mostly wetlands and when we did the review with England-Thims & Miller they determined it was a combination of wetlands but there was a lot of developable land within that parcel. With that, we adjusted the debt that was allocated to that parcel. As a result of that at this point in time there is approximately \$740,000

worth of O&M with penalties and interest on that parcel and the earlier communications from Cardinal is that they are not going to be able to develop that type of number of units and they are looking for some type of relief from the board in regard to O&M and also they are working with the bondholders. We have told them we would inform the board of that because we have asked them where they are going with this and what do they think in regard to the number of units. I just wanted to let you know that parcel is in play also. There are a lot of Hayman Wood parcels that are starting to come to be more desirable for the marketplace.

Mr. Leek asked did they indicated any kind of a timeframe of when they might know what they want to do?

Ms. Buchanan stated I think our last email from Ken was yesterday so they are actively trying to work on something right now.

Mr. Leek asked they are not speculating on what they think are the buildable lots?

Ms. Buchanan stated that is a good question for you. What kind of information would make you comfortable evaluating the number of buildable lots? Ken will ask Jim and I, what do you think about an appropriate number and Jim is correct in saying it is not our job to negotiate against the board, you have to help.

Mr. Leek asked would it be appropriate to go back to the engineer and say this is what you said six years ago?

Ms. Buchanan stated the individual who did the report for us passed away, his company is still in existence so we could certainly do that. At the same time I'm sure they have an engineer that could provide information as well.

Mr. McCommon stated they would have to come back with a proposal and say we think there are only 500 lots and here is our offer. I am interested in what they have to say but give us a number.

Mr. Parks stated if they gave a ridiculously low number then we might want to get an engineer.

Mr. Perry stated I don't want to negotiate against ourselves.

Mr. Leek stated we have a documented number and we know where we are. We just need to know where they are so we can see if we can meet somewhere in between.

Mr. McCommon stated not only do I want to hear the number of lots but why it is different.

SEVENTH ORDER OF BUSINESS

Discussion of Hayman Wood Delinquent Properties

Mr. Perry stated we will remove this item from future discussions because the parcels are now turning over.

EIGHTH ORDER OF BUSINESS

Public Hearing to Adopt the Budget for Fiscal Year 2019

A. Consideration of Resolution 2018-03 Relating to Annual Appropriations and Adopting the Budget for Fiscal Year 2019

Mr. Perry stated you will notice in almost all the categories we kept expenses relatively flat and in regard to assessments in the prior year we used approximately \$109,000 of excess funds to lower assessments and this year we are proposing to use \$300,000 to lower assessments. We have two types of assessment units, one being platted lots and all the units in the north section whether they have been platted or not are treated as platted lots. In the north section there are approximately 1,445 and in the south there are 466 lots that are platted. Those are all treated the same and then there are approximately 3,000 unplatted units that are raw land in the south. The assessments for the north parcels and the platted units in the south last year were \$383 this year we are proposing that they be \$300.93 so you are going to have about an \$82 reduction in the assessments for O&M. Likewise the unplatted lands in the district in the south will be treated such that the \$103 per unit will go down to about \$75. Taking that into consideration you will see on page 3 of the budget the cash the district has on hand that we are predicting at the end of the year is approximately \$2.9 million. You have adequate cash on hand to utilize that \$300,000.

Mr. Leek asked how many times have we reduced the assessments?

Mr. Parks stated this is the third year in a row isn't it?

Mr. Perry stated yes.

Mr. McCommon stated when these lots become platted some of this related to the acquisitions their O&M portion is going to go up.

Mr. Perry stated if they are in the south.

Mr. McCommon stated that could also result in the lowering of everyone's O&M as well.

Mr. Perry stated correct, as long as overall general costs don't increase.

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

Mr. Perry asked are there any comments or questions from the public?
There being none,

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

Mr. Perry stated Resolution 2018-03 is the appropriation resolution and on page 2 of that we are going to insert these numbers based upon the budget. The total general fund will be \$1,110,679, the 1999A Bond funds would be \$81,550, the 1999C Bond funds would be \$301,980, and the series 2005 would be \$87,804 for a total of \$2,316.013.

On MOTION by Mr. McCommon seconded by Mr. McCarthy with all in favor Resolution 2018-03 was approved.

B. Consideration of Resolution 2018-04 Imposing Special Assessments and Certifying an Assessment Roll for Fiscal Year 2019

Mr. Perry stated next is Resolution 2018-04 imposing special assessments and certifying an assessment roll. Based upon the adopted budget we will take those numbers and adjust the roll to the county and that will take place this year and be on your next tax bill. You will recognize that reduction in assessments.

On MOTION by Mr. Leek seconded by Mr. McCarthy with all in favor Resolution 2018-04 was approved.

NINTH ORDER OF BUSINESS

Consideration of Landscape Maintenance Proposals

Mr. Perry stated item nine is consideration of landscape maintenance proposals and we provided by email and there is a hard copy in front of you, staff's ranking of the proposals. There were three proposals received, Rountree, Yellowstone and Millenium. There was an additional proposer that provided a packet late that we did not accept. We have gone through and ranked these. Personnel, experience, understanding scope of work and financial capability

are all subjective. The price is a formula computation where Rountree, which was the lowest bidder received the full 15 points and Yellowstone based on their pricing received 13 points and Millenium received 11 points. In regards to ranking and personnel Rountree and Yellowstone were basically the same, Millenium was a little less. Experience, again sort of the same track, Rountree, Yellowstone max points and Millenium a little less. Understanding scope of work obviously Rountree understands the needs of the community and has been doing it for a long time and they received 25 points the others received 22 points. Financial capability Rountree and Yellowstone are very close and Millenium was just a little lower. We ranked Rountree no. 1 with 99 points, Yellowstone no. 2 with 95 points, and Millenium no. 3 at 90 points. Before we can adopt this if you have different rankings, the important thing is how you rank them 1, 2, and 3. We will enter into negotiations with the number one ranked firm and if that doesn't work out then go to no. 2.

Mr. Leek stated I agree with staff's ranking and I'm willing to make the motion.

Mr. McCommon asked are we limited to a three-year contract?

Ms. Buchanan stated I think our rules of procedure do limit us to a three-year contract.

Mr. Perry stated unfortunately, it is pretty much an industry standard. It is a lot of work, it takes a lot of time for staff to do this every three years. I will check but I believe it is three years.

Mr. McCommon stated I just wondered if every five years was a possibility. As part of that research can you find out if you are allowed to have a renewal automatically at the end of the three years with one-year renewals to make it up to five years. I know when I have gotten involved with municipal contracts in the past they had something like that and it was up to their discretion to renew it.

Mr. Perry stated we will look to see if we can tack that on.

On MOTION by Mr. Leek seconded by Mr. Parks with all in favor the ranking as presented was adopted and Rountree was ranked no. 1, Yellowstone no. 2 and Millenium no. 3.
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TENTH ORDER OF BUSINESS

**Acceptance of the Engagement Letter with
Grau & Associates for Preparation of the FY
2018 Audit Report**

Mr. Perry stated if you remember we contracted with Grau & Associates and their audit fee is consistent with their proposal and we are asking the board to accept their engagement letter to get started for fiscal year 2018.

On MOTION by Mr. Leek seconded by Mr. McCarthy with all in favor the engagement letter with Grau & Associates to perform the fiscal year 2018 audit was approved.

ELEVENTH ORDER OF BUSINESS

Approval of the Minutes of the June 27, 2018 Meeting

On MOTION by Mr. Parks seconded by Mr. Leek with all in favor the minutes of the June 27, 2018 meeting were approved as presented.

TWELFTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

There being none, the next item followed.

C. Manager – Discussion of Fiscal Year 2019 Meeting Schedule

On MOTION by Mr. McCarthy seconded by Mr. McCommon with all in favor the board will hold their meetings for fiscal year 2019 at 1:00 p.m. at the Holiday Inn Daytona Beach on the following dates: October 24, 2018, November 28, 2018, January 23, 2019, March 27, 2019, May 22, 2019, June 26, 2019, August 28, 2019 and September 25, 2019.

D. Field Operational Manager – Proposal for Signage Improvements (CTLC to fund 50%)

Mr. von der Osten stated we have a proposal from Consolidated Tomoka to update the entry monument signs and this is replacing the interior panels, the blue panels that are currently

there, with the new logo and refreshing all the entry signs and they will contribute 50% of the cost. The total cost is \$34,222 and the district is paying \$17,111.

Mr. McCommon stated it seemed like the old signs really needed quite a bit of maintenance every year. Are these signs going to weather better?

Mr. von der Osten stated all signs over time are going to need some maintenance. This is faux stone behind it.

Mr. McCommon stated if it is faux stone it won't need to be painted.

Mr. von der Osten stated it is not a large surface so over time a cleaning will be needed.

Mr. McCommon stated the sign at the clubhouse when you are coming in off International Golf Drive there was a newer type logo but it isn't this. I'm wondering should that not be included.

Mr. Leek stated probably not in what they are proposing, it is not us. I am assuming they will have that one match.

Mr. Parks stated it is interesting that they won't split the cost.

Mr. Leek stated I like this proposal, I like the signs, I think they look good and I don't have any problem with us contributing to the project. We maintain the signs. I believe the logic we had before where we wanted Consolidated to make the changes was because they had changed the logo and other things like that going on. Now I think the signs are 20+ years old and need to be updated with something a little more current.

Mr. Parks stated I would like to see something that says they would also contribute to the yearly maintenance of the signs, 50%.

Ms. Buchanan stated realistically if you think it makes your community look better that is probably the most important thing.

Mr. Parks stated there is no question the signs are an enhancement.

Mr. McCommon asked the one on Champions that says, restaurant and golf, is that going to say, welcome only, now?

Mr. Leek stated there is another one that says golf course, restaurant.

Ms. Buchanan stated they are not offering us approval of the signs, they are just requesting a contribution.

Mr. von der Osten stated correct.

Mr. McCommon stated I would like consideration of a different font, something a little nicer.

Ms. Buchanan stated as a board action item you would decide whether you are willing to contribute and whether that contribution is contingent on approval.

Mr. Leek stated that is more than fair and we are willing to contribute half to make the neighborhood look better but we would like to have some sort of final approval, we don't want any design tasks, we just want approval.

Mr. Parks asked what about the maintenance?

Mr. Leek stated I think maintenance is pretty minimal. We have them pressure washed every once in a while. We repainted it once in 22 years.

Mr. Parks stated I would be willing to support it and maybe that is a step in healing their past differences.

Ms. Buchanan stated I think ultimately it looks nice.

Mr. Leek stated I don't want to get into design and they have skin in this game too. There are 700 different fonts and we can get into deep discussion on that kind of stuff. I trust them to put up a nice looking sign and it would be a lot of work and problems for us to try to get involved in the design and it could sour the relationship. I would like to approve this and have Kurt go back and say we would like to see the final proof before production if we can do that within our meeting schedule. I like the ones they have shown us and I trust them to pick the best one and if we get involved it is just going to drag it out.

On MOTION by Mr. Leek seconded by Mr. Parks with all in favor the proposal for signage improvements in the amount of \$34,222 with the district responsible for 50% not to exceed (\$17,111) and CTLC responsible for 50% was approved.

Mr. von der Osten stated we have a request from the manager of the Jubilee HOA to clean out the sod along their hedge line along Champions Boulevard at Tournament.

Mr. McCommon stated they cut the hedges way back and they want us to put in sod.

Mr. Leek stated this is where they had hedges dying. The argument was over whether it was CDD responsibility or the HOA. The plat clearly showed it was HOA property. After a lot of discussion I negotiated with them over several weeks and agreed there were certain sections

that we would help them replace and we would pay 50% but we didn't do 50% not to exceed what they did was after the agreement they then negotiated the price way down and basically we paid for 90% replacement of those hedges. Those hedges are clearly along the homeowner association property.

Mr. McCommon stated not only is it going to be a problem but as those hedges grow out the grass is going to die.

Mr. Parks stated we are setting a precedent.

Mr. McCommon stated I say we pass.

Mr. Leek asked who is trimming them?

Mr. Rountree stated we trim them for the HOA. It is in essence no different than the berms for Festiva or Acclaim and it is no different than the podocarpus at Promenade or any other HOA that has plant material and that screens the backs of homes from the road. That is the design.

Mr. Perry stated there is no action that you need to take.

THIRTEENTH ORDER OF BUSINESS Supervisors Requests and Audience Comments

Mr. Welsh asked did the State ever get back to us as to when our next meeting will be for the traffic flow and vegetation they are going to put in effect for traffic on 95?

Mr. Perry stated no. I wouldn't expect them to contact the district.

Mr. Parks stated the county approved \$54,000 study to study the bridge.

Mr. Leek stated I would like to ask Kurt to bring to our next meeting as big of a map that you have that shows all the parcels so we can start figuring out which ones we still have to deal with.

Mr. McCommon stated knowing that some of the money we received our O&M on those certain parcels, bondholders have or are going to receive that should have some effect on our balance sheet and any forgiveness of debt they have done in their deal as well. Where will we see that reflected?

Mr. Perry stated they didn't forgive any debt, they forgave penalties and interest.

Mr. McCommon asked is the balance sheet going to be affected because we won't be past due on certain portions of that debt.

Mr. Perry asked are you getting to the point will we have the ability to refinance?

Mr. McCommon responded no. I just want to know where and how we are going to see that reflected down the road.

Mr. Perry stated they brought everything current in regard to these parcels.

Ms. Buchanan asked in the final copy of the agreement did they attach the amortization schedules?

Mr. Perry stated yes.

Ms. Buchanan stated I think that is the answer to your question. We can provide you amortization schedules for each of the parcels to reflect the write-off of interest and this amount of principal.

Mr. McCommon stated we shouldn't have a negative fund balance.

Mr. Perry stated we will.

Ms. Buchanan stated unfortunately that is from the expenditure of the debt service money on things like litigation and trustee's counsel.

Mr. Perry stated there is an impact but there are still all these other parcels out there that are still delinquent. Going forward our assessments related to the debt service funds will start to go out and we will be able to pay bondholders because they are performing assets.

Mr. Leek stated that doesn't really affect our financials.

Mr. Perry stated indirectly, for the bondholders in essence.

A resident asked is there anything further on the playgrounds you talked about a few months ago?

Mr. von der Osten stated we took it off the table for the time being.

FOURTEENTH ORDER OF BUSINESS Approval of Check Register

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

FIFTEENTH ORDER OF BUSINESS Financial Statements as of July 31, 2018

A copy of the financials was included in the agenda package.

SIXTEENTH ORDER OF BUSINESS Other Business


There being none, the next item followed.

**SEVENTEENTH ORDER OF BUSINESS Next Scheduled Meeting – September 26,
2018 at 1:00 p.m. @ Holiday Inn**

Mr. Perry stated the next scheduled meeting is September 26, 2018 at 1:00 p.m. in the same location.

On MOTION by Mr. McCommon seconded by Mr. McCarthy with all in favor the meeting adjourned at 1:56 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman