

MINUTES OF MEETING
INDIGO
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, March 29, 2023 at 1:00 p.m. at the Fairfield by Marriott Daytona Beach, 1820 Checkered Flag Boulevard, Daytona Beach, Florida.

Present and constituting a quorum were:

John McCarthy	Chairman
Mark McCommon	Vice Chairman by telephone
Kevin Kilian	Assistant Secretary
Ken Workowski	Assistant Secretary
Ron Brown	Assistant Secretary

Also Present were:

Jim Perry	District Manager
Jeremy Lebrun	Governmental Management Services
Katie Buchanan	District Counsel
Kurt von der Osten	Field Operations Manager
Jamie Rountree	Team Rountree by telephone

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

Public Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the December 9, 2022 Meeting

On MOTION by Mr. Killian seconded by Mr. Brown with all in favor the minutes of the December 9, 2022 meeting were approved as presented.

FOURTH ORDER OF BUSINESS

Consideration of Resolution 2023-05 Designating Officers

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Mr. Perry stated Resolution 2023-05 is the designation of officers. You will see at the bottom of the resolution we have inserted members of GMS to be included as either assistant treasurer or assistant secretary. In addition, I want to add Jeremy Lebrun to that list. He operates out of the Orlando office, and he will be coming to some of the meetings on a regular basis. Currently Mr. McCarthy is chairman, Mr. McCommon is vice chair and we ask if there are any changes you would like to make. I am the secretary and treasurer and the remaining board members are assistant secretaries.

On MOTION by Mr. Killian seconded by Mr. Brown with all in favor Resolution 2023-05 was approved reflecting the same slate of officers and adding Jeremy Lebrun as an assistant secretary and assistant treasurer.
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FIFTH ORDER OF BUSINESS

Discussion of Update on O&M Methodology

Mr. Perry stated item five is a discussion about updating the O&M methodology. What is transpiring in the district now is we have certain communities that have unique expenses related to them, the Lennar community especially. In addition to that on the drawing board there are multiple-family and commercial properties that will come within the district boundaries, and we haven't established a rate for assessing those. In the 1999 bonds there was the contemplation that there would be commercial, apartments, etc. and condominiums so there has been a lot of work done on that, but it is dated. We want to do a formal O&M methodology, which will document all that and provide equivalent residential units concept to each of the different product types that are going to be built. In addition, we are going to isolate this one community because of the costs associated with it; the landscaping is a little more intense than the other areas of the communities and it benefits that community itself because it is right off LPGA Boulevard and is kind of isolated. The other issue is the stormwater management costs associated with the ponds down there and the permitting and the project that has been installed would be floating mats of hydroponic type of plant material. At our May meeting we will bring before the board a draft of this methodology, which will be the basis for assessments of those types of units going forward. Looking where we are today I anticipate that we won't have an increase in assessments throughout the district, but we will have a pocket associated with this that we will probably be floating an increase on in anticipation of having these costs in the future along with the landscaping costs we are incurring

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right now. Kurt will give you an overview of the costs associated with the stormwater system and where it is located.

Mr. von der Osten stated it is in the preserve, it is a unique stormwater filtration system, which consists of 27 floating biomass nutrient retention mats. They have to change out all the plant material in the 27 mats three times a year. Those types of plants really absorb the different nutrients that need to be extracted and before the plants can die and decompose, they harvest those, take them back and compost them and plant new plants. It is an interesting system and there is no historical data on it when it was sold to us last year. I just received the first proposal from this company for annual maintenance of these mats and one year of maintenance and harvesting is \$98,000. I don't even know if there are other vendors. I sent it back and said we were told at the presentation there was three years maintenance included and it took about a week to get a response and they said they researched it, and you are correct. The proposal doesn't go into effect until 2025. It gives us a little time to budget, and maybe more bidders will come on line and we can bid it out. It requires three harvestings a year, every harvest samples are sent to a lab in Orlando and analyzed. The report has to go to a lab, reviewed, written up and forwarded to the water management district to show that the system is functioning. I'm learning about it and bringing the information to you.

Mr. Brown asked does it look like its working?

Mr. von der Osten stated no, with the water heat up this summer and right now we are not putting any chemicals in. I don't have these on Solitude's rotation right now. I need to add it, but I haven't talked to them about how they treat when you have these things floating around. I need to add that also, which will be an amendment to the current contract.

Mr. Killian asked will the increase for the homeowners' association in that area be equivalent to the cost of this different system?

Mr. Perry stated that is what we are going to do on this O&M methodology since this is a closed system related specifically to that development area it would be passed on to the homes that benefit from the system.

Mr. Killian stated I vaguely remember the presentation but what is the purpose of this new method.

Mr. von der Osten stated it was explained to us at the time that there were new calculations for stormwater retention rates and how long it must be held, and you treat it before it is released

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into the river. It is called the 100-year compensatory storage and requires much more stormwater capacity on your site. A new subdivision like the preserve is retaining much more stormwater for a longer period of time than Jubilee or Centennial that fell under the regulations of 20-years ago. The soil characteristics of that neighborhood had no percolation, the water just sits there. There is a combination of factors, having to store so much more water, the soil does very low percolation, so you have to remove all the nutrients. We were told this was the only system they could make work in that area.

Mr. Workowski asked what exposure do we have if it doesn't work?

Mr. Perry stated I have never seen one of these systems before and unfortunately, sometimes the permitting agencies go out and look at solutions that haven't been proven. One example Kurt and I talked about is one vendor that I know of. This individual does a lot of aquatics type stuff throughout Central Florida but we can't be tied to one vendor, that did all the permitting and worked with all the agencies. I was shocked at the price and the timeframes involved for the harvesting and all the work that goes into those permits. I don't have an answer for you, but we will see over the next year where we are at.

Mr. Killian asked how much per property is it going to cost?

Mr. Perry stated about \$375 per unit per year.

Mr. Killian asked will that assessment be paid by the lots that aren't built on?

Mr. Perry stated yes.

Mr. McCommon asked what is involved in terms of harvesting and are there going to be issues with the homeowners related to the noise that might be caused by the harvesting?

Mr. von der Osten stated I handed out some brochures from the vendor and I will email that to you. They have already harvested once, and the report is here. The mats are tethered to the shoreline, and they pull them in and they are plugged and they pull them out and replace them at the shoreline. We have easements and access. It is not a large machine going around like a combine, it is all done by hand.

Mr. Killian asked was the report accepted by the agencies?

Mr. von der Osten stated I would like our engineer to look at this and comment to the board on it. He would be working on your behalf.

SIXTH ORDER OF BUSINESS

Staff Reports

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A. District Counsel – Discussion of Proposed Fee Increase

Ms. Buchanan stated I used to charge a flat fee of \$1,200 so when I called in for a meeting and spent an hour on the phone it was a really good day for me, but I didn't feel that you have the complexity that necessitates that flat fee arrangement anymore. I wasn't comfortable continuing that and felt like an hourly rate was more fair. The counter was when we did have the flat fee arrangement our hourly rates were lower, so it was a significantly lower rate. All of my clients I held last year when we transferred from Hopping to Kutak because I didn't want anyone to feel pressured that there was a new firm and a new rate. Now is the time I'm coming back and proposing that we true you up to what our market rate is. I'm still proposing a discount, my normal rate on other districts is \$350 so you still have roughly that 10% off, which is something historically here that you have appreciated. It is a big jump and I thought it was important to explain why it was a big jump because it was tied to that flat fee that you were paying for so long.

Mr. Killian asked is the pricing consistent with other firms?

Mr. Perry stated it is. Unfortunately, attorneys' fees over the last five years have gone up considerably.

On MOTION by Mr. Killian seconded by Mr. Workowski with all in favor the proposed fee increase was approved.
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B. District Engineer

There being none, the next item followed.

C. District Manager

Mr. Perry stated we are working on the budget for next year, preliminarily it appears that we still will end the year with about \$1.2 million in cash. Our normal working capital is three months, which is about \$300,000 so there is about \$800,000 excess. We have maintained a lot of excess over the years. I don't anticipate an increase in assessments even with increasing costs we can absorb that for this next year without any issues, that said I'm not talking about the Lennar property, I'm talking about all the other residential communities in the district.

Mr. Brown asked instead of hitting them with \$400 a year assessment would it make sense to break that up?

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Mr. Perry stated we have two components that are part of the increase for that enclave. The first is the landscaping cost and we will have to determine how much more that is than what we normally pay because they have more extensive entrances and so forth. That cost is currently out there, we are incurring it on a daily basis now. The other cost is the projected cost for the mats and stormwater. We would anticipate both of those and notice the total, but for the next year or two since we don't have those costs with the stormwater coming in, we wouldn't go all the way up to the \$400. We would probably only go halfway for the costs we are currently incurring. That way it is done in regard to notices and people know what to expect in year 2 or 3 from now. We will have a draft budget in May with the proposed increase for the effected lands.

Ms. Buchanan stated this is premature but thinking ahead we are probably going to post this on the website, the methodology, because not this year or next year but there will be a point at which this community realizes their assessments are higher and we want to be able to say you can view the document, it is on the website, we have always explained why yours are higher, we have been transparent about it.

Mr. Killian asked can we put the onus on the builder and say they need to tell their people they are going to pay X more than everyone else?

Ms. Buchanan stated when they request estoppel letters, which they don't always do, you can do it there.

Mr. Perry stated keep in mind this community already has additional debt layered over it above and beyond what you have, when they issued the bonds last year.

Ms. Buchanan stated it is really something we should think about because this community is building out in an unorthodox manner. Rather than a master seeing it through you are going to see different treatments for different neighborhoods and we may want to start putting that information out there if we can so they can understand that this is what you are buying into. I don't know how we do that, but it is worth thinking about.

D. Field Operational Manager

Mr. von der Osten discussed the new interchange and was told by FDOT not to do anything with the entrance until they are finished with their work and I let them know about our interlocal agreement with the city.

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As an update on the sidewalks, most of International Drive has been replaced. It is so shady that the grass won't grow, and Jamie recommends a shade tolerant variety and we should have a better idea of what is needed by the next meeting. The city is working with us and Courteaux Electric because International Golf was decimated by the hurricane, so not only did we have the sidewalk work, but half the trees and lighting and irrigation ripped out. It is slated in the next budget year for repaving by the city. There was resurfacing on Tournament and the neighborhoods off Tournament. The city updated the crosswalks at the intersections to make them ADA compliant. They did stop at Tournament and Perfect mainly because the apartments are under construction, they will come back after construction and repave that section.

The weir that is still damaged on Champions near the intersection at Tournament was washed out in the hurricane, the city reported that it is in the engineering and design phase.

I have a proposal to clean and repaint the monument at the Tournament Drive entrance in the amount of \$2,600. I think we need to repaint at least the blue part on the ones at International Golf Drive. Are we good with the \$2,600?

Mr. Perry stated yes.

Mr. von der Osten stated I'm working with several HOAs on refurbishing the street signposts, a few belong to the CDD and I would like to do them at the same time.

Mr. McCommon asked did you reach out to the IROA regarding the Links Terrace monuments that are not consistent with the entrance signs for other communities?

Mr. von der Osten stated I have told them it is not the right style. We have approved signage templates and guidelines for the community. The one community not in either signage is Links Terrace because it was a resort parcel it was always left off every agreement. I don't have a signage requirement for Links Terrace, I'm asking them to change them to match everything else in the community. The concrete part is fine, it looks like they stuck on mechanical letters.

Mr. McCommon asked what has been their response?

Mr. von der Osten stated that it is what they typically use on their signs. I told them those letters are not approved, they have also been advised that their for sale signs at the entrances to the neighborhood are not approved either and will have to be removed. I have advised them that a new home sale sign approved for both entrances, Tournament and Champions, which looks similar to that one sign that has been there forever is in need of refurbishment. I have gone to the developers and builders and the plan right now we are putting in place is to install the approved

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LPGA sign at both entrances stating new home sales, but it matches the theme. Those signs will be coming out and replaced with the proper signs.

We will need to add a placard for Links Terrace to the monument signs that list the names of all the neighborhoods.

Mr. Perry stated one other item not on the agenda is the utility easement parcel.

Mr. von der Osten stated it is on the Tomoka River on ISB, it is CDD conservation land.

Ms. Buchanan stated it is not developable, there are not any CDD improvements nearby, what they are doing is a directionally drilled force main, so they are going to drill underground to install a sanitary sewer facility. If everyone is okay with it in concept, give authority to the chair to work with staff to finalize the form of easement agreement because if it is in a conservation easement, we want to make sure if there is any damage that they are liable and responsible for it.

On MOTION by Mr. McCarthy seconded by Mr. Workowski with all in favor the chair was authorized to work with staff to finalize the form of easement agreement with the City of Daytona Beach.

SEVENTH ORDER OF BUSINESS

Supervisors Requests and Public Comments

There being none, the next item followed.

EIGHTH ORDER OF BUSINESS

Approval of Check Register

On MOTION by Mr. Workowski seconded by Mr. Killian with all in favor the check register was approved.

NINTH ORDER OF BUSINESS

Financial Statements as of September 30, 2022

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

TENTH ORDER OF BUSINESS

Next Scheduled Meeting – May 24, 2023 at 1:00 p.m. @ Holiday Inn

Mr. Perry stated the next scheduled meeting is Wednesday, May 24, 2023 at 1:00 p.m. in the same location.

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On MOTION by Mr. McCarthy seconded by Mr. Brown with all in favor the meeting adjourned at 1:45 p.m.

DocuSigned by:
Jim Perry
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Secretary/Assistant Secretary

DocuSigned by:
John McCarthy
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Chairman/Vice Chairman