

MINUTES OF MEETING
INDIGO
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, August 23, 2023 at 1:00 p.m. in 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
Kevin Kilian	Assistant Secretary
Ken Workowski	Assistant Secretary
Ron Brown	Assistant Secretary

Also Present were:

James Perry	District Manager
Jeremy LeBrun	GMS
Katie Buchanan	District Counsel
Kurt von der Osten	Field Operations Manager
Jamie Rountree	Team Rountree
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

Public Comments

Mr. Shackelford stated our development appears to not have sod in all the areas you are responsible for. We have tried to get this area sodded since November and can't get a straight answer from Lennar. Your contractor won't mow back there and there are weeds growing up. If you can put pressure on Lennar to sod, we would appreciate it. We don't want the CDD to take this area and have to sod it. They haven't maintained the islands in four or five months, the grass is past your knees. I assume you haven't taken over yet.

Mr. Perry stated we have a contract that was assumed by the district regarding that.

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Mr. von der Osten stated there are areas that are not sodded that need to be sodded in the Preserve. It is probably HOA and CDD property. We spoke with Lennar several times about it and usually it is that the neighborhood is still under construction, and it will be done once they finish the neighborhood. None of the permits are closed out, they are all open. At one time they requested quotes from Rountree for Bahia sod, but there was no action taken. We receive several calls about areas not being sodded, but Lennar is the developer, they control the homeowner's association. We are a little in between, we manage for Lennar, yet we answer to all the homeowners. We have been making requests and I will take what is being said at this meeting and send it over to Lennar's representatives. That is for the sodded areas.

For the islands, which is a unique one-of-a-kind system they are scheduled for maintenance three times a year, the next service date is September. They don't get cut in between service dates because of the way the floating island absorbs the nutrients; they have to be allowed to grow to absorb it. I'm learning this system myself. I have been told that the number one complaint is the unsightliness before the next harvest because the weeds grow faster than the plants. We have found that is a very costly system to maintain.

Mr. McCommon stated Lennar was the one that chose this system, because the water management district has more restrictions on how these retention ponds can be done. Though we are responsible for it, Lennar is paying for the first three years of maintenance.

Mr. von der Osten stated maybe an interim visit could be had for aesthetics.

Ms. Buchanan stated we need to send the developer a letter that says, if you are complete and want to turn over anything to the district, these are the deficiencies that were identified.

Ms. Adams stated the Grand Champion entrance is beautiful but if you go through ours, the Preserve needs attention. There is a lake to the left with garbage on the edge of the water and your guys never pick it up. Sometimes when they mow, they go around it.

Mr. Rountree stated we turned the irrigation down considerably because that area stays wet and is why the Medjools had to be replaced from root rot. We talked about raising the entire center median because of the way it holds water. We didn't do the install we took over the maintenance of the install.

Ms. Adams stated we have a lot of on street parking and I'm concerned an emergency vehicle won't be able to get through.

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Mr. Perry stated we can send a letter to Lennar but eventually that will be a City of Daytona Beach issue.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the June 21, 2023 Meeting

On MOTION by Mr. McCarthy seconded by Mr. McCommon with all in favor the minutes of the June 21, 2023 meeting were approved as presented.

FOURTH ORDER OF BUSINESS

Consideration of the Operations and Maintenance Assessment Methodology Report

Mr. Perry stated next is consideration of the operations and maintenance assessment methodology report that is included in the agenda package. The operations and maintenance assessment is separate from your debt service assessment that you receive each year. The debt service assessment depending on the community in which you live those bonds will be paid in full in various timeframes and they are 30-year bonds. The operation and maintenance assessments are an annual expense and once the bonds are paid off you will continue to have O&M. to fund the landscaping, stormwater and various other costs of the district. This report codifies for the board the long stemming practices since 1999 in regard to the operation and maintenance for single-family homes, multi-family, commercial and also, we have carved out in this report the Preserve. The reason the Preserve is carved out is it has unusual costs compared to the other communities in the district. The most obvious one is the stormwater management system there. We don't have any other stormwater management systems in the community like yours. Also, in the community we only fund the water quality for the stormwater management ponds. The ponds are all owned by the various HOAs in the community. Yours is a little different because of the relationship of the DEP permit, which is under the district versus an HOA, which most water management districts are requiring now a more longstanding entity to take ownership of those permits, a more formal entity rather than an HOA.

Regarding yours, included in this report is a discussion about the additional landscaping because your landscaping is more intensive than all the other communities. Those costs are being borne solely by the Preserve community.

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This report codifies what has been in practice for several years and recognizes the special costs associated with the Preserve.

On MOTION by Mr. Kilian seconded by Mr. Brown with all in favor the operations and maintenance assessment methodology report dated July 14, 2023 was accepted.

FIFTH ORDER OF BUSINESS

Public Hearings for the Purpose of Adopting the Fiscal Year 2024 Budget and Imposing Special Assessments

On MOTION by Mr. McCommon seconded by Mr. Workowski with all in favor the public hearing was opened.

Mr. Perry gave an overview of the budget process and stated the reference you may have seen on your tax notice that says Links Terrace Phase 1 Community Development District is really the Indigo Community Development District. There is a bond associated specifically with the Preserve that was issued in 2021. The assessment roll administrator that works for my company has been in contact with the county. I didn't realize this, but she pointed out what they included in your property tax bills is incorrect regarding the name on that bill, Links Terrace Phase I CDD should have been the Indigo CDD, bond 2021. There is a separate line on the tax bill for operation and maintenance.

Ms. Buchanan stated in future years if they label it correctly, it is likely that line item will be combined to a single line item.

Mr. Perry stated unfortunately, there is no standardization with counties in the State of Florida. Some counties will delineate and have a special line item that says operation and maintenance and a line item that will show the debt service for the bond. Volusia County has been doing that, but they have had a lot of turnover in staff; they are not required by statute to do it that way.

There are budgets available for everyone. On the revenue side we have maintenance assessments, which are collections for the landowners within the district and those assessments are for lots that have been platted and for site planned and/or approved commercial development, multi-family, etc. Also included are assessments for raw land. If there is a parcel within the district

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boundaries there is an assessment on it for O&M, nobody gets away without paying some type of assessment. Also included under the revenue section is interest income and that is based off the reserves in the bank, which are approximately \$1.2 million estimated at the end of this year. We also have an agreement with the City of Daytona Beach where they pay a portion of the I-95 interchange maintenance. For this year we estimate we are going to use approximately \$500,000 of carry forward surplus to keep assessments at the same level as we have had in prior years, notwithstanding the Preserve. The operation and maintenance cost in 2007/2008 were about \$420 per household, in 2009 we dropped it to \$377, 2010 we dropped it to \$333. In that timeframe we had a recession hitting the district and there were landowners, mostly developers who were not paying their tax bills. We increased it in 2011 to \$400, the following year things were looking better, and we dropped it back to almost \$300. In 2013, 2014 and 2015 things were not good, and the O&M went up to \$560 per unit. We were finally able to turn things around in 2016 and 2017 we dropped it down to \$385 and since then in 2018 we dropped it to \$364, in 2019 \$310, in 2020 \$270 and over the last four years 2021-2024 we dropped it to \$239 and we propose it to stay the same. Next year I expect we will have to ask the board to increase it by \$75 or \$100.

The administrative section are ongoing costs of any district. We have maintenance expenses for the I-95 interchange. We are optimistic that when that gets widened that cost will go away because this district is not going to replace all those palm trees and reconfiguration of the ponds. After that we have the community expenses and that relates primarily to landscaping, stormwater, utilities, tree trimming, pressure washing, gopher tortoise cost associated with the mitigation effort. Our total run rate for expenditures is going to be approximately \$1.2 million, for maintenance expenses in total it will be \$1.4 million. For residents within LPGA other than the Preserve the assessments are going to stay at the \$239 level. Included in this budget is the cost associated with the landscaping in the Preserve of about \$101,000. There are 471 units that is spread over that is approximately \$200 a unit that is added to the \$239 so the O&M assessment for the Preserve area is going to be right at \$440. Whether the home is sold or not each lot will pay that amount. Phase 2 costs are not included.

Mr. Shackleford stated Phase 2 is being built, they are being assessed because they have a permit to do that?

Mr. Perry stated they platted the lots.

Mr. Shackleford asked they are being taxed \$400?

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Mr. Perry stated yes.

Mr. Shackelford stated in our subdivision once they are built there are 195 homes and we have maybe 3 lots of roadway, common area and we have six ponds. The math isn't working out for me. You are collecting tax dollars for 400 homes.

Mr. Perry stated 471.

Mr. Shackelford asked where is the money come from?

Mr. Perry stated the 471 covers the \$101,000 for landscaping, the other \$239 is related to all the expenses within the district. You just have added onto your community the costs associated with the landscaping and stormwater for your area.

Mr. Shackelford stated there is 195 lots and we are going to pay \$505.49 per lot that equals \$98,570, which matches what you are saying.

Mr. McCommon stated that is the extra maintenance. The \$239 everybody pays, not just your community. There is an extra \$200+ specific to your community because of the additional cost of the stormwater and so forth.

Mr. Shackelford stated we are going to pay \$505 a lot this year and it is going up to \$700+ next year. The math doesn't work out for me. I don't understand why our bill is going up \$200+ this year to double to \$500+ then it is going up another third next year, yet we have an additional 400 lots being built that you are receiving the tax dollars on that 400 lots.

Mr. Perry stated the notice you received was an estimate of \$505. If you look at it this way, each of the lots within LPGA pays \$239 and that funds the administrative cost, the I-95 interchange, all the other costs associated with gopher tortoises, electricity, everybody pays that \$239. The Preserve is going to pay an addition \$101,000 related to landscaping and so forth divided by 471 lots is approximately \$200 so that \$200 added to the \$239 gets you to \$439. There is approximately \$100,000 we have estimated related to the stormwater system, hopefully, that number will come down but if it stays at \$100,000 again divided by 471 it is approximately \$200. Your assessment will then go from \$440 to \$640. It follows the notice and that is the math.

Mr. McCommon stated we won't know that number until we have a year of maintenance on the stormwater management system.

Mr. Perry stated it is such a high cost we are going to go out for bids for the annual maintenance.

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Mr. Shackelford stated if I understand it right, LPGA pays \$200+ a year, and we pay \$200+ a year. Now we have to pay another \$100,000 to maintain the mowing because the pond aquatic system is separate.

Mr. Perry stated just the plant materials and so forth.

Mr. Shackelford asked how does that work out for me? I'm looking at \$100,000 to mow six ponds.

Mr. Perry stated it is not just the ponds, it is all the common areas within your community.

A resident asked don't we also pay the HOA to maintain portions of that mowing as well?

Mr. von der Osten stated it is quite a jigsaw puzzle. I have had Lennar put together a color-coded map, which we are still refining because there are so many slivers of HOA property and CDD property it gets very confusing.

A resident stated we are paying \$100,000 to the CDD to maintain a certain area plus we are paying the HOA for maintenance to mow another area. None of this was told to us when we purchased our homes. We were only given the HOA monthly and yearly we were not told it was going to double our taxes for the CDD nor go up to \$700 in another year and where is the cutoff because we are talking doubling now, going to \$700 and what are you going to tell us in two years, it's going to \$1,000? I think that is where we are all worried about.

Mr. Rountree stated there is a lot more going on besides mowing, there is tree trimming, fertilizer, pest control, plant replacement of annuals, irrigation.

Mr. Frank stated since they are building another phase, have you been shown the plans are they using the same very expensive water treatment system? Do you have any say or approval of that before they get approval?

Mr. Perry stated that is under the water management district and the permitting in the community.

Mr. Frank stated then you have no say that they could put this system in.

Mr. Perry stated no. Any developer is going to try to work with the water management district and try to get the most cost-efficient system they can, because it does come out of their pocket too. You have to pay the ongoing maintenance, which this system is a lot more expensive than a traditional system.

Mr. von der Osten stated I had a conversation last week with the CDD engineer and Phase 2 has seven lakes just as the first phase does and as far as I know they aren't planning the same

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system; it will be entirely different. Right now, you are looking at the \$101,000 for landscape maintenance, ponds, irrigation; the proposal for one-year of maintenance for Phase A, the first phase, is \$98,000 so now you are looking at \$98,000 plus the \$101,000. Phase 2 seven more lakes seven more floating mats to maintain. They are now aware of an alternative system; it is still not a traditional system, but it eliminates the mats, it treats them at the outfall weir where it overflows. I don't know that system either but he was familiar with it so I don't know if it has a higher capital cost upfront or lower maintenance cost. I don't know if we can explore that option. It is already permitted so it is something Lennar would have to do.

Mr. Frank asked can't you at least send a letter to the water management district and say we object to this system, there must be a better more economical one, long term for the taxpayers. There are a million things you can do after something has been permitted to object to it.

Mr. McCommon asked can we ask St. Johns if there is an alternative?

Mr. Perry stated we can always ask.

Mr. McCommon stated I also encourage you as part of the homeowner's association to come together and have a united front. You might have some type of leverage with Lennar that what they are burdening you with regarding these costs they may not be considering or would reconsider. We don't have any rule over them to do that.

Mr. Shackelford stated you have answered my question on that. I do have a couple specific invoices I want to question. You installed three trees that died on the boulevard and paid \$2,800. Those trees weren't even a year old and should have had some kind of warranty, but we paid for three trees again. I had one replaced in my yard and they gave me the tree and I paid for the install. Under service address where the work was done, they are blank on most of them. You may want to start filling out that part so whoever is approving these invoices will know where the work was done. In general, I hope we can do better on this ongoing thing because the aquatic system is separate from the lawn mowing.

Mr. Rountree stated the trees were damaged in a storm and were put back up and didn't make it. As far as the invoicing I will address that with accounts billable because they should have a location where certain work was done. As far as the mowing it is not done just every other week, we are doing it as often as we can possibly do it to try to keep up with it. In some cases it is done weekly in other cases depending on the weather and conditions because some of those areas get extremely wet and we can't mow them without doing damage then you are more or less on an

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every other week. But they have been mowed a lot more than just every other week. That is not the way it was bid but that is the way we are doing it even though we are not getting additional payment.

Mr. von der Osten stated there are additional buffers that were not in the original bid because there are so many slivers of land that belong to the HOA and CDD. This year we discovered several areas that were not in any bids that are being added in and planned on for 2024.

A resident asked who is going to be responsible for footing the bill of Grand Champion Drive finally being paved through our front entrance?

Mr. von der Osten stated if you are talking about the extension of Grand Champion Boulevard where the new light is, that cul-de-sac will tie into the Preserve. The main boulevard is being funded by the bonds and the landscaping will be maintained by the CDD, however the roads are maintained by the city. The CDD is only responsible for the upgraded landscaping, lighting, signage.

Ms. Buchanan stated just to add on. They didn't issue enough bonds to pay for all those improvements, Lennar has an obligation to complete the improvements, the CDD doesn't come out of pocket for additional work.

Mr. Perry stated one other note regarding landscaping, we have talked about this at prior meetings, we will be going out for proposals probably in the October/November timeframe.

Mr. Shackelford asked why is this meeting at 1:00 p.m. during the week?

Mr. Perry stated I have been with this district 15 years and originally we had night meetings and have two people show up, no people show up, we had them at the Holiday Inn, we had more people show up. Unfortunately, they have gotten pricey compared to here, so we relocated it here. My experience is that other than the budget meetings we hardly ever had any residents.

A resident asked is there going to be a cap off? Right now, it is proposed at \$500 then \$700. Is it going to stop or just going to keep going?

Mr. Perry stated from the best I can see right now, it will probably end up around the \$700 amount based on what we know today.

On MOTION by Mr. Kilian seconded by Mr. Brown with all in favor the public hearing was closed.

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A. Consideration of Resolution 2023-07 Relating to the Annual Appropriations and Adopting the Budget for Fiscal Year 2024

On MOTION by Mr. McCarthy seconded by Mr. Kilian with all in favor Resolution 2023-07 was approved.

B. Consideration of Resolution 2023-08 Imposing Special Assessments and Certifying an Assessment Roll for Fiscal Year 2024

On MOTION by Mr. McCarthy seconded by Mr. Brown with all in favor Resolution 2023-08 was approved.

SIXTH ORDER OF BUSINESS

Staff Reports

A. District Counsel

There being none, the next item followed.

B. District Engineer

There being none, the next item followed.

C. District Manager – Consideration of Designating a Regular Meeting Schedule for Fiscal Year 2024

Mr. Perry stated the only thing I ask is that we consider at our July 24th meeting to have that as an evening meeting at 6 p.m. or 7 p.m.

It was the consensus of the board to have the July meeting at 6:00 p.m.

On MOTION by Mr. McCarthy seconded by Mr. Kilian with all in favor the fiscal year 2024 meeting schedule was approved reflecting the following dates: November 15, 2023, January 24, 2024, March 27, 2024, May 22, 2024, July 24, 2024, and September 15, 2024.

D. Field Operational Manager

Mr. von der Osten stated I sent an addendum to the lake management contract. Can we piggyback under the existing agreement?

Mr. Perry stated yes, I believe I have already signed it since the rate was consistent.

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Mr. McCommon stated a few months ago we discussed hurricane charges and potential relief. Has that been resolved?

Mr. von der Osten stated they closed the new application process but there is possibly a window to still get it in. I don't have the answer now.

SEVENTH ORDER OF BUSINESS Supervisors Requests and Public Comments

Mr. Workowski stated we all live here and pay the same taxes.

Mr. Geiger asked on the pond maintenance wouldn't it have been better to replace them with fountains? Wouldn't that take care of the same thing?

Mr. von der Osten stated the fountains work for irrigation adding oxygen back into the water and help control algae growing. I do have some documents now on these mats and I will post the to the website so you can read them and get educated as to what is going on with these things. The plants they plant have a very large underwater root structure absorbing the nutrients, the fertilizers, the heavy metals, the kinds of things that are in the water and not allowing it to escape outside the pond because the runoff from the roads is going into the ponds. The whole key is to trap those contaminants at the lake level. How they remove it from the lake is to remove the plants and replacing it with new plants. In concept it sounds like a great system, the reality is you deal with the cost and weeds.

A resident asked can nothing be put into the lakes to help absorb that contamination.

Mr. von der Osten stated that is the alternative system, which is installed at the outfall. It is like a water filter at the outfall.

EIGHTH ORDER OF BUSINESS Approval of Check Register

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

NINTH ORDER OF BUSINESS Financial Statements as of July 31, 2023

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

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TENTH ORDER OF BUSINESS

**Next Scheduled Meeting – Wednesday,
September 27, 2023 at 1:00 p.m. at the
Fairfield by Marriott Daytona Beach**

Mr. Perry stated the next scheduled meeting is September 27, 2023 at 1:00 p.m. in the same location.

On MOTION by Mr. Kilian seconded by Mr. McCarthy with all in favor the meeting adjourned at 2:20 p.m.

DocuSigned by:
Jeremy LeBrun
665CD7AA7BB8455
Secretary/Assistant Secretary

DocuSigned by:
John McCarthy
BBE007244C3C478
Chairman/Vice Chairman