

MINUTES OF MEETING
INDIGO
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Indigo Community Development District was held Wednesday, July 17, 2024 at 6:00 p.m. in the Fairfield by Marriott Daytona Beach, 1820 Checkered Flag Boulevard, Daytona Beach, Florida.

Present and constituting a quorum were:

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|---|---------------|---------------------|
| | John McCarthy | Chairman |
| | Mark McCommon | Vice Chairman |
| - | Kevin Kilian | Assistant Secretary |
| | Ken Workowski | Assistant Secretary |
| | Ron Brown | Assistant Secretary |

Also Present were:

- | | |
|--------------------|--------------------------|
| Jeremy LeBrun | District Manager |
| Katie Buchanan | District Counsel |
| Kurt von der Osten | Field Operations Manager |
| Jamie Rountree | Team Rountree |
| Several Residents | |

FIRST ORDER OF BUSINESS

Roll Call

Mr. LeBrun called the meeting to order at 6:00 p.m. called the roll.

SECOND ORDER OF BUSINESS

Public Comments

Mr. Siprak asked when was the last meeting like this?

Mr. LeBrun stated I will answer some of those questions during my staff report.

Mr. Edmond asked is each community represented on the board?

All board members live in the district, which is bounded by the Tomoka River, LPGA and 92.

Mr. Douglas asked how does this board differ from the master HOA?

Ms. Buchanan stated the HOA and CDD are unrelated. The CDD is a governmental entity that was established over the boundaries that were described and it does things like generally stormwater system, some landscape maintenance and collects money to ensure that those

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government functions can continue. Your HOA mostly regulates the four corners of your lot and any property owned by the HOA. They don't have the same jurisdiction or function.

Mr. Roos asked who oversees what you do?

Mr. LeBrun stated the CDD is governed by the five members of the board who are elected through the general election. The district also employs a district management firm that oversees the administrative side of the district, agendas, minutes, accounting, public records, we facilitate those activities. Policy decisions are made by the board of supervisors as elected officials.

Mr. Roos asked who in the state oversees you?

Ms. Buchanan stated they are their own independent agency, so they don't report to the City of Daytona Beach, they don't report to Volusia County, these five elected representatives are independent and stand alone.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the June 11, 2024 Meeting

On MOTION by Mr. Workowski seconded by Mr. Brown with all in favor the minutes of the June 11, 2024 meeting were approved as presented.

FOURTH ORDER OF BUSINESS

Public Hearing for the Purpose of Adopting the Fiscal Year 2025 Budget and Imposing Special Assessments

Mr. LeBrun stated this public hearing will cover items A and B. We started this budget process three or four months ago, looking at actuals, forecasting expenses, getting information about things coming online, new areas to maintain. This proposed budget is posted on the website and we also post the audit each year on the website. We are required to be audited by a third-party independent auditor each year.

Mr. LeBrun stated the last line under revenues is carry forward surplus and every year since 2019 the board has been utilizing carry forward surplus to absorb any of those rising costs. 2012 was the last increase and that was primarily due to the recession when landowners were not paying their tax bills, there were defaults and assessments were raised. From 2013 through 2015 assessments were approximately \$588; more than they are proposed to be currently and that is where a lot of the carry forward surplus was built up as landowners started paying their tax bills again. In fiscal year 2020 through 2021 it was lowered to \$383 and dropped again to \$240 in fiscal

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year 2021 and it has remained steady since that time. There was a surplus that was built up and during that time period expenses were rising. They used the carry forward surplus to absorb rising costs. When the moneys are available to absorb those costs there is no need to ask residents for additional money. This current year we are in the last of that carry forward surplus and combine that with increasing costs of services, and that caused the need for an increase.

Ms. Buchanan stated there were multiple years where the district was using more than \$500,000 a year in carry forward surplus. That is a very, very large offset and that went on for a long time.

Mr. LeBrun reviewed in detail the administrative expenses, operations and maintenance for I-95 interchange, community wide operations and maintenance, and the Preserve at LPGA that pertain only to the Preserve at LPGA residents and stated those costs are not reflected on anyone who lives outside the Preserve. That one has a higher level of maintenance and service. The assessment chart is on page 3. The narrative starts on page 5 and that is a good place to start if you are unfamiliar with the CDD budget; it explains each line item. As it stands right now that is the assessment level needed to fund the budget, if there are any changes made tonight that will slightly adjust the calculations. The \$500,000 in carry forward is no longer there to keep it status quo.

Ms. Buchanan stated one other clarification, in case you are looking at the budget and you were to see that the assessment on the table says \$470 but you go to your tax bill and it says something higher, that is because there are two parts to the budget, the operations and maintenance part, which deals with just that and there is also a debt service component, which goes to repay the bonds the district issued to build the infrastructure. The reason I'm explaining the difference is because the operation and maintenance assessments are perpetual, they do not go away as long as the district owns improvements we will continue to levy and collect operation and maintenance assessments. The debt assessments do eventually go away. They are 30-year term bonds and the district issued two series of bonds initially, one in 1999 one in 2005 so those are pretty far along in the repayment. However, in 2021 and 2024 the district did issue new bonds which are only applicable to the Preserve section. It matters where you live in the district as to how long you are going to be paying debt assessments and Jeremy's office can help you identify that amount for your particular property.

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Mr. McCommon stated also your assessment for your bond has always been the same, it has never changed and never will change. Even when there were defaults that doesn't fall back on the other people in the district; O&M will change on budgetary needs.

Ms. Buchanan stated to recap the questions I wrote down, the basis for the cost increase and I think Jeremy explained that there is an increase in costs but most significantly the loss of the surplus funds to offset costs. What does the CDD do? As mentioned, there is an administrative cost and operations component consisting mostly of landscape maintenance and stormwater management. The budget descriptions are very helpful and better explain that. Are the assessments prorated? No, but understand the difference between debt and O&M and how that relates to which one changes, the debt doesn't change and expires at the end of the term, the O&M may change with the needs of the district and stays in place every year.

On MOTION by Mr. Killian seconded by Mr. Brown with all in favor the public hearing was opened.

Following are items raised, amount of increases in the future, source of electric bill, amount of increase in landscape costs, defaults, tax certificates, interchange maintenance, monthly meetings, annual budget meetings, district manager prepared the budget, board adopts the budget, lake maintenance, irrigation repairs, landscape contingency, charges for the Preserve, terminology, carry forward surplus, responsibility of lake maintenance, assessment for O&M increases from undeveloped land to developed, use of carry forward, over payments when properties came out of default, reasons for gross up in tax bill, election process, Developer previously paid lake maintenance in Preserve, CDD maintains CDD owned areas only, suggest that distribution of information needs to be more equitable to the demographics, collection cost goes to property appraiser and tax collector, HOA and CDD different entities governing different things.

On MOTION by Mr. Killian seconded by Mr. Workowski with all in favor the public hearing was closed.

A. Consideration of Resolution 2024-05 Relating to Annual Appropriations and Adopting the Budget for Fiscal Year 2025

Mr. Workowski stated for Mr. Shackelford's question, Kurt will go over the apparent \$70,000 increase specific to the Preserve.

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Mr. von der Osten stated the \$25,000 is related to Phase 2, the landscape portion is related to the large size of the stormwater lakes and mowing in those areas. In the budget the Preserve is two locations, the Phase B on the lakes also the roadways connecting Royal County to Grand Champion. They are seeing increases in landscaping in two locations in the budget: the Preserve section and the overall community section. The Preserve section is for the new lakes in Phase 2 and that is for Preserve only. The roadway, Royal County Boulevard is being connected to Grand Canyon Boulevard is hitting the community wide section of the budget. That section is carried by all residents in the district. It is simply the growth of the overall maintenance budget due to new roadways, new lakes, and overall size of the district has grown so much. If you look in ten years the number of lakes we are maintaining has grown by 50% to 70%. In 2014 we had 46 lakes, next year we are servicing 72 lakes. Also the roadways, Grand Champion, Royal County, International Golf, Champions, Tournament, we all have those roadways with all those entrances off of LPGA Boulevard. The responsibility in our budget is growing. It is almost like a true up because we don't have carry forward surplus anymore. That came about when everything crashed, assessments went up higher than they are right now and they held for a few years until they dropped but we had so many parcels in default where landowners were not paying, it was the board's responsibility to make sure we had enough money to pay the bills. A lot of those parcels that were in default eventually sold and they had to come to the district to negotiate a settlement and we collected a payment that wasn't budgeted, and that created the surplus that was used these last few years to offset the actual costs. This year you are starting to see the true cost of what it is to maintain the neighborhood. The new number is about \$39 per month for homes and when you come down these streets at night there are over 700 streetlights in the community that the CDD pays for. The O&M budget went up about 24% unfortunately the O&M assessment went up about 97%.

Ms. Buchanan stated in my notes I have a request for an electrical audit. I think Jeremy and Kurt can discuss that offline. We discussed the Preserve landscape increase. What I'm hearing is that the additional lakes are driving up both the lake maintenance and the landscaping costs.

Mr. von der Osten stated correct.

Ms. Buchanan stated it is two different line items but they are connected to the same increase in maintenance responsibility by the addition of the lakes.

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Mr. LeBrun stated the engineer still does not have a final number; he is still working through that conversion cost. That cost is not in this budget. I do not know where in the ballpark that number comes to retrofit a current floating island to a different stormwater system that meets the permits, this is just for the LPGA Preserve. It is a big project to retrofit.

Mr. Brown stated Kurt is looking at that too.

Mr. LeBrun stated we are also looking at alternate vendors to maintain that. We will bring those costs back to the board once we have them. It is not in this year's budget.

HOA versus CDD landscape, at the last meeting the board authorized the engineer to prepare an updated map of the district. The engineer will update the map and once we have that map we will put that on the website and the residents will be able to see the areas that the CDD maintains.

A resident brought up the actuals versus the budget, the projected is the best guess of what could happen. We have three months left and if Kurt knows of any upcoming projects, that is factored in. Also after this budget is adopted as the year goes on you can make changes between line items. This approves the total number.

I have a note about mailing of letters. The estimated cost to send out a letter with one or two pieces of paper in the letter with a stamp is between 90¢ to \$1.00 minimum. Kurt will work with the HOAs to find other ways to disseminate information. You can contact me and I will be happy to answer your questions. You don't have to wait for a meeting to get answers.

On MOTION by Mr. Brown seconded by Mr. Killian with all in favor Resolution 2024-05 was approved.
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B. Consideration of Resolution 2024-06 Imposing Special Assessments and Certifying an Assessment Roll for fiscal Year 2025

Ms. Buchanan stated the prior resolution approved the budget and this resolution approves the levy of special assessments to fund the budget. It does include a finding that the district's services and improvements provide a benefit to the district, levies the special assessment and then certifies the debt assessment as well for collection. It also specifies that all the assessments are going to be collected on the tax roll as compared to directly.

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On MOTION by Mr. McCommon seconded by Mr. Workowski with all in favor Resolution 2024-06 was approved.

FIFTH ORDER OF BUSINESS

Consideration of Proposals for Arbitrage Rebate Calculation Services

Mr. LeBrun stated we are not able to earn more money in interest than we are paying on the bonds and there is an arbitrage rebate calculation that must be done for the IRS. An outside auditing firm completes the computation. There are two proposals in the agenda package, one is from AMTEC who has done it in the past and they are at \$450 per year for each bond series. The other proposal was from Integrity and that is for \$1,450.

On MOTION by Mr. Brown seconded by Mr. Killian with all in favor the proposal from AMTEC to provide arbitrage rebate calculation in the amount of \$450 per year was approved.

SIXTH ORDER OF BUSINESS

Staff Reports

A. District Counsel

There being none, the next item followed.

B. District Engineer

Mr. LeBrun stated I followed up with the engineer and I'm waiting on the final numbers for LPGA Preserve and the updated map.

C. District Manager

1. Consideration of Designating a Regular Meeting Schedule for Fiscal Year 2025

Mr. LeBrun stated next is designating a regular meeting schedule for fiscal year 2025. This follows our normal meeting schedule and the budget meeting will be held at 6:00 p.m.

Ms. Buchanan stated so that the audience understands how the budget process works. There will be two meetings we are required to have, the first is in May and that is the proposed budget, which is the cap. You can't have anything higher than what is approved in May and in July is when we adopt the actual budget. If there are concerns with the budget it is best to bring them to the board in March because that gives staff plenty of time to review them and work them into the proposed budget that is presented in May.

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On MOTION by Mr. Workowski seconded by Mr. Killian with all in favor the board will meet on the following dates in fiscal year 2025: November 20, 2024, January 22, ,2025, March 26, 2025, May 26, 2025, July 23, 2025 and September 24, 2025.

2. Consideration of Adopting Goals and Objectives

Mr. LeBrun stated in your agenda package you will see the proposed goals and objectives. We recommend the board adopt these goals and objectives for this current year to meet the statute requirement that it be in place by October 1. As the year goes on if the board wants to they can adjust or add items. These meet the requirement, they have an objective, a measurable standard, and you have to say if they were achieved or not by December.

On MOTION by Mr. Killian seconded by Mr. McCarthy with all in favor the district’s goals and objectives were adopted.

3. Approval of the Check Register

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

D. Field Operational Manager

Mr. von der Osten stated the only item left was a question about the overall site map that is underway and we should have that draft by the next meeting.

Mr. Workowski asked the street coming in off Champions through the new development, the D.R. Horton project, where the city removed CDD trees, have you heard back if they are going to replace them?

Mr. von der Osten stated I have not.

SEVENTH ORDER OF BUSINESS

Supervisors Requests and Public Comments

Mr. Shackelford stated the Preserves are on our own, not part of LPGA how can it go from \$102,000 to \$172,000 when you are adding another development that is paying their part? No one

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addressed how to reduce the budget. Who looked at these costs? Who is responsible for giving a detailed report to the board so they can make an informed decision?

Mr. LeBrun stated I discussed earlier that I and my firm are responsible for generating the budget. We work with Kurt and the contractors, vendors, the insurance providers, to get as much data as we can to anticipate what things might cost. Kurt gets with the developers and he gets quotes for landscape, from vendors of what it is going to cost. All the data is looked at. We looked at ways to lower expense, as an example on the I-95 Kurt went through and knocked out as much as he could from that section. The goal is to operate the district the most efficiently possible. We bring it to the board, they ask questions, we talked about the budget the last few meetings. You have been there. The engineer is trying to get the stormwater reduced, get a new vendor to service the floating mats. We do as much as we can. Hopefully, this budget will sustain us for several years. We never want to raise assessments, unfortunately this was the year we don't have that huge carry forward and this is pretty much what we calculate it is going to cost to operate the district. If things come in under budget, that money stays with the district and can be reallocated to another line item. I don't want to do the district a disservice by underbudgeting; that is a worse scenario.

A resident stated you asked for a fertilizer price and you put that in the budget and that is not the way to do a budget.

Mr. LeBrun stated if we need a service we ask for a proposal of estimated cost and the board would approve it if they want to go through with fertilization for example. That is what we think it is going to cost they still have to approve the proposal. We use the contracts and agreements that are in place with the vendors, that is where the numbers come from.

Ms. Buchanan stated your landscape contract is your most expensive and the district does bid that out. Then they award it, pricing is one of the things they look at. While we may use the pricing the landscaper has provided to us, we evaluate pricing from multiple options and then picked the vendor based on pricing and qualifications. It doesn't necessarily happen at the same time as the budget but we did it within the last several months.

Mr. Brown stated all these things are reviewed all year long. If someone complains about something it is reviewed and discussed, during the year the vendors are looked at and reviewed.

Mr. McCommon the budget is not to exceed numbers, we don't always spend that much.

A resident asked does anything over \$25,000 go out to bid?

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Ms. Buchanan stated there are different services that have different statutory thresholds. The maintenance services like landscape maintenance or lake maintenance services, the bid threshold is \$190,000 so it is high and that is why we do bid out our landscape services. We don't bid it every year because bouncing it around would be challenging so we typically bid it on a three-year rotation to make sure we have a good sense that our pricing is appropriate. Other parts don't have to be bid by statutes such as smaller purchases or professional contracts but the board typically has 30-day termination provisions in all their contracts. They are not locked into anything except the interchange agreement.

A resident asked is the money you get from us invested in something better than Bank of America is paying?

Mr. LeBrun stated in the revenue section of the budget, the interest generated from the carry forward surplus was \$35,000 in interest. Any time we can maximize that interest earnings we do that.

EIGHTH ORDER OF BUSINESS

Approval of Check Register

This item taken earlier in the meeting.

NINTH ORDER OF BUSINESS

Financial Statements as of September 30, 2024


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


TENTH ORDER OF BUSINESS

**Next Scheduled Meeting – September 25, 2024
at 1:00 p.m. at the Fairfield by Marriott
Daytona Beach, 1820 Checkered Flag
Boulevard, Daytona Beach, Florida**

Mr. LeBrun stated the next meeting is scheduled for September 25, 2024 at 1:00 p.m. in the same location.

On MOTION by Mr. Killian seconded by Mr. McCarthy with all in favor the meeting adjourned at 8:15 p.m.

Signed by:

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Secretary/Assistant Secretary

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Chairman/Vice Chairman