

MINUTES

LEON COUNTY EDUCATIONAL FACILITIES AUTHORITY

April 14, 2011

The Leon County Educational Facilities Authority met Thursday, April 14, 2011 at noon in the SouthGate Campus Centre ballroom, Tallahassee, Fl. pursuant to public notice.

Authority Members Present: Bob Kellam, Billy Hilaman, Joe Weil, Craig Fletcher and. Lynn Tipton.

Authority Members Absent: Randy Guemple (family illness), Liz Maryanski (prior FSU commitment)

Others in Attendance: Calvin Ogburn; Terry Madigan; Ray Allen; Coastal Property VP [for Heritage Grove]; Bob Botel, Florida Insurance Specialist, Inc; and Ken Mills, Managing Director, Southgate.

The meeting was called to order at 12:22 p.m. by Chairman Kellam who welcomed new member, Lynn Tipton.

Mr. Botel was called upon to discuss the directors and officers insurance market. Mr. Botel detailed the research he had done and the time it took to locate a reasonable policy for the Authority. It was also discussed that the General Counsel and the Executive Director, as previously reported, had worked with other agents and reviewed a number of other policy proposals which were deemed insufficient and/or well beyond the cost parameters previously directed by the Authority. Mr. Botel advised that he has found one particular policy which he believes is suitable for EFA, which has a premium of \$4,405.60. The policy would have a \$7,500 deduction/self-insured retention per claim and a coverage limit of \$1 million, not including attorney's fees (attorney's fees would be covered even if above and beyond the \$1 million). Various claim scenarios were discussed by the Authority and Mr. Botel and the General Counsel. Craig Fletcher made a motion that the policy be purchased. The motion was seconded by Joe Weil and all were in favor to proceed with the purchase of the policy. The policy will be cancelable and refundable if upon delivery the coverage exclusions are not satisfactory to the Authority..

The minutes of the meeting of February 17, 2011 were approved as modified. The motion was made by Joe Weil, seconded by Craig Fletcher and all were in favor.

Chairman Kellam reported on his meeting with County Commission Chairman John Dailey at which time he delivered his annual report and the approved audit for the period ending 9/30/10. He said that the meeting went quite well, that several topics pertaining to the Authority were discussed including the Chairman's consideration of appointing a County Commission member as liaison to the Authority.

The Chairman then discussed the conference call that he had with "A" bond holder's representative, Bill Black and EFA Financial Advisor, Bill Reagan. Bill Reagan discussed in detail his conversation with the "B" bondholder's representative. They then discussed several operational issues with SouthGate. A discussion on a capital needs assessment was held. It was agreed that an engineer would be employed to do just such a task.

Chairman Kellam then discussed the possibility of the EFA making a short term loan to Heritage Grove to allow management to place an order for the purchase of new furniture as was discussed at the previous Executive Committee meeting. All agreed.

The disruptive actions, primarily by the residents of the former Lambda Chi Alpha house, were discussed. Ray Allen and Calvin Ogburn reported on their meeting with the FSU Police Chief and his assistant. Chairman Kellam then discussed and circulated his memo "Ongoing Problems at Heritage Grove." (copy attached) He expressed extreme disappointment in the action of the fraternity's national headquarters.

SouthGate Managing Director, Ken Mills, said that his staff was following up on leads for FAMU Scholarships. SouthGate now has leased 225 of a total of 500 beds for the fall term which is slightly ahead of last year. Currently there are 231 applications pending. The summer camp season is projected to be better than last year's.

The retail area currently occupied by Kaplan and Wolf Tan will become vacant within the very near future. This will cause a loss of revenue of \$6934 p/mo. To Southgate. Various ideas and usages of that space were discussed by the Authority. Several commercial real estate agents have been contacted. In the operational area, food costs continue to escalate dramatically. This will be controlled somewhat by reinstating the seven/fourteen day/unlimited meal plan instead of the current 'unlimited' plan.

Heritage Grove activities were reported on by Ray Allen. The request for a waiver on the debt coverage ratio has been approved by the insurer, ACA Financial Guarantee Corp.

An engineering review has started, utilizing Ernest Watkins of Watkins Construction Company and Carson Hicks of Hicks Engineering. Ray Allen reported that he had received approval for this Bond Document required 5 year engineering review by the Trustee and ACA. He is continuing negotiation with a mobile food service vendor and is proposing a contract to pay Heritage Grove \$1,000 per month plus 5% of the gross receipts. There has been no activity on the ATO lot and he will be talking to Mad Dog Construction Co. about the possibility of building town houses there. He also said that the lack of CAM fee of \$3000 p/mo. from the ATO lot is having an impact on the operation of this property. The City mandated Storm Water Management Review has been completed and the exceptions have been corrected. The property is now 98.4% occupied and is 86.7% pre-leased for the fall of 2011 which is approximately 20% ahead of this time last year.

Resolution #11-01, an amendment to the by-laws regarding the designation and status of certain officers and members and imposing term in office limits, which has been introduced by Chairman Kellam and discussed at the last quarterly meeting of the Authority, was formally presented for further consideration and vote. Terry Madigan explained the ramifications of the by-laws amendment once again, and after discussion, a motion was made to approve by Bill Hilaman, seconded by Joe Weil and all were in favor. The contents of the resolution will be formally incorporated into the Authority's by-laws, effective April 14, 2011.

Resolution #11-02, proposing a by-laws amendment as to Meeting Notices and Attendance Requirements, was introduced by the Chairman for discussion. The resolution, if approved, would make the Authority's rules and procedures consistent with the County's proposed policy under consideration regarding meeting attendance requirements of County-appointed board members, and would also make the Authority's procedures for notice of its meetings consistent with those of the County and other boards. The Authority's previous notice requirements had exceeded the County requirements. Craig Fletcher expressed his dismay that the County continues to dictate policy to its appointed authorities, without offering financial support. The Resolution will be further discussed and proposed for a vote at the next meeting of the full Authority.

The IRS ongoing field audit of Heritage Grove was then discussed by Terry Madigan and Calvin Ogburn. After discussion, it was agreed that the staff would continue comply with requests and keep the audit committee fully informed.

The next quarterly meeting is scheduled for July 14, 2011 however, there will be several executive committee meetings called prior to that date.

There being no further business the meeting was adjourned at 2:24 p.m.

Robert E. Kellam, Chairman

Calvin P. Ogburn, Executive Director