

## MINUTES

### LEON COUNTY EDUCATIONAL FACILITIES AUTHORITY

January 19, 2012

The Leon County Educational Facilities Authority met Thursday, January 19, 2012 at 12:00 noon. in the SouthGate Campus Centre lounge area, Tallahassee, Fl. pursuant to public notice.

Authority Members Present: Billy Hilaman, Joe Weil, Craig Fletcher; Liz Maryanski, Bob Kellam; Randy Guemple and Brian Desloge who has joined the Authority as the BOCC liaison

Authority Members Absent: Lynn Tipton

Others in Attendance: Calvin Ogburn; Terry Madigan; Ray Allen and Viola Cannon representing Coastal Property Management; Ken Mills, Randall Husmann and Jamie Thomas representing Asset Campus Housing; Trish Raub and Bob Powell, James Moore and Company, CPA's; and Beth Driggs, US Bank Trustee Representative..

The meeting was called to order at 12:15 p.m. by Chairman Hilaman.

The minutes of the meeting of October 13, 2011 were approved with a motion by Randy Guemple, seconded by Liz Maryanski. All were in favor.

The audit for the period ending 9-30-11 was presented by Liz Maryanski, assisted by Joe Weil. The audit was reviewed in detail with the assistance of Bob Powell and Trish Raub, CPA's. Bob Powell ended the report by stating that his firm had issued an unqualified opinion which he said is the highest level of assurance that can be given to an audit. He went on to say that the expenses at Southgate this year were 82% of income as compared to 85% last year. At Heritage Grove also, the operating expenses are 82% this year compared to 85% last year. He then reviewed the findings as discussed on page 27 of the audit and discussed the plans that the audit committee has to rectify these findings. In response to a question, Randall Husmann estimates that it will take approximately 2 ½ to 3 years to fully fund the reserve account at SouthGate. The Authority members then discussed the corrective action plan as presented on page 30 of the audit. A motion was made by Randy Guemple, seconded by Joe Weil that the audit be accepted as presented. All were in favor.

Chairman Billy Hilaman then expressed his compliments to both management companies. Craig Fletcher echoed the Chairman's comments and added that despite increase in food costs, the SouthGate operation is performing at a high standard.

An update on the draft of the Strategic Plan was distributed by Joe Weil. He said his feeling that financing at this time was very difficult due to the market conditions. He elaborated on his visit with bond attorney Mark Mustian and he plans to meet with several entities in the local area in the near future. He expressed a desire to at least develop one project as a test sample and then to document the results.

Brian Desloge expressed his opinion that the authority is for conduit financing only and should not participate in any type of property ownership. He further said that in his opinion the private sector should be doing this activity and not the Educational Facilities Authority.

(12:50 p.m. – Bob Kellam arrived)

Bob Kellam urged caution that the authority not get into competition with our existing properties. Discussion by many members of the Authority followed. It was agreed that Joe Weil is to work with Ray Allen on this test sample and involve others as needed. The Chairman then requested that a report be brought to the next meeting.

Craig Fletcher reported that \$10,000 had now been released to each of the three schools in Leon County for Scholarship use.

The two operating policies, ‘Spokesperson’ and ‘Questions to Professional Staff’ were presented by the Executive Director in the absence of Lynn Tipton.. Discussion followed and Joe Weil asked what would be the enforcement procedure, if any? Bob Kellam suggested that the authority address any violations on a case by case basis. After more discussion, it was agreed to table this and forward this issue to the Executive Committee for action.

“The Big Event” was explained by Liz Maryanski. She said that this is a nationwide student run initiative to be held on March 24 where student volunteers will do community service, building playgrounds and maintaining parks and other public facilities. She anticipates some 6,000 students will participate this year and she would like EFA to allocate funds to support this effort. A motion was made that the Silver Level (\$1000) be allocated to this project. Craig Fletcher expressed reservations. Brian Desloge warned the Authority that it was indeed opening its doors to future solicitations from many organizations. The motion was withdrawn by Joe Weil. A motion by Craig Fletcher to allocate funds to this project and let the Executive Director and Liz Maryanski work out the details and fund through the two EFA properties. This was seconded by Bob Kellam. All were in favor.

Randy Guemple then discussed the fees that the trustee is charging for SouthGate. He said that the fees being charged are now over \$30,000 per year and he recommends that the Authority look at other trustees to see what they are charging for this service. After discussion it was agreed that Randy Guemple and Randy Husmann would research this project and include the “ A” and “ B” bondholder representatives as necessary.

The Chairman advised the membership that the management contracts for Heritage Grove and SouthGate expire this year. He expressed his satisfaction with each of the management companies at this time. He said that the Executive Committee will review each of these contracts and that any members who wished to are urged to join as they are reviewed. He urged the members to send any suggestions to the Executive Director so that the committee can evaluate them.

Ray Allen reported that he is talking to three mobile service vendors at this time and hopes to have one in place within 30 days.

Heritage Grove is now 99.4% occupied and 22% pre-leased for the fall of 2012. The rental rate will be \$499 per bedroom per month and water and sewer are not included in this rent and will be billed separately by a billing firm. He estimated that cost to be between \$10 to \$15 per month. Liz Maryanski suggested that perhaps friendly competition could then be encouraged between competing fraternities and residents.

A draft of the architectural standards were presented by Bob Kellam and discussed by the membership. A motion was made by Bob Kellam to adopt these standards, seconded by Craig Fletcher and all were in favor. Bob Kellam is to establish and send out a point evaluation system for these standards.

(1:38 p.m. – Liz Maryanski leaves)

Lot #11, formally the ATO lot, was then discussed. Terry Madigan related that the ATO's understand that any agreement to refund money to the ATO's is contingent on the Authority financing a new building. Brian Desloge requested that he be on record opposing the EFA owning any more real property. Several members explained the ownership of the Heritage Grove lots.

Ken Mills then reported on SouthGate. He said that the property is 100% occupied for the spring semester.

(1:50 p.m. Brian Desloge left)

He said that he and his staff were in negotiation with interior decorators to redo the lobby area. He then recited a number of the residential activities which are underway in the old ballroom which include such as a casino night. He said that the escalating food cost is most difficult to control and budget for.

The Chairman then asked Randall Husmann his view of SouthGate when compared to other similar student housing. The response was "overall SouthGate is performing better than those on the private market." He said that national student housing is picking up and their firm currently has 42,000 student beds under management. The management company is proposing a 5.1% rent increase this year (2012-13) and a probably 7.273% increase for the year 2013-14.

Anyone who is interested in participating in the Architectural Review committee for Heritage Grove is encouraged to contact the Executive Director.

Bob Kellam had no report from the "B" bond holder's representative.

The Chairman is to appoint a committee to evaluate a proposal for Heritage Grove, Lot 11.

US Bank Representative Trustee, Beth Driggs, was recognized by the Chairman to say a few words.

Property Manager Viola, Viola Cannon, gave a brief report on the spring rush activities.

There being no further business, the meeting was adjourned at 2:08 p.m.

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Billy Hilaman, Chairman

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Calvin P. Ogburn, Executive Director