

Leon County Educational Facilities Authority

October 15, 2015 Meeting

Southgate Campus Centre

Authority members in attendance: Chairman, Billy Hilaman, Chairman-Elect Lori Billberry, Tom Proctor, Rick Givens and Gary Huff. Also in attendance was Joe Weil, Executive Director, Terry Madigan, Counsel to the Authority, Mike DeFeudis, of Asset Campus Housing, Ray Allen of Coastal Properties and Mary Jo Gilbert, Property Manager with Coastal Properties.

The meeting commenced at 12:00 PM.

The Board unanimously voted to approve the minutes of the August 21, 2015, Board meeting.

The Board unanimously voted to approve bank signature authority for the incoming Chairman and remove same authority for outgoing Chairman effective October 16, 2015.

Billy opened discussion on the possible sale of Southgate. 15-page sales listing agreement was reviewed by the Board members along with three different sales brochures related to the property. Billy introduced Ed Murray to the Board.

Ed discussed the potential sale. Tom Proctor asked detailed questions about Southgate's broker opinion of valuation. Ed indicated that once the listing agreement was executed he expected buyer interest to be known in a 30 to 60 day time frame.

Various board members asked about existing debt to the Southgate Bondholders and related debt extinguishment. As of September 30, 2015, the 1998 Series A bondholders were due \$8,080,000 and the 1998 Series B bonds had a face value of \$20,500,000 plus accrued interest of \$24,397,150. Total debt related to Southgate totaled \$52,997,150. Required debt service remains current.

The 1998 Series A bonds are callable and have a face value of \$8,080,000 as of September 30, 2015. Term sheets have been received from all Series B bondholders agreeing, in aggregate, to accept approximately 60% of the face value of the B bonds in exchange for total liquidation of all of B bondholder debt including accrued interest. In summary, the Southgate debt can be extinguished for approximately \$20,380,000. The B bondholder term sheets have a March 31, 2016 expiration date.

Both Tom Proctor and Gary Huff questioned the 2% commission. Ed Murray agreed to lower the commission rate to 1.5% but said he would need to get CBRE's approval.

Several Board members questioned Mike DeFeudis about various aspects of Southgate. Mike stated that there was always a waiting list and receivables were less than 30 days outstanding. Mike explained several reasons why Southgate's five-year compound growth rate exceeded 22% for both operating income and cash flow from operations.

Board members Billy Hilaman, Tom Proctor, Gary Huff and Rick Givens voted to approve the sales listing agreement. Board Chairman Billy Hilaman signed the sales listing agreement.

Ray Allen stated that Heritage Grove was 93% occupied. No rent concessions have been given.

Terry's legal report focused on Heritage Grove construction issues, related litigation and associated costs. It was again noted that the Trustees had previously ceased paying the LCEFA issuer's fees to the Administrative Fund, thereby exacerbating the cash crunch on the Authority and inhibiting its ability to pay the costs of the litigation to recover damages to fix the construction issues.

The trustee and bond insurer (ACA) have not yet advised if they will honor the Authority's recently (August 21) approved HG budget calling for a \$30,000 monthly amount to cover litigation costs and fees and related items. The new budget including this amount is scheduled to commence in October. This \$30,000 budget amount was approved by the Authority because the Administrative Fund's cash and reserves have been exhausted paying for HG legal and related expenses.

Terry discussed several meetings he and the Executive Director recently attended with representatives of the FSU Real Estate Foundation. to determine whether FSU could be of help with the Heritage Grove situation. FSU has thus far declined to intervene or assist.

Terry discussed the Oct. 13 letter sent to all board members from ACA Financial Guaranty Corporation, and once again reviewed the history of the Authority's dealings over the past few years with ACA. The Authority Chairman will reply to the letter, and will also invite ACA representatives to meet with us, as they have requested.

Lori asked Terry how much he thought was currently outstanding for the Heritage Grove litigation costs Terry guesstimated that the outstanding invoices and current work in process could amount to \$150,000 above the amounts already paid out by the Authority on attorneys, related experts and other costs during the past two years.

Billy made a motion that Chairman-elect Lori Billberry become Chairman of the LCEFA. The motion was unanimously approved by the Board.

The meeting was adjourned at 2:15 PM.

Lori Billberry, Chair

Joe Weil, Executive Director