

Leon County Educational Facilities Authority  
(Draft minutes until approved at next Authority meeting)  
Annual Meeting, November 29, 2018  
Capital City Bank Conference Room

Members present: Tom Proctor; Rick Givens' Dennis Bailey Bill Hilaman; Ramsay Sims; Anthony Miller.

Also present: Bob Kellam, Executive Director; Michael Kramer, Assistant Director; Dennis Fuller , President, Coastal Properties; Terry Madigan, Authority General Counsel; Mike De Fuedes, Southgate General Manager; Kaye Kendrick, Accountant.

### APPROVAL OF MINUTES

After several modifications and additions were suggested, a motion was made to approve the minutes of the Special meeting held on September 28, 2018. The motion to approve the minutes was made by Anthony Miller and seconded by Bill Hilaman, passed unanimously. The corrected minutes will be distributed to the Board.

### OFFICER ELECTIONS

Officer elections are held every year at the Annual Meeting. Dennis Bailey made a motion to appoint Tom Proctor as Chairman and Ramsay Sims as Vice-Chair. The motion was seconded by Bill Hilaman and passed unanimously.

### CONSENT AGENDA POLICY

A "Consent Agenda Policy" was presented to the Board by the Executive Director. After some discussion, it was decided that a formal written policy was not necessary. The Board could use a "Consent Agenda" whenever it was advantageous to the Authority to do so.

### SOUTHGATE REPORT

Mike De Fuedes, General Manager of Southgate outlined the method and practices that have resulted in very high occupancy over the last 10 years. Over the last six years, the percentage of TCC students living in Southgate had grown to 75-85% at the beginning of the 2018 fall semester . Approximately 40 – 55% of those students transfer to FSU in January each year. Mike has built a positive relationship with key FSU personnel that has enabled him to build this pipeline putting these TCC students into Southgate

The foundation of Southgate's success over the last 15 years has been a function of it's dining service. Every Southgate resident is required to buy a meal plan. There are several plans to chose from based on the number of meals per week. At least 98% chose the unlimited plan. This causes Southgate to be cost approximately \$2,000 per semester (need to check on exact price) more than the University dormitories where students are not required to purchase a meal plan. In order to justify this significantly higher amount of money, it is imperative that the dining services meet the very highest standards in terms of quality, quantity and dining atmosphere. Issues were raised about recent complaints and cancellations that were much higher than historical norms.

After discussing the situation, the Board asked Bob Kellam to formally notify EMET capital of the situation and potential solutions to protect occupancy, reputation and profitability.

## SOUTHGATE BUDGET

The Southgate budget had previously been approved with the understanding that the Bondholder and Management Company would be making suggestions for relatively small changes. There were no objections to the suggested changes.

## HERITAGE GROVE REPORT

Dennis Fuller gave a report on Heritage Grove. The Trustee has been underfunding the draw requests by Heritage Grove resulting in an increasing amount in accounts payable. Also, ACA has yet to pay some fees from the lawsuit and refused to authorize payment to our auditor and third party accountant.

The occupancy at Heritage Grove is 68% which is the lowest since Heritage Grove opened in 2004. The previous low was 95% and the average occupancy rate for the first 13 years is 98.5 %. We had at least ten years of 100% occupancy.

Two fraternities, one that resided in Heritage Grove and another that was to move in to a house being vacated by a fraternity that had purchased a house outside of Heritage Grove, were suspended and are not eligible to live in HG. Also, during the pursuit of the construction lawsuit, our experts determined that Building three had the most problems. It was decided to start the repair and remediation process with Building Three so it was taken off line and is completely vacant. Each apartment building constitutes 12% (one eighth) of the total potential occupancy making 88% the highest occupancy rate possible at the present time.

With two fraternities suspended and one building completely vacant that leaves one building that does not have a fraternity occupant. Building 14 sits alone on the north side of the complex so it is being utilized for females and non-fraternity males that have chosen to live in Heritage Grove.

Bob Kellam was asked to send a memo notifying the Madigan and Carr Allison law firms to stand down on any further action related to the Heritage Grove Judgement unless ACA wished to fund that effort.

## AUDIT

Mike Rosciam of Thomas Howell Ferguson is finalizing the confirmation of the timing of the 2018 audit. The final trail balance and supporting schedules for each of the funds (Admin, Southgate, and Heritage Grove) need to be ready and finalized by February 8<sup>th</sup>, 2019. Information requests have been sent to each property and the Administrative fund.

## ACCOUNTANT

Kaye Kendrick reported the following:

The Admin fund bank reconciliations are up-to-date and closing journal entries have been made.

The Heritage Fund management company has provided some of the information required for closing the 2018 books. The Southgate Fund management company has only provided bank statements this far and has not provided us an estimated closing completion date. Southgate (ACH) has a new CFO that we will be reaching out to for more closing dates and information. Budget and cash flow projections are needed for next year, along with a new engagement letter with the external audit firm.

## CONSENT AGENDA

The Authority ratified the following items that had been authorized at prior Board meetings:

1. Settlement with Sigma Phi Epsilon for \$100,000 on Lot 8 at Heritage Grove
2. Payment of Balloon obligation to Alpha Tau Omega Fraternity as specified under 2015 settlement agreement.

Motion made by Ramsay Sims and seconded by Bill Hilaman, passed unanimously.

In addition, the Authority hereby ratifies and affirms the following:

Heritage Grove Remediation and Repairs Plan including the Remediation Committee, the Owner's Representative and the Construction Consultant as described in the plan.

1. Engagement of two Engineering firms for the remediation plan for Heritage Grove.
2. Engagement of Demco for demolition as part of the remediation plan for Heritage Grove
3. Engagement of Brett Newkirk/Alta as part of the remediation plan for Heritage Grove
4. Engagement of two (2) contractors for preliminary budget estimates

Also,

5. Engagement of BE-CI for monthly evaluation of shoring system
6. Engagement of Marlin Coatings for actual adjustments to shoring system as identified by Newkirk & BE-CI
7. Selection and Engagement of Owners Representative to represent HG
8. Contracting with Sunbelt for shoring system directly
9. Termination of contract with FTK for shoring jacks at Heritage Grove
10. Engagement of Florida Fence and deck as part of the remediation plan for Heritage Grove.
11. Engagement of James Kaufman as Owner's Representative/Construction Expert.

Motion made by Ramsay Sims and seconded by Bill Hilaman, passed unanimously

Motion to put \$75,000 cap on funds to be taken from the Settlement fund to pay for the 11 items above and any others that the Remediation Committee believes to be necessary in order to keep project moving until the next Board Meeting. It was noted, the ACA may add certain expenses and that legal fees may be due outside of the \$75,000 amount requested. Motion made by Anthony Miller; seconded by Bill Hilaman. Passed unanimously.

Motion: Ocala Road LLC agrees to fund the ongoing shoring system costs directly from the Settlement fund. Motion made by Bill Hilaman; seconded by Ramsay Sims. Passed unanimously.

Meeting adjourned at 1:49 PM.