

MINUTES

LEON COUNTY EDUCATIONAL FACILITIES AUTHORITY

October 15, 2009

The Leon County Educational Facilities Authority met Thursday, October 15, 2009 at 11 a.m. in the Ballroom at SouthGate Campus Centre, 675 W. Jefferson St., Tallahassee, FL pursuant to public notice.

Authority Members Present: Bob Kellam, Craig Fletcher, Bill Hilaman, Liz Maryanski, Anne Peery, Henry Lewis and Randy Guemple.

Authority Members Absent: None

Others in Attendance: Calvin Ogburn, Terry Madigan, Ray Allen, Jason Fort, Randal Husmann, Ken Mills and Rob Klepper.

The meeting was called to order at 11:08 a.m. by Chairman Kellam.

Coastal Properties Services Vice President, Ray Allen, presented a status report on Heritage Grove. (see attached handout #1) He said that Heritage Grove EFA units are at an 89% occupancy level. The total complex including the three equity houses is 92% occupied. There are currently seven fraternities which are renting EFA facilities. It is reported that this is quite good despite a soft rental market. He said that Rush Week, which was held a week earlier than in the past, was without incident. The competition such as Grand Mark, and the many new multi-family units, have created a glut on the student housing market. The trend of moving to multi-family units has increased in part due to many owners not requiring background or credit checks. He quoted several examples of competitive price cutting. He said that a national marketing firm was now reporting that the rent rates in the Leon County area had decreased by a 1.2% average. Anne Peery provided several suggestions for refining the handout which is attached.

(11:32 Chairman Kellam excused himself and Liz Maryanski took over as Chair.)

Randy Guemple and Ray Allen then discussed the continuing decline of the debt coverage ratio. It was reported that it is not realistic to expect the property to maintain the 1.20 coverage as set forth in the bond documents. There was no action taken on this issue.

The minutes of July 20, 2009 were approved with a motion by Bill Hilaman, seconded by Randy Guemple. All were in favor. Anne Peery requested that a sign in sheet be added to the minutes in the future.

(11:46 Chairman Kellam resumed as Chair.)

The status of the ATO development project was then presented by Liz Maryanski. She referred to a letter dated October 6, 2009 from Tim Padgett, addressed to Terry Madigan on this subject. The letter agrees to enter into an indemnity agreement with the Authority. There was general discussion about the ATO project. It was agreed that the

lease extension would be granted subject to the proper documentation being furnished. Bill Hilaman reported that the ATO's were planning to use 'Build America' bonds for this project and they plan to slightly modify the architectural drawings. It was agreed that further discussion would be deferred until noon when it was anticipated that a representative from ATO would be present.

Phi Gamma Delta representative, Rob Klepper, was recognized by the Chairman. He said that he had issues with the security deposit on the Chapter House that the fraternity had leased from the Authority. The Chairman asked that he and Property Manager Ray Allan leave the room and work out the disagreement.

The SouthGate Management team was then recognized by the Chairman. Randal Husmann, CFO, Asset Campus Housing was pleased to report that the trustee (USBank) has now reported to the "A" bondholders that the "A" bonds are now current as of September of 2009. There was discussion among the Authority members. It is understood that given the projected flow of funds, that a portion of the interest due in March 2010 might have to be temporarily paid from the reserve fund. Should this happen, it is his opinion this money will be repaid in September 2010 and the property will then be out of default status permanently. Anne Peery requested that Randal Husmann put this report in writing and send to the EFA members. The "B" bond status was then discussed. It was reported that the following amounts had been paid the "B" bond holders over the last three years:

2003 - \$769,000
2004 - \$1,053,000
2005 - \$ 759,000

It was requested that upon completion of the 08-09 audit, Randal Husmann is to review and provide a written report to the Authority.

Discussion was then held on the continuing problem in reporting to the Auditor General of Florida and the possible action that the Authority could take. The Chairman requested that Randy Guemple and Bill Hilaman investigate this dilemma and report back to the Authority at a later date. Randal Husmann was asked to develop a flow chart for the "B" bonds. In response to a question, Ken Mills reported that the occupancy continues at a 93% level. Anne Peery questioned how Ken Mills could better handle calls from vendors and anxious parents when adverse news articles are published. Ken Mills then discussed some of the management challenges that he has been dealing with, which include roommate issues, student aid collections, internet failures and illegal substances.

Jason Fort reported that there will be a possible occupancy increase at mid-term.

(12:35 p.m. – Henry Lewis arrived)

The members discussed requiring virus protection on individual computers and quality of law enforcement. It was decided the rental rates for the year 2010-11 will be reviewed and approved by the SouthGate committee at a later date. Also discussed was the game room usage and its possible use as a sundry convenience store, early starting of the marketing plan for next year and a review of the high school graduation projection statistics as presented by Liz Maryanski.

(12:55 to 1:38 p.m. Lunch Break – Liz Maryanski left the meeting)

Anne Peery asked if the Authority was going to extend the ATO lease. It was decided that the lease would be extended, however no vote would be taken until the hold harmless agreement is satisfactory and in writing.

Chairman Kellam led the discussion on the joint workshop with the County. The BCC summary of the last meeting was discussed. At the request of Craig Fletcher, it was agreed that any further discussion would be held until such time as the expected letter is received from the County Commission.

Anne Peery moved that a history of the transactions dealing with the “A” and the “B” bonds be written. This was seconded by Bill Hilaman, emphasizing a short, concise report and all were in favor. After further discussion it was agreed that the Executive Director prepare an outline of the history of the Authority. Terry Madigan urged the Authority to request from Leon County sufficient funds to properly review the bond documents if indeed the County wishes the Authority to proceed with exploring the option of divesting itself from property ownership. He is of the opinion that needed would be a certified bond attorney, a tax counsel, an investment counsel and a general counsel. The Chairman said that he would be the committee to address this question. Henry Lewis asked that also be determined the cost of doing a due diligence review.

Anne Peery moved that the Authority grant the extension of the lease for the ATO fraternity including the indemnity. This was seconded by Bill Hilaman with the understanding that the extension would be withheld until such time as there is a property indemnity agreement. All were in favor.

It was agreed that the FY year 09-10 meetings would be held at noon on the following dates:

- January 14, 2010
- April 8, 2010
- July 15, 2010
- October 14, 2010

An Executive Committee meeting has been called for noon Thursday, December 10th at SouthGate.

The annual election of office was held. Chairman Kellam suggested that Liz Maryanski continue as Vice Chairman. Craig Fletcher concurred and all were in favor.

Chairman Kellam stated that inasmuch as several people had asked him to continue as Chairman for another year, he would agree to do so. This was approved by acclamation .

There being no further business, the meeting was adjourned at 2:33 p.m.

Robert E. Kellam, Chairman

Calvin P. Ogburn, Executive Director