

MINUTES

LEON COUNTY EDUCATIONAL FACILITIES AUTHORITY

July 20, 2009

The Leon County Educational Facilities Authority met Monday, July 20, 2009 in the Board Room, 6th Floor, The University Center, Florida State University, Tallahassee, FL pursuant to public notice.

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

Authority Members Absent: Henry Lewis

Others in Attendance: Calvin Ogburn, Terry Madigan and a host of others.

The meeting was called to order at 11:10 a.m. by Chairman Kellam...

The minutes of April 8 2009 were approved after a spelling correction with a motion by Craig Fletcher, seconded by Bill Hilaman. All were in favor.

The Chairman reported that he will call on various members to report on the earlier subcommittee meetings which were held this morning. The first report was by Anne Peery and Julie Bonnin, Sr. VP, Asset Campus Housing. They said that SouthGate is now 87% pre-leased, 468 leases. The early release of the budgeted funds for advertising was a great help in achieving this level of occupancy. The relationship with FSU continues to be excellent thanks to the work of the staff and Authority members. Jason Fort added that it is very probable that SouthGate will be at a 90% occupancy before the beginning of the fall semester. He also said that competing properties were experiencing an occupancy rate well below that of SouthGate at this time. Anne Peery said that the 09-10 operational budgets has been adjusted to reflect the additional residents at SouthGate. She also briefly summarized precautions that should be taken due to the reported flu outbreak on campus. The Authority members were made aware that significant capitol expenditures are looming in the not too distant future for SouthGate.

(11:30 a.m. Liz Maryanski arrived)

Randall Husmann, CFO Asset Campus Housing, said that this was a much happier meeting and he is pleased to report that SouthGate cash flow has significantly improved and that the reserve funds were well on their way to being recapitalized. He distributed projected cash requirements for the coming year. It is anticipated that should 90% occupancy be achieved, that the property will be fully caught up on back interest it has owed.

Bill Reagan discussed history of the "B" bonds. He said that even at the onset, the funding level of the replacement funds was an issue. He feels that it is in the best interest to keep the "B" bond holders fully informed and to solicit their cooperation in using funds in the future for capitol improvements.

Bill Reagan wishes that it be fully disclosed that he is now with the investment firm of Raymond James, having previously worked on this project when he was with William R. Hough and Company.

David Reid who is with the County Clerk's office suggested that in the future the Authority auditor can in some way footnote that the indebtedness to the "B" bond holders cannot cause a foreclosure on the property. It was agreed that Randy Guemple and the EFA auditor, Bob Powell, will be tasked to do this. Chairman Kellam urged the management company to continue their intensive marketing efforts and expressed their appreciation for the intensive work they have done in the last few months. Bill Black of Van Kampen Investments and Ken Mills, SouthGate General Manager, were also in attendance at this meeting.

(Lunch Break was taken from 12:15 to 1:05 p.m.)

Bill Hilaman, assisted by Bill Reagan, discussed the financial position of the Heritage Grove Project. He said that at an earlier committee meeting, the budget for Heritage Grove for 09-10 had been reviewed and approved. The budget is based on a 98% occupancy level and no increase in rent levels. Tom Kadel, Heritage Grove Manager, reported on the maintenance issued his effort to control operating costs and the marketing trends in the Tallahassee area. He said that his observation that many apartment complexes are losing students to non-student housing in the local market. He discussed increasing emphasis on TCC student and utilizing Facebook.

The debt coverage ratio of Heritage Grove was discussed by Bill Reagan. It was agreed that Bill Reagan and Bill Hilaman will work on this and report back at the next meeting.

(1:32 p.m. Liz Maryanski left)

Bob Kellam then discussed that the Authority and others need to work more diligently in recruiting non-equity housing corporations to live at Heritage Grove.

Craig Fletcher led the discussion concerning Leon Board of County Commissioner's relationship with the Authority. He discussed his several conversations with Commissioner Sauls as well as his draft letter to the commissioners. It was agreed that Craig Fletcher would continue with his efforts and that the Authority was comfortable with the letter that he and Chairman Kellam were proposing. Anne Peery urged the Authority to consider a workshop with the County. Bob Kellam asked Bill Reagan to recount his memory with the County staff visiting with the bond rating agencies in New York some 15 years ago. It was Mr. Reagan's recollection that EFA and SouthGate were a minor part of the discussion.

Anne Peery suggested a nominating committee be appointed prior to the Authority's annual meeting in October. Chairman Kellam responded that this issue will be brought up at the next Executive Committee meeting.

There being no further business, the meeting was adjourned at 2:11 p.m.

Robert E. Kellam, Chairman

Calvin P. Ogburn, Executive Director