

# ECONOMIC SECURITY CORPORATION OF THE SOUTHWEST AREA

## Executive, Finance, Audit Committee Meeting January 12, 2018

The Executive, Finance, Audit Committee of the Economic Security Corporation's Board of Directors met via conference call at 12:00 P.M. on Friday, January 12, 2018. The call was connected to John Joines' office.

Present in person for the meeting were John Joines, Matt Daniel, Jeff Goldammer, and Brenda Huffhines. Henry Lopez called the meeting to order. Roll call was taken and those participating were Henry Lopez, Janice Franklin, Paula Carsel, Randy Evans, and David Holloway. Nikki Tappana did not participate in the meeting.

John explained that there were actually two items on the agenda for this meeting. The first had to do with the property we needed to procure for an Early Head Start CCP site. The offer John made for the property previously discussed for this was rejected. Since then, John and Jeff have been searching for another property and believe they have found one that would work. The property, located at 1102-1104 Illinois, would allow us to have two Head Start classrooms with fifteen children each, two Early Head Start classrooms with eight children each, and an option for another classroom with eight children. Unlike the earlier proposed property, this location would not replace any of our current sites.

The property is for sale or lease, and our preferred option would be to lease now, with an option to purchase a year or two down the road. We can afford the lease at \$2800.00 per month. When ready to purchase, we would offer \$300,000.00 to \$350,000.00 with 50%-100% of our lease payments to be applied to the purchase price.

Under the lease, we would be required to cover all interior maintenance issues and to pay the property taxes and insurance, which we expect to amount to about \$4200 per year. The landlord would be responsible for repair and maintenance of the exterior and roof. We would also ask that the landlord be responsible for the HVAC system. It was suggested that we try to negotiate to have the property taxes moved to the landlord's list of responsibilities.

We estimate that it will take \$22,000.00 to \$26,000.00 to repair the building and remodel it to fit our needs. It would take about two weeks to turn the property once a contract was done. One option would be to sign a five year lease with a reduction in the lease payments to offset the repairs made at our expense. Another would be to receive a credit of \$3000.00 per month in lease payments to offset the cost of the repairs.

Henry made the motion to allow John to negotiate a lease or lease/purchase contract with the sellers. This motion was seconded by David Holloway. A roll call vote was conducted, and the vote was as follows:

Henry Lopez – aye  
Janice Franklin – aye

Paula Carsel – aye  
David Holloway- aye

Randy Evans - aye

Motion passed unanimously.

The second item on today's agenda was presented by Jeff Goldammer. He proposed that we purchase nine new buses, with a lease on 3 more. The cost for the purchases would be \$510,000.00 and the lease would be for seven years with a company called Transpar. The bids for the purchase price on the buses differed by only \$400.00. We will purchase them from Transpar, and they could be both Collins and Thomas buses, depending on availability. We can check to see what amount we would receive for the decommissioned buses as a trade in, but generally, we get more money by selling them outright.

Why lease? For one thing, our decision to lease three of the buses was based on cost. Also, it is a test to see if going through Transpar would give us a better deal than negotiating on our own.

Henry made a motion to approve the purchase of the nine buses, and the lease of the three additional buses, with the caveat that Jeff look into the trade in allowance before the final deal is done. This motion was seconded by Janice Franklin and a roll call vote was held which was as follows:

Henry Lopez – aye  
Janice Franklin – aye

Paula Carsel – aye  
David Holloway- aye

Randy Evans - aye

Motion carried.

John thanked everyone for participating and stated that if there was no further discussion needed, we had no further items for consideration. Henry pronounced the meeting adjourned at 12:25 P.M.

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Henry Lopez, President

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Nikki Tappana, Secretary