

# THE MANAGER

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## 2006: The Year That Was... 2007: The Year To Come

Paxton Schneider

*Ideas are great; execution is everything.*

2006 are expected to be well off of the record highs set in 2005.

Additionally, we have brought several completed properties to market in 2006, boosting our sales expectations for 2007.

### PURCHASED PROPERTIES

2006 was another solid year for acquisitions. We purchased five properties consisting of 477 apartment units and one commercial tract of land. Our total purchase price was roughly \$8,900,000 and once the scheduled improvements have been completed (approximately \$5,000,000 of actual improvements) the stabilized value of this collection of new properties will be over \$18,000,000.

### OTHER FINANCING

Our Acquisition & Finance Department devoted the lion's share of 2006 toward tweaking our debt portfolio on completed or transitioning projects. This aspect of the property lifecycle:

1. Allows our team to gain access to a portion equity that has been created in a 'stabilized' property.
2. Can improve cashflow as high rate 'construction and acquisition' financing is replaced with low rate stabilized loans.
3. Provides access to future gains as we still own the asset (ie. equity and cashflow are extracted without the need to sell the project).

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What a year! At the outset of 2006, we created a number of challenging goals for our teams to generate value while we introduced a growing base of assets and businesses. With professionalism and precision, our Managers and ALCO Staff did a fantastic job EXECUTING our plans.

### 2006 Operational Achievements

1. YARDI upgrade to 5.0
2. Operations Director in place
3. Leasing & Collections Director in place
4. Online system for tracking SOPs and Manager task lists

### 2006 FINANCIAL ACHIEVEMENTS SOLD PROPERTIES

Although most market reports show a slow down in total sales volume across all property types (except office properties) we had a steady year for dispositions. We closed three transactions in 2006, totaling 215 units with a total sales price just above \$5,700,000. According to a report in the September issue of *Real Capital Analytics*, until September 1, 2006, the volume of apartment sales increased only 4% over the previous year and sales for the last quarter of

Monthly Collection Percentages:		
	2006	2005
January	101.20	100.04
February	97.73	84.22
March	103.00	97.56
April	100.46	92.25
May	102.18	97.59
June	105.15	88.79
July	106.44	91.22
August	103.79	95.20
September	102.10	97.83
October	100.57	94.52
November	88.17*	100.69
December	90.50*	100.39

\*We have increased the collection goal by \$50,761 across all properties.

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## Questions. Answers. Info!

From Andy Mullins,  
Claiborne Fox Village Manager

### Manager Tip: Save Time Balancing Newly Installed Ceiling Fans

First, measure to ensure all fan blades are same distance from ceiling. Check for secure bushing placement around the drop rod in the ceiling mount.

Most ceiling fans are five bladed, so if one blade is heavier than the other side it requires some time in trial and error to correct it using a balancing kit of plastic clips and sticking weights on the opposing two blades.

An unbalanced fan wobbles in an ellipse as it spins. The heaviest blade spins farther away from the opposite side (causing the visible wobble). To quickly locate the heaviest blade, turn the fan on high. Slowly ease a piece of white chalk (or painted carpenters pencil to match the color of the blades) against the outer end of the rotating blades until one of the fan blades strikes the chalk. This marks the heaviest blade. Place two plastic clips in the center of the opposing two blades, then turn the fan on again. If the previously marked blade strikes the chalk again, move the clips out further. Once you find the correct position of the tabs, stick your weights on the spot of the clips and you are done. Total time: 10 minutes

As a thank-you for his contribution, Andy will receive \$200!

Send your questions/tips to:  
newsletter@alexanderforrest.com

*(Continued from previous page)*

In 2006, over \$15,800,000 of new loans were closed in six separate transactions; however, four of the six transactions were completed with new lenders we had not worked with previously. It is particularly pleasing that our business format is aggressively pursued by a growing universe of lender relationships. While we are very proud of our historic lender relationships, we actively dedicate time to develop new ones.

### 2007 PLANS

2007 points to a strong fiscal year focused upon gain with continued asset acquisition.

### PROPERTY DISPOSITION

306 units are currently under contract and scheduled for disposition in the first quarter of 2007. We are also receiving tremendous interest in several other properties and expect them to sell in 2007 as well.

### PROPERTY ACQUISITION

2007 has the potential to be a record acquisition year. Regardless of the market we are committed to finding several properties across varying property types to purchase. We are currently working to acquire over 300 units and have set a goal of purchasing 1,150 total units in the first half of 2007. Naturally, our primary goal is financial quality of the investment rather than raw growth, but, hey, you got to have a goal.

As we prepare to enter 2007, I remain convinced of the importance of specific goals coupled with the execution of plans to achieve results. I hope your 2006 was as momentous as ours and that your 2007 will be even better!

Paxton Schneider, President  
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*A man without a goal is like a ship without a rudder.*  
– Thomas Carlyle

## Ice Storms and Tree Limbs

With unpredictable winter weather, sections of the country are experiencing ice storms that pull down trees and limbs, resulting in loss of power. As weather allows, take inventory of the health of the trees on your property. Cut down the limbs that are dead or pose a threat of damage to the property or residents. Eliminate any limbs that touch buildings, wires or may interfere with the property's ability to function.



## Sterling Price: Success through Community

Daylon Cassel

Tom Evans is more than a manager to the residents of Sterling Price Condominiums. Evans' close relationship with his residents greatly affects the success of the property.

Tom Evans began managing Sterling Price Condominiums in Moberly, Missouri in April of 2006. The property consists of 80 two-bedroom, two-bath units. In his short time at Sterling Price, Evans has not only managed to fully lease the units but has come to know his residents personally. Mirroring America in general, the average age of the residents at Sterling Price is approaching 60 years young. Because some of these residents need assistance with certain tasks, Evans feels it is very important for them to feel comfortable calling on him. "If they need help changing a light bulb, or getting a box out of storage, I can always spare five minutes to help them," Evans said, "and it's important for them to know that."



Sterling Price has a feeling of community that creates a peaceful and comfortable atmosphere in which to live. "Everyone here gets along very well," said Evans. The younger residents are made to feel like part of the community. "Some of the older residents kind of treat the younger ones like their own kids," Evans said about tenant relationships. "It makes it a nice place for everyone to live."



In order to further promote a sense of community, Evans has plan for an upcoming neighborhood barbeque and garage sale. Evans has had success on other properties with such "get togethers". The event gives the residents a chance to share a garage sale without the hassle of advertising, have fun and get to know one another. As a business man, Evans uses such opportunities to advertise available units to the surrounding community. "I have had great success at these events and have gained several new residents in one weekend," he recalled.

The solid performance of Tom Evans and of Sterling Price can certainly be tied directly to his relationship with his residents and to his work ethic. He has created a situation in which both resident and manager mutually respect one another, leading to a successful operation. Because the residents feel that they are being taken care of and that they can trust their manager, they respect Evans, pay their rent on time and keep their homes in good condition. Tom Evans' approach can be best described in his own words: "I am not their landlord, and I'm not a property manager. I'm their neighbor."

Daylon Cassell, Contributing Writer  
Magnus Enterprises, LLC

## Annual Goals Build Off of Past Year's Success

Scott Stout

As you will read, the Leasing and Collections Department surpassed our goals set at the beginning of the year.

2006 Collections Goal: Collect 95% for eight months. **Result: we collected over 97% for ten months!**

2006 Leasing Goal: Maintain level of 90% occupied units for four months. **Result: we reached over 90% occupied for six months!**

2006 Renewals. **Result: we raised our overall renewal percentage from 27% to 36%!**

With a great year coming to an end, we welcome an exciting 2007. These are the goals we are setting for ourselves in 2007.

**2007 OCCUPANCY GOAL: 90% Occupied for**

### six months

This will be a challenge with the newly acquired properties from the final two quarters of 2006 but will be achievable by monthly leasing objectives coupled with an overall leasing goal.

**2007 COLLECTION GOAL: 95% collected for ten months**

The increase in our occupancy will enable us to increase rent goals throughout the year and still reach our collection goal.

**2007 RENEWAL GOAL: Achieve 60% renewal rate.**

We will be able to achieve a higher number of renewals based on the placement of better tenants. Great tenants are more likely to stay for a longer period of time without breaking their lease obligations. We are setting monthly renewal goals based upon hitting a specific renewal percentage overall. This will spur on our occupancy and collection goals because **RENEWALS ARE THE KEY TO OCCUPANCY!**



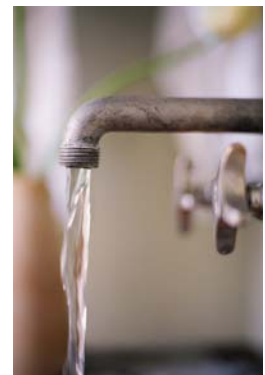
Scott Stout, Director of Leasing & Collections  
scott.stout@alexanderforrest.com

## Did You Know...?

Yousef Darkhalil

I'd like to share some interesting information collected from my experience on the job and worth considering the costs involved. Did you know...?

1. One dripping faucet can cost you 14.5 gallons of water each day, 435 gallons a month and 5293 gallons a year. (Holidays and weekends are included because it works around the clock.)
2. You can save 15% of your electric bill by using fluorescent bulbs instead of incandescent bulbs.
3. You can save up to 30% on your heating and cooling bill with proper insulation and sealing off vented areas.
4. Power-stretched carpet will last two years longer than knee-stretched carpet under the same conditions.
5. Using bottom cab nails to hold the paper-felt on roofs can hold longer under the same storm than stapled paper-felt.
6. For every dollar you cut from your expenses you add \$100 in property value to it.



Yousef DarKhalil, Construction & Renovation Supervisor  
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## New Manager Enhances Buttonwood's Value

Jessica Hudson

The Buttonwood Business Center (BBC) in Columbia, Missouri had seventeen vacancies and less than ideal collections just six months ago. Jamie Cooper has greatly improved the operations of the BBC. I asked Jamie to share her experience as an Executive Suites Manager.

It has been a challenge learning how to efficiently run a commercial business service. When I began, ALCO prepared me to master specific challenges in order to reach my goals: staffing, vacancies and collections.

Staffing has been vital in this transition as a new manager and it was critical to put a strong team in place. Within two months of starting at the BBC, we hired and trained two new receptionists, a crucial position for our services. It has been worth the time invested and we have a wonderful team at BBC which has attracted and retained customers.

Clients have steadily joined us over the last six months, several offices carry waiting lists, and we are one office away from full occupancy in January 2007! We attribute much of this success to having the right team in place and targeting new clients for a long-term, positive relationship. The recent client additions complement the existing professionals who enjoy space with us and, as a result, we often see clients networking among the offices and sharing referrals.

Another important goal was to improve the collection process at BBC. Closing the first three months was virtually a nightmare. In the final days of each month, I had to scramble to collect enough rent to hit the collection goal. To overcome this challenge, I began tracking every client who pays early then sending out a reminder two days before the payment is due to those remaining names. This procedure has demonstrated tremendous results. As of November 2006, more than 50% of our clients pay *before the reminder*. The Leasing and Collections Department can count on me for deposit totals to reach *their* goals and my stress level is now dramatically reduced at the end of each month. I would like to thank the clients who consistently pay by the first, giving me time to focus on providing excellent service. —*Jamie Cooper*

Many thanks are due to Jamie for the effort she puts forth everyday and the amount of pride she takes in her job.



Jessica Hudson, Director of Commercial Properties  
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## Interested in our Business?

Our readers frequently contact us curious about what we do.

We would be happy to speak with you.

We work on:

- Developing new properties
- Purchasing land for development and farms
- Redeveloping distressed properties
- Managing commercial and multi-family real estate

If you would like to know more call Ben Peck at (573) 268-0015 or email at [ben.peck@alexanderforrest.com](mailto:ben.peck@alexanderforrest.com)

## Consistency is Key

Richmond Wheeler

The answer to the following questions from the managers is simply *consistency*.

- How do I develop moral authority?
- How do I get my residents to respect me?
- How do I get residents to stop littering the property?

The core of our Management system is two powerful tools aimed at providing consistency at all levels:

- The Manager's Daily-Weekly-Monthly task list, or **DWM**, is intended to ensure the regular completion of vital tasks such as routine maintenance, marketing, and communications.
- The Manager's Standard Operating Procedures, or **SOP**, are intended to guide the Manager through the intricacies of executing the individual DWM tasks.

Together the **DWM** and **SOP** ensure consistency to residents, vendors, employees, and anyone else that interacts with a Manager or a Property in our system. Our Properties are better members of the larger community because the community knows what to expect.

### The Key to Lease Enforcement

Remember that we are all trained to behave in certain ways based upon experiences. Residents are no different and have been trained by prior experience to behave in specific ways; good and bad. Talk to every resident in person and clearly communicate the expectations as outlined in the lease. Consistent boundary definition and enforcement will eventually retrain residents to behave according to the lease and community standards.

### The Key to Respect and Moral Authority

Carrying the previous point forward, residents may have been trained to have little faith in a Manager's ability to follow through because the prior management failed to consistently deliver an acceptable level of service. Often, residents are trained so that they are rewarded only when they cause trouble, become loud, or withhold payment. This can manifest in a Manager being disrespected or ignored by residents. Consistent execution of DWM tasks takes patience but will provide the Manager with moral authority and respect.

### The Key to Successful Investment Properties

Many of the properties that our system acquires come after a property's value has been driven down ultimately by inconsistent execution of core tasks and inconsistent accountability to the lease. This should be a lesson for Managers and for all involved in the Property that value can be either added or lost on a property, based on the level of consistent execution of tasks.

Though consistency is neither pretty nor fast, over time it has proven to provide us with success.



Richmond Wheeler, Director of Operations,  
richmond.wheeler@alexanderforrest.com

Manager/Property Key							
	Property	Manager	Location		Property	Manager	Location
<b>BBC</b>	Buttonwood Bus Ctr	Jamie Cooper	Columbia, MO	<b>NS</b>	Northtown Square	Carmen Ruiz	Wichita, KS
<b>CF</b>	Claiborne Fox	Andy Mullins	Marshall, MO	<b>RA</b>	Riviera Apartments	Stewart Naidesh	Paducah, KY
<b>CI</b>	Chateau Imperial	Jeff Hodson	Hastings, NE	<b>S24</b>	Sterling 24 Apts	Kit Hicks	Independence, MO
<b>CIM</b>	Cimarron Apartments	Randi Jones	Independence, MO	<b>SB</b>	Stoney Brook East	Jose Diaz	Independence, MO
<b>ENA</b>	Eagles Nest Apts	Toni Quinonez	Kansas City, KS	<b>SP</b>	Sterling Price	Tom Evans	Moberly, MO
<b>HILL</b>	Hillside Apartments	Maria Cuevas	Independence, MO	<b>WDA</b>	Wyandotte Apts	Juan Veleta	Kansas City, KS
<b>LP</b>	Library Park	Graham Dixon	Topeka, KS	<b>WHP</b>	Whispering Pines	Ray Moody	Palestine, TX
<b>LVC</b>	Lakeview Apartments	Scott Wendland, Aaron Kennedy	Kalamazoo, MI	<b>WMP</b>	Williamsburg Place	Ben Fisher	Middletown, OH
<b>MRM</b>	Mora Mi Apartments	Jill Morgan	Paducah, KY				

Monthly Collection % Goal: 100%	
<b>BBC</b>	<b>110.25%</b>
<b>SP</b>	<b>107.91%</b>
<b>WHP</b>	<b>107.67%</b>
<b>WDA</b>	<b>105.67%</b>
<b>CI</b>	<b>105.56%</b>
<b>WMP</b>	<b>101.79%</b>
<b>SB</b>	<b>101.55%</b>
<b>ENA</b>	<b>100.85%</b>
<b>CF</b>	<b>96.55%</b>
<b>MRM</b>	<b>87.20%</b>
<b>RA</b>	<b>81.47%</b>
<b>CIM</b>	<b>75.43%</b>
<b>LP</b>	<b>67.18%</b>
<b>NS</b>	<b>62.72%</b>
<b>HILL</b>	<b>62.22%</b>
<b>S24</b>	<b>54.89%</b>
<b>LVC</b>	<b>37.29%</b>

Renewal Average by Year Goal: 100% Renewal	
<b>SP</b>	<b>72.58%</b>
<b>CI</b>	<b>61.54%</b>
<b>NS</b>	<b>46.77%</b>
<b>BBC</b>	<b>45.59%</b>
<b>CIM</b>	<b>42.17%</b>
<b>HILL</b>	<b>41.30%</b>
<b>SB</b>	<b>40%</b>
<b>LP</b>	<b>39.19%</b>
<b>S24</b>	<b>30.77%</b>
<b>RA</b>	<b>30.21%</b>
<b>ENA</b>	<b>30.00%</b>
<b>WDA</b>	<b>28.57%</b>
<b>CF</b>	<b>26.67%</b>
<b>WHP</b>	<b>26.26%</b>
<b>WMP</b>	<b>8.11%</b>
<b>LVC</b>	<b>6.49%</b>
<b>MRM</b>	<b>0.00%</b>

Paperwork Proficiency	
<b>BBC</b>	<b>Master</b>
<b>CI</b>	<b>Master</b>
<b>CF</b>	<b>Master</b>
<b>HILL</b>	<b>Master</b>
<b>LVC</b>	<b>Master</b>
<b>NS</b>	<b>Master</b>
<b>RA</b>	<b>Master</b>
<b>SP</b>	<b>Master</b>
<b>S24</b>	<b>Master</b>
<b>WHP</b>	<b>Master</b>
<b>WDA</b>	<b>Master</b>
<b>WMP</b>	<b>Papercut</b>
<b>CIM</b>	<b>Trainee</b>
<b>ENA</b>	<b>Trainee</b>
<b>LP</b>	<b>Trainee</b>
<b>MRM</b>	<b>Trainee</b>
<b>SB</b>	<b>Trainee</b>

**Paperwork Proficiency Key:**

Master: Mistakes are rare. Little to no time wasted in corrections. Perfect understanding of the system.

Paper Knight: Very good on the paperwork. Time is occasionally wasted on corrections. Excellent understanding of the system.

Paper Journeyman: Average on paperwork. Expect regular interruptions for corrections. Still a novice.

Paper Cut: Poor paperwork skills. Paper work is as likely as not to have errors or be incomplete resulting in much wasted time for corrections. Doesn't understand the system.

Paper Dysfunctional: 'nough said. 40 lashes

Trainee: Self-explanatory

Every project referenced in this publication is individually owned and operated.

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## January 2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1 Rent Due	2 Rent Late	3	4	5	6 Late Fees
7	8 Brian Schultz's Birthday	9	10	11	12	13 Late Fees
14	15 Martin Luther King Jr. Day	16	17	18	19	20 Late Fees
21	22	23	24	25	26	27 Late Fees
28	29 Graham Dixon's Birthday	30	31			