

News & Views

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THE VINEYARDS PURCHASE

Kohner Properties, Inc. commenced a 2.5 million dollar renovation of The Vineyards Apartments in mid-February, 2001. The property, one of several that the company has recently acquired, was formally known as Brandy Station and is located at Butler Hill Road and Highway 55 in south St. Louis County. It is set on 18 acres and comprised of 428 units, all of which will be involved in the plans for renovation.

Jon M. Pyzyk, President of Kohner Properties, Inc., the new owner, expressed his excitement regarding the project and the work that has already gone into the rehabilitation process. "This is a property with incredible potential. I could see that initially, but now, with the plans for change laid out, and with such a strong construction and management team working to actualize those plans, I have an even sharper vision of what the Vineyard will look like in the end." Kohner's ability to revive apartment communities and reposition them to the working professional is one of its trademarks. This is accomplished not only with renovation and maintenance, but also with geographically strategic purchasing. "We are thrilled to have purchased The Vineyards in such an outstanding location," said Pyzyk.

Steven Grzesik, Vice President of Management Services, Inc., a wholly owned subsidiary of Kohner, is coordinating the renovation at the property and explained that almost all aspects of the complex will be involved in the process. Each of the 428 units will be refurbished. The building exteriors will be upgraded. Extensive landscaping and other tenant amenities will be added.

Grzesik explained the many details that must be attended to with an older property such as The Vineyards, which was built thirty years ago. "We are replacing the kitchen cabinets, appliances, flooring, interior lighting, hardware, interior molding and interior doors," said Grzesik. Other work will include the repositioning of the Leasing Center, new signs, and fresh exterior paint.

The project architect is Donna Boxx and Associates; the interior design consultant is Robert Payne Newton and Associates, Inc. Mark Eagen Signs of Indianapolis, Indiana is coordinating the new signs and graphics. Construction financing for the 2.5 million-dollar projects was provided by Union Planter's Bank.

The Vineyards purchase and project is only one of the Many that serves to bolster a trend that Kohner has developed over the past ten years—the creation of luxury apartment communities. The privately owned firm currently owns and operates six thousand units over eight states and employs more than three hundred people.

KOHNER, MEMPHIS

Memphis, Tennessee-Harrison Creek, LLC, wholly owned affiliate of Kohner Properties, Inc., purchased the Villages at Harrison Creek in February 2001. Harrison Creek, (formally known as Jackson Avenue Apartments), is a 380 unit, garden-apartment community in Northeast Memphis, Tennessee. It is comprised of three distinct villages; "The Oaks", "The Willows" and "The Pines Village", which adjoin to form one, master-planned community.

Located on Jackson Avenue, just south of Interstate 40/240, tree lined Harrison Creek covers 13 acres and is comprised of 40 buildings, built between 1970 and 1976. It features one-bedroom apartment units renting for \$350-395 a month, two bedroom units for \$450. The development is currently approximately twenty percent occupied.



Kohner began a \$5,000,000 renovation of the property in early February. According to the new owner, Jon M. Pyzyk, President of Kohner Properties, Inc., the company is completely refurbishing all of the 380 units, upgrading the building exteriors, rejuvenating the landscaping and improving tenant amenities. Steven Grzesik, Vice-President of Management Services, Inc., a wholly owned subsidiary of Kohner, is coordinating the construction.



"Kohner has a reputation for purchasing well-constructed, well-located properties and supplementing them with luxury amenities that reposition the unit to the working professional," said Pyzyk. "We've created over forty highly successful garden and High-rise apartment communities in eight states over the past ten years".

According to Grzesik, Kohner's renovation of the thirty-year-old Villages will include new doors, kitchens, bathrooms, appliances, flooring, HVAC, and interior finishes. "Like many other 1970's apartment communities, the Villages were built with flimsy sliding closet doors and no base molding. Our scope of work includes the replacement of all interior doors and hardware, and the addition of three inch-high, wood-base moldings throughout the property," said Grzesik.



Exterior work will include the replacement of outer-doors, windows, roofing, lighting and landscaping. The swimming pool will be renovated, three new on-site laundry facilities will be added, and the signs will be completely replaced. Kohner Properties will also be demolishing the existing Rental Office and constructing a new, 2000 square-foot "leasing Center" with more space for work, leasing and sales displays.

The Project Architect is MMH Hall of Memphis, and the Interior Design Consultant is Robert Payne Newton and Associates, Inc. Mark Eagan Signs of Indianapolis, Indiana is creating new signs and graphics. Allegiant Bank provided construction finance for the project.

The effort to re-invent the Village at Harrison Creek is consistent with the profile that Kohner Properties, In., a privately held developer, manager and owner of quality apartment communities throughout the Midwest, has sought to develop and maintain since its founding in 1981. The Villages will be integrated into the portfolio of 6,000 apartments owned

and operated by the company, which span over eight states and are maintained by more than 300 employees.

RON KOSTEDT, EMPLOYEE OF THE 1ST QUARTER



Ron Kostedt, Kohner's first on-site "Social director", has been recognized for his dedication, productivity and enthusiasm at Jackson Park Apartments. Ron has consistently gone beyond the expectations associated with his job description to help the residents access the services they need. His communication skills, personal interaction, ability to tap into different resources, and the equitable manner in which he allocates his help, have allowed him to meet the residents' unique problems. His is an asset to the neighborhood and to the social harmony and financial stability of the property. Thanks, Ron!

LETICIA DELUNA, EMPLOYEE OF THE 2ND QUARTER



Leticia Deluna has been recognized for the excellence and enthusiasm with which she conducts her work as Leasing Consultant at Clearbrook Apartments in Houston. She consistently strives to be productive, professional and helpful in the office and to the residents, and she is always courteous, pleasant, and self motivated. Congratulations, Leticia!

LIVERMORE HEIGHTS REFINANCE



Lexington Kentucky-Mike Powers, Director of Rental Housing Production with Kentucky Housing Corporation, announced the closing a new low interest loan for Livermore Heights Apartments in Livermore, Kentucky. A new \$363,000, one-percent mortgage is FHA insured and was funded by the Department of Housing and Urban Development under their "mark to market" program. Under this program, principle and interest payments are necessary only if money is available after paying normal operating costs. HUD also provided a new twenty-year Housing Assistance Payment Contract, which provides Section-8 subsidies for 100 percent of the units. "This is a change in policy for HUD", said Powers. "This may be the first new twenty-year HAP Contract that's been signed in conjunction with the "mark to market" program."

The new financing and Housing Assistance Payment Contract will make it possible for Kohner Properties, Inc. to provide quality low income housing for residents of Livermore Heights for many years to come.

ACCOUNTING DEPARTMENT

The Accounting Department has been challenged to keep pace with Kohners' on-going expansion. "Our Corporate portfolio includes assets approaching \$200,000,000 in value, said Controller Dawn Kleinschrodt, CPA. "Tracking these assets is a big responsibility and requires hard work and dedication from our accounting staff." Accountants Paulinda Hogan, Jeremy Mayes and Marti Demay have full balance sheet responsibility. As Compliance Account, Mari works directly with property management on a host of other monthly projects.



Paula Spalding, Julie Hill and Michelle Kreitler manage the Accounts Payable Department. Michelle has recently accepted additional responsibility for the research, analysis and payment of all public utilities.

Collection Supervisor, Dawn Martin and Assistant Michelle Fisher, manage a \$4,000,000 portfolio of receivables that include prior tenant bad debts that have accumulated over the past. They work closely with Attorney to pursue the collection of this debt through judgments and garnishments. All 5,500 files are electronically updated monthly on all three major credit agencies.

As Manager of Information Technology, Brian Zak is responsible for all corporate software, hardware, communications, web pages and information systems.

Finally, we're all proud of our new Corporate Receptionist, Beth Craig, who joined the Company this past spring.

PERMANENT FINANCING FOR THE SUMMIT

GMAC Mortgage recently arranged for a new \$3,150,000 permanent loan for the Summit Apartment in Louisville, Kentucky. The new financing carries an interest rate of 7.2 percent, thirty-year amortization, with a ten-year balloon.

Summit Apartments, L.P., an affiliate of Kohner Properties, Inc., purchased the 168-unit property from the Federal National Mortgage Association in the fall of 1997.

Formerly named Woodland Park, Summit benefited from a 1.5 million dollar renovation including new roofs, landscaping, exterior painting, parking lots, tennis courts and all new interiors. Rents for the one, two and three-bedroom apartment range from \$395 to \$595.



CLEAN-UP DAY

A sunny fall day was the setting for some hard work and bar-be-que. Maintenance technicians from Kohner Properties and MSI provided some much needed help to Gary Cattoor and his team. Thanks also to Jim Spalding and PSI for their hard work. There were quite a few sore arms and legs Saturday morning!



ST. LOUIS OCCUPANCY 96%

At 96%, the average apartment occupancy for the entire St. Louis metropolitan area has attained its highest rate in many quarters. Strong demand, little new construction, high occupancy rates, and a great deal of renovation combine to push rent higher. Except for a slight decrease in north and west St. Louis County, average rents throughout the area continue to rise for one, two, and three bedroom apartments.