



THE ROOFTOP REPORT

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A Special Holiday Message from our CEO by Joseph R. Gallina

It's the time of year where many of us are spending time with family and friends over the Holidays and reflecting on life and looking ahead to the New Year.

As always we remain dedicated to providing quality housing and staffing in all of the communities we serve. Our company values of integrity, teamwork, responsiveness and communication is what makes us who we are, and I could not be prouder to be surrounded

by so many good people that make us who we are. It is because of our employees, investors and customers that have made The Gallina Companies a leader in the marketplace and we will never take that for granted.

As 2017 draws to a close, I would like to extend a sincere thank you to all of you and may you all have a wonderful holiday season and a Happy and Healthy New Year!

President's Message by Craig Enzenroth

2017 was a great year at the Gallina Companies, having experienced many new achievements, reaching goals, implementing new process improvements, all of which you will read about throughout this year's newsletter.

As we close out 2017 and ring in the new year of 2018, I want to reiterate our Guiding Values which are:

Customer Service - We strive to exceed the expectations of the customers we serve.

Integrity - To act in a manner that brings out the best in us (ourselves) and others.

Teamwork - Our success is built through you (our team members).

Quality - To provide excellent housing and developments for our customers.

I constantly hear about our excellent **Customer Service** from many sources and take great pride in hearing that our Team is really focused on providing this. As the rental market

continues to tighten, I challenge all of our Team Members to increase their dedication to **Customer Service**. I truly believe we do provide excellent Customer Service but want us all to look for ways to elevate us from excellent to **Exceptional**. By providing our customers with the highest level of **Exceptional Customer Service** they can experience, we will enhance our success to even greater levels. Our focus should not only be externally, but also internally as we deal with fellow team members. Doing so, will also take our commitment of **Teamwork** to new levels and positively impact our whole company. Our management team is working on ideas to raise us to the next level of providing **Exceptional Customer Service** and will be sharing those with our team over the next few months. Team members, we welcome any thoughts and ideas that you may have as well. Together I know we can take it to the next level from Excellent to Exceptional.

Have a wonderful Holiday Season and wishing you all a Safe, Prosperous and Happy New Year!

Construction / Development News by Craig Enzenroth, President

2017 was again a busy year for development projects for The Gallina Companies. We are nearing completion of Lemon Bay and Hoff Expansion and completed the renovations of the existing apartments in Hoff Mall.

With the tightening rental market in the Dane County area and greater growth potential in Sarasota County, we are primarily focusing on new development projects in this area currently. We began the municipal rezoning process for The Bergamot on 780 in Sarasota, Florida which would be 98 units and site acquisition and due diligence for Ramsey Road Site in Venice which would be a 120 unit development. Both Projects would be modeled after Lemon Bay Apartments. Our focus for Dane County will be to enhance our current properties while looking for acquisition of existing properties that are strategically placed and fit our portfolio.

One such project that we recently purchased was Pine Cove Apartments in Oregon, WI. The development contains (3) - 22 unit buildings with Studios, 1 bdrms, Studio lofts, and 2 bdrms. Gallina Corporation constructed and developed Pine Cove in the early 1990's. Upon completion of construction we sold the project, but then managed the property for the new owner since that time. With having this familiarity with Pine Cove it was great fit back into our portfolio.

Lemon Bay Apartments of Englewood – Englewood, FL

We commenced development of Lemon Bay Apartments of Englewood in spring of this year. This project, modeled after Woodmere Apartments of Venice, and will be 68 units, private entries, with pool and clubhouse. Capstone CG, LLC is the general contractor for the project and is charged with constructing the design completed by Plunkett Raysich Architects, LLP. The Key West architectural theme with metal roofing will provide for a very appealing exterior palette and design. The project contains (3) 16 unit buildings and (1) 20 unit building. The first building is scheduled for occupancy December 31, 2017 with the entire project completion scheduled for late spring 2018. Jamie Biller will oversee the property management supervision while Diane Bourgoin will be the Resident Manager and is currently doing a great job with lease up.



Hoff Mall Expansion – Mt. Horeb, WI

The Gallina Companies initially redeveloped the Hoff Mall building and have managed it since its completion in 1986. Since then, Hoff Associates of Mt. Horeb LLP, which is affiliated with The Gallina Companies, has owned, renovated and maintained this mixed-use development to preserve this prominent downtown property. The Gallina Companies have also had their home office in the Hoff Mall building since 2011. We completed the remodeling of the existing Hoff Mall building, including upgrading and renovation of the existing 12 apartments. This work was commenced in April and completed in October and involved the vacating and relocation of all residents or re-letting the units which Karen Johnson performed masterfully with all units currently being occupied. I also want to thank and acknowledge all the work our maintenance staff of Jiggs, Dean, Chris, John, Eric and Chad did during the renovations which include moving tenants, demolition, construction detailing, punch list and more.



Before



After

The project also includes construction of a new four-story, 30 unit luxury apartment building at 100 E. Front St and a shared parking lot located at 109 E. Front St. Farrell Homes LLC is the general contractor for the new project and is doing a great job of bringing Knothe & Bruce Architects vision to reality. The addition of the four-story luxury apartment building is a high-quality infill development that is designed to enhance the historic character of the Hoff Mall building and to be compatible with the architecture of the surrounding downtown business district. Completion of the project is scheduled for early spring 2018 with first occupancy for February. Leasing efforts are going great under the direction of Karen Johnson, Property Supervisor, with assistance from Julie Reese, Sara Hefty and Jaclyn Gullick from the corporate office.



2017 Awards of Excellence

The Apartment Association of South Central Wisconsin held its 13th annual Awards of Excellence for Apartments in October. Pictured are the many Gallina on-site employees who were recognized this year; as nominated by both residents and industry peers as the best in their respective fields.

- Manager of the Year – Susie Bredeson, Deer Creek of Middleton
- Property Management Team of the Year – Deer Creek of Middleton
- Property Management Team of the Year – LeSilve
- Manager of the Year - Crystal Meske, Gateway Terrace Apartments



CONGRATULATIONS TO EVERYONE IN ACHIEVING THESE HONORS AND DEFINING WHAT CUSTOMER SERVICE STANDS FOR!

Property Management News By Dawn Hendrickson, Vice President

2017 seemed to just fly by but I am pleased to share that it was another successful year for our communities.

The average occupancy rate for the Dane County properties was 96.56% and the resident retention rate ranged between 58.11% and 85% with an overall average renewal rate of 73.16%. That is a 5.25% increase over the 2016 average retention rate of 67.91%! Great job to all of the on-site management, leasing and maintenance staff for providing the excellent customer service to our residents.

I truly believe a big contributor to these great occupancy and retention rates is our teams' commitment to our company's guiding values:

- *Quality* - to provide excellent housing and developments for our customers.
- *Integrity* - To act in a manner that brings out the best in ourselves and others.
- *Customer Service* - Strive to exceed the expectations of the customers we serve.
- *Team work* - Our success is built through our team members.

Each of these values are intertwined and integral to the continued success of each of the properties our investors have entrusted us to manage.

These values are even more important as we look forward to 2018. In the past few years there have been several newly constructed apartment communities coming on line. Most specifically the downtown market is becoming saturated with new communities for residents to choose from and the far westside has seen 1,700+ units built since 2015. With all of these new properties coming on line, vacancy rates have climbed slightly in the Madison area since 2011 (see the Madison Gas and Electric vacancy history chart below). While these

Madison Gas and Electric Rental Vacancy Rates - 2011 through 3rd quarter 2017

Quarter	2017	2016	2015	2014	2013	2012	2011
4		2.82	2.39	2.39	2.05	2.07	2.16
3	4.12	3.46	3.05	2.83	2.70	2.44	2.57
2	4.07	3.71	3.43	3.46	2.73	3.21	3.54
1	2.79	2.43	2.33	2.25	1.88	2.00	2.85

rates are still within the 5% industry standard, the customer service we provide becomes even more important.

With all of the new apartments becoming available, we as a company are striving to find new ways to go from providing excellent customer service to exceptional customer service for our residents. We are continually asking ourselves what we can do to be even better and show our residents that they personally matter to us as a company.

In a recent monthly manager team meeting we talked about the importance of viewing each contact with our resident/customers as an opportunity to provide the high level of service they deserve and treat them with the utmost level of respect and kindness they deserve.

"People will forget what you said, people will forget what you did, but people will never forget how you made them feel."

Our expectation is that our residents are made to feel special from how they are treated the first time they reach out to us as a prospect, how their move in process is handled, how their community is cared for, providing excellent and timely service for maintenance requests, providing resident appreciation events to build that sense of a community where they get to know their neighbors and management/leasing staff. Gallina Management is not a management company with great customer service, but we are a great customer service company that happens to be in the property management business. We truly believe this is not only the right approach that our customers deserve but also why more people will choose to call our communities home and stay with us.

As always, **THANK YOU** to all of the management, leasing and maintenance team members for all of your hard work for another successful year. You're the ones on the front line, and your dedication, commitment to quality, integrity, customer service to our customers and team work will continue to make all of the difference!

Happy Holidays from the Gallina Company's Florida Team by Jamie Biller, Property Supervisor

The Florida team has been very busy throughout 2017 with an ever changing and fast paced rental market. We have welcomed a large number of new Florida residents this year whose plan was to purchase homes. Although a number of them do move out to fulfill that plan we have happily seen a large number of them stay in their apartment homes instead. They would rather enjoy our customer service and amenities vs home ownership responsibilities. Woodmere has seen a few upgrades this year with the most notable being a brand new paver brick deck in the pool area. The deck will continue out into the side yard where a summer kitchen grilling and patio area is being created. We look forward to our residents having this new amenity to enjoy. Following is a rendering of how the new grilling and patio area will appear.

Lemon Bay Apartment's first residents will be moving in soon and we couldn't be more excited. The buildings are looking



very attractive along Indiana Ave, and we've received numerous compliments from the community. We appreciate our FL and WI management teams so much for making this all possible, and look forward to continued growth in the years to come. Happy Holidays from Sunny Florida!

Accounting, Bookkeeping & IT Year in Review by Jim Stone, Property Accounting Manager

Well... here we go again, reflecting on another great year and looking forward to a Prosperous and Happy New Year!

Each year that I write this, it gets harder and harder as each year we get more efficient and more experienced with our new systems and properties. And when you have the great staff that we do it gets harder to come up with new ways to compliment the great job they do and acknowledge the positive attitudes they bring to work every day. All I can say is thanks everyone! It's a real pleasure!

Again, the team of Devon, Tenzin, Denise and Sara did a great job of year-end. I keep thinking we have maxed out and it can't get any better...and every year they prove me wrong!

The Bookkeepers have been busy with Debby still splitting time

with HR and Julie getting out to properties to help reorganize, audit files and train.

Also in an effort to help out and get a little rental experience, Sara covered hours at Mill Creek and Sara and Julie are helping with leasing for the new Hoff Mall Apartments.

And what would we do without Cathy's smiling face up front... she keeps us well stocked, organized and makes sure we are all on time for the bi-weekly town hall meetings!

And here is to Lance (IT) Massie...computers and scanners have been dropping like flies but he is keeping us up and running.

From everyone in Accounting, Bookkeeping and IT we wish you happy holidays and a Happy New Year!

Your Maintenance Fix by Jiggs Hartman, Maintenance Supervisor

Greetings from the maintenance department! 2017 brought some enhanced changes to the department. We debuted our tablets for work orders and time entry. I have to say, the guys really like them. As with all learning curves we know that you need to enter good data in to get good data out, so this has shown us that timely & accurate time entries make all of our jobs easier and we are more productive.

Also, new to the department is Nick Reynebeau. He is the onsite maintenance specialist at Tuscany. Nick has been a welcome addition and is taking good care of our newest crown jewel.

Speaking of new, we are looking forward to bringing the new Hoff project online in early 2018. After remodeling the Hoff Apartments in the Hoff Mall building this last spring & summer, we will be all brand spanking new in Mt. Horeb.

I usually address my newsletter musings to the Wisconsin maintenance staff, but this year we were able to help out our maintenance brethren in Florida. We were able to send Erik Lee to

Florida to help out for 2 weeks this fall. He enjoyed the experience, and I can safely say, so did the staff in Florida. Just remember Jamie, we can loan Erik out to you, but you can't keep him.

On a personal note, I have been involved in taking a building operator certification course offered through Focus on Energy. It has been incredibly educational & eye opening. At the conclusion of the course, I will be able to examine building systems (lighting, HVAC, water usage) and provide plans of action to save money & energy moving forward. Today there is a lot of new and exciting technology to tap in to. I look forward to sharing this knowledge with you.

I am also looking forward to an exciting 2018. A new building coming online and maintenance adventures to go with it. We will continue to upgrade existing properties and keep them running shipshape as well. I am proud of our department. The customer service and knowledge we bring to the table I would put up against anybody. We do indeed offer a great product.

To all of you, Peace, Health & Happiness. Go Badgers!

From Human Resources By Jean Heinzman, HR Manager

New Human Capital Management (HCM) System

The world of work is changing at a rate faster than ever and requires businesses/employers to analyze and respond faster to their customers' needs. Today's work environment also challenges each of us to work efficiently and effectively with technology and various tools in providing this service. This not only helps our company stay ahead of our competitors but also helps our company to focus our efforts more strategically.

During 2017, we are happy to have contributed to the overall efficiencies gained within our business, by successfully migrating to our new Human Capital Management (HCM) system. Members of the implementation team all contributed to getting the HCM time-entry and payroll portions of the HCM system completed. This process alone, eliminated manual work for all employees (i.e. - time-off requests, timesheets, etc.) and created efficiencies by having the ability to integrate to our payroll and GL systems and simplify some of our payroll billing processes. In the end, the new HCM system

benefits all employees with gained efficiencies and additional robust reporting tools. I'd like to once again thank all the team members involved to help make this implementation successful.

During 2018, we will continue to look towards process improvement on the HCM system as we integrate transactions to our benefit providers, and implement additional HR tools. Our hopes are that additional efficiencies gained throughout the company will continue to help our employees focus their efforts in providing excellent service to our customers.

I challenge everyone to continually utilize process improvement measures and work together within and across teams to create efficiencies for all. Doing this as well as incorporating our company core values of Quality, Integrity, Customer Service and Teamwork into the threads of our daily work, will help us take our company to an increased level of exceptional customer service in the New Year.

I wish you all a safe and Happy Holiday season!

30+ YEARS

Craig Enzenroth - Corporate
Joseph Gallina - Corporate

20+ YEARS

Dawn Hendrickson - Corporate
Marjorie Serna - Pine Cove Apartments

15+ YEARS

John Koltes - OSM/Madison Area Maintenance
Jean Heinzman - Corporate

10+ YEARS

James Biller - Corporate
Linda Fischer - Corporate
Jiggs Hartman - Corporate/Madison Area Maintenance
Dean Hanson - Madison Area Maintenance
Lance Massie - Corporate
Christopher Bohn - Madison Area Maintenance
Susan Bredeson - Deer Creek/Quail Run
Nicholas Nelson - Deer Creek/Quail Run
Dan & Mary Johnson - Corporate
Karen Johnson - Corporate
Dennis Kalscheur - Corporate
Tenzin Khangsarshoey - Corporate

5-9 YEARS OF SERVICE

Devon Hermes - Corporate
Bryan Arthur - Schroeder Square
Robert Burck - Woodmere
Jamie Johnson - LeSilve
Andrea Kelly - LeSilve
Craig & Shelly Bessette - Cedar Glen
Wayne King - Florida Maintenance
Jaelyn Gullick - Corporate
James Stone - Corporate
Mark Heller - LeSilve Apartments
Tatyana Panina - Kearny Meadows
Daniel Platner - Lake Pointe
Kathleen Retelle - Deer Creek/Quail Run

1-4 YEARS OF SERVICE

Cathy Baxter - Corporate
Judith Daigle - Woodmere
Denise Douglas - Corporate
Sara Hefty - Corporate
George & Renee Peterzell - LeSilve
Chad Batorski - OSM/Madison Area Maintenance
Debra Wright - Corporate
Donna Brown - Woodmere
Crystal Meske - Gateway Terrace
Jennifer Quesenberry - Woodmere

Julie Reese - Corporate
Michael Heathman - Fullers Woods
Andrew Lasco - Tuscany
Erik Lee - OSM/Madison Area Maintenance
Kathleen Ellickson - The Ideal/Vicinato
Lori Malicki - Tuscany
Callie Nordness - Lake Pointe
Michael Shea - Tuscany

NEW HIRES IN 2017

Jessica Atkins - Gateway Terrace
Diane Bourgoin - Lemon Bay
Kayleigh Brent - Woodmere
LeighAnn Carmody - Cedar Glen/Mill Creek
Harold Haight - Woodmere
Schlyer Hanson - Schroeder Square
Ryan Pohle - Kearny Meadows
Jonathan Ramos - Florida Maintenance
Nicholas Reynebeau - Tuscany/Madison Area Maintenance
Jane Strickler - LeSilve
David Bolen - Pine Cove