Board of County Commissioners
Leon County, Florida
www.leoncountyfl.gov

Agenda Item
Executive Summary

May 26, 2009

Title:
Approval of the Hiring of a Financial Consultant and Approval of Guidelines for Submitting an Annual Report for the Leon County Educational Facilities Authority

Staff:
Parwez Alam, County Administrator
Alan Rosenzweig, Assistant County Administrator
Scott Ross, Budget Manager

Issue Briefing:
This agenda item seeks Board approval of the hiring of a financial consultant for the Leon County Educational Facilities Authority (Authority), addressing the guidelines for the contents pertaining to the Authority's Annual Report, and TEFRA hearing requirements.

Fiscal Impact:
Funding for the financial report was not contemplated in the FY 2009 budget; however, funding is available in the General Fund Contingency Reserve if the Board chooses to hire a financial consultant for the Authority.

Staff Recommendation:
Option #1: Approve the hiring of a financial consultant to address the Leon County Educational Facilities Authority's financial problems at the Southgate Dormitory and approve the associated Budget Amendment Request.
Option #2: Approve the guidelines for the Annual Report and the TEFRA Hearing Requirements for the Leon County Educational Facilities.

Report and Discussion

Background:
During the June 10, 2008 meeting, the Board requested a management review of the Leon County Educational Facilities Authority (Authority). The Board directed staff to perform a comprehensive review of the Authority's structure, duties, and responsibilities.

During the March 26, 2009 meeting, the Board accepted the management review of the Authority, and approved the recommendations contained within the review (Attachment #1). In addition, the Board directed staff to prepare an agenda item to hire a financial consultant for the Authority to conduct a financial review of existing projects. The Board also asked staff to provide further direction to the Authority regarding the contents of its Annual Report.

Analysis:
Financial Advisor:
The County's current financial advisor, The PFM Group, submitted a scope of services to further research and review the financial problems of the Authority's existing projects (Attachment #2). The PFM Group will work in conjunction with the County's Bond Counsel in order to complete the research, prepare a report, present the results. This report will not be a market analysis or long-term financial plan for the Authority. The goal of the report is for the County to gain a better understanding the of the Authority's projects, operating characteristics of the projects, and the ramifications of long-term underperformance of the projects.

The cost of this analysis and report is estimated at $40,000. While funding for the financial report was not contemplated in the FY 2009 budget, there is funding available in the General Fund Contingency Reserve, if the Board chooses to hire a financial consultant for the Authority (Attachment #3).

Leon County Educational Facilities Annual Report Requirements:
An additional recommendation in the management review, approved by the Board, requires that the Authority prepare an annual report, complete with operating and financial statements, and present it to the Board by March 1st of each year. This recommendation was based on Florida Statutes 243.36, which states that the Authority is required to give an annual report to the Board of its activities for the preceding calendar year, as well as conduct a yearly audit by a certified CPA. Staff found that, while the Authority does complete annual audit and submits it annually to the Clerk of Courts, a formal report is not given to the Board. The last formal report presented to the Board occurred during a March 16, 1993 meeting.

Staff is recommending that the following items be included in the Authority's annual report:

- Annual Audit
- Minutes of the Authority's meetings for the year
- Report detailing the following for each property owned and operated by the Authority, specifically Southgate Dormitory and Heritage Grove:
  - Comparison of yearly budget and actual revenues and expenses.
  - Comparison of actual occupancy rates and estimated occupancy rates.

- Report detailing the following for each property owned and operated by the Authority, specifically Southgate Dormitory and Heritage Grove:
  - Analysis of marketing programs that include the performance of the property manager/consultant.
  - Statement regarding the Bond Schedule, payments made on the bonds during the year, and bond reserves account.

- Administration:
  - Updated long-term goals and objectives of the Authority.
  - Comparison of the Authority's Administration budget and actual revenues and expenses.
  - List of recipients of the Authority's scholarship donations and the amount awarded.
  - List of outside consultants utilized by the Authority (for example: Auditor, Financial Advisor, and Financial consultant).

- Project Report:
  - List of all projects that were proposed to the Authority by other entities.
  - List of all the applications that have been considered by the Authority and supporting documentation why a project was not considered further.
  - List of all projects that were approved by Authority and supporting documentation on why the project was approved.

TEFRA Hearing Requirements:
One of the management review recommendations, adopted by the Board, stated that the Authority request a TEFRA hearing from the Board only once all financing for the project is 'in place,' in accordance with the application and evaluation process. The Board requested that staff further define 'in place.' Staff recommends substituting 'in place' with the following language:

> "Before scheduling a TEFRA public hearing, the requesting agency should provide to the County, a letter demonstrating an available loan from a bank, a letter of credit, or an insurance guarantee (with an insurance company that has a minimum rating from S&P of A) in the amount of the potential loan or debt issuance."

Options:
1. Approve the hiring of a financial consultant to address the Leon County Educational Facilities Authority's financial problems involving its properties and approve the associated budget amendment.
2. Approve the guidelines for the Annual Report and the TEFRA Hearing requirements for the Leon County Educational Facilities Authority.
3. Do not approve the hiring of a financial consultant to address the Leon County Educational Facilities Authority's financial problems at the Southgate Dormitory.
4. Do not approve the guidelines for the Annual Report and the TEFRA Hearing requirements for the Leon County Educational Facilities Authority.
5. Board Direction.

Recommendation:
Options #1 and #2.

Attachments:

1. March 26, 2009 Leon County Educational Facilities Authority Agenda Item
2. May 4, 2009: Memorandum from The PFM Group Re: Leon County Educational Facilities Authority Financial and Legal Review of Existing Projects
3. Budget Amendment