

Leon County Educational Facilities Authority

November 18, 2015 Meeting

Heritage Grove Office

Authority members in attendance: Chairman, Lori Billberry, Tom Proctor, Rick Givens, Gary Huff, Pat Dallet, and Billy Hilaman on the speaker phone. Also in attendance was: Mary Ann Lindley, Board of County Commissioners Liaison, Joe Weil, Executive Director, Terry Madigan, Counsel to the Authority, Mike DeFeudis, of Asset Campus Housing and Ray Allen of Coastal Properties.

The meeting commenced at 12:00 PM.

The Board unanimously voted to approve the minutes of the October 15, 2015, Board meeting.

The Executive Director reported on three items: (1) A two year recap of legal expenses related to HG, (2) the annual audit, and (3) the sale of SG.

Joe reported that the Administrative Fund had spent over \$473,000 during the past two fiscal years on HG expenses. Over 84% of this amount was spent to satisfy law firm invoices and the remainder was attributable to either expert witness fees for HG litigation or repairs needed at HG.

Joe reported that he, Lori, Terry and David Brannon, a shareholder with the law firm of Carr Allison, had met on November 10. Mr. Brannon reported that LCEFA owed Carr, Allison an additional estimated \$150,000 (billed and unbilled) for legal fees and expenses related to HG litigation.

Joe indicated he informed Mr. Brannon that the Administrative Fund's total revenues were approximately \$140,000 per year and the administrative fund had a cash balance of roughly \$25,000 after accounting for payables due within the next month. Joe reported that Mr. Brannon indicated that his firm might have to look to proceeds LCEFA might receive from the sale of Southgate to satisfy these liabilities.

It was discussed that two prior mediations produced no results. A third mediation that is required by the courts is tentatively scheduled for March.

Joe reported that the draft audit report should be ready for distribution to the Chairman and audit committee the week of Jan. 18. An audit committee meeting will be convened with the auditors either the week of Jan. 27 or the week of Feb. 1. The final audit report will be presented for adoption at a Board meeting scheduled for Feb. 11.

Tom Proctor asked about the marketing time line related to the sale of Southgate. Joe reported that if preliminary discussions with potential buyers were not fruitful by mid-

December that SG would be very aggressively marketed at the start of calendar year 2016. Gary Huff discussed the value of parking spaces to FSU.

Ray Allen informed the Board that after several years of service he was reluctantly resigning as the HG manager effective Jan. 1 to take advantage of a great business opportunity. Ray informed the Board that Dennis Fuller would take his place at HG. Ray discussed some of the construction problems at HG, the capital expenditures he would like to see made, and the fact that no rent concessions have been given this year. Ray stated that he expected 2016 to be a challenging year.

Lori opened the Board meeting to a discussion of two related topics: legal fees and future operation of HG. HG trustees funded \$30,000 for the first month of the fiscal year but there are no guarantees that this amount will be funded monthly for the litigation.

Pat Dallet asked if Carr, Allison would consider taking the remainder of the case on a contingent fee basis. Pat was advised that this has not been seriously discussed with Carr Allison as an option and that it was unlikely this would happen. Tom Proctor made a motion to continue the HG litigation until March. The Board unanimously approved the motion.

Terry discussed litigation related to the ATO lot and the ongoing negotiations for the Authority to take back the property in exchange for some payment to ATO. Terms, subject to the Board's approval, had been reached with ATO giving the Authority the opportunity to settle all claims by taking back the lot and pay \$1,000/mo. on a three year, interest-free balloon note for \$235,000. This allows time for the authority to identify other possible buyers for the lot.

Terry, as General Counsel, recommended the board approve such a settlement on the terms that had been negotiated. Joe confirmed funds could be made available from the Administrative Fund to pay the \$1,000 per month. Rick moved to approve the settlement and the board unanimously approved the motion. The Chairman, General Counsel and Executive Director duly executed the settlement document to bring this matter to a close.

The next regularly scheduled Board meeting is February 11.

The meeting was adjourned at 2:10 PM.