

LCEFA Meeting Minutes
April 14, 2021
Conference Call Meeting

Members Present – Chairman Ramsay Sims; Vice Chairman Todd Sperry; Tom Proctor; Rick Givens; Curt Bender; Rica Calhoun.

Also in attendance were Assistant Executive Director Michael Kramer; Executive Director Fran Gilbert

The conference call meeting was called to order by Chairman Ramsay Sims at 9:03 am. Chairman Sims noted a change to the agenda. Item V: JLAC Letter and LCEFA Response will be moved to follow Item II. 2020 Audit.

Approval of Minutes

Motion by Todd Sperry, seconded by Rick Givens, to approve the minutes of the December 4, 2020 meeting as distributed to the members. Motion passed unanimously.

2020 Audit

Rick Givens, Chair of the Audit Committee, reviewed the 2020 Audited Financials. He noted the recurring losses and that the liabilities exceed assets. He reminded the Board that the report did include going concern disclosures as a result of the substantial net deficit. Mr. Givens also noted that the unpaid interest on Southgate would be erased upon a sale of the property.

Michael Kramer noted that this year’s audit was completed in mid-March which was 6 months better than last year. He said that this due to the hard work by Kaye Kendrick, CPA, CGMA, CIA, CPM with Kaye Kendrick Enterprises, LLC, and that the ease and speed that the audit was completed was in no small part due to the efforts of Ms. Kendrick.

Motion by Todd Sperry, seconded by Tom Proctor, to approve the 2020 Audited Statements. Motion passed unanimously.

Board asked if the bookkeeping for Southgate has improved. Mr. Kramer reported that it has somewhat and noted the new Management Agreement includes an incentive tied to timely responses to requests from LCEFA pertaining to the annual Audit.

JLAC Letter and LCEFA Response

Mr. Givens reported that LCEFA had received a letter from the JLAC. He noted that if an issue is reported in three consecutive audits, it is reported to the JLAC for follow-up. The letter from the JLAC addressed two findings. The first was the Expired Southgate Fund Management Agreement. The LCEFA’s response noted that an “Amended and Restated Management Agreement” by and between Leon County Educational Facilities Authority as Owner and Asset Campus USA, LLC as Agent was entered into effective March 1, 2020 with Bondholder approval.”

The second finding regarded the Deteriorating Financial Condition. LCEFA’s response noted that in 2020, “LCEFA Ocala Road, LLC entered into a settlement agreement with the bond insurer. As such, compliance with debt covenants is now the responsibility of the court appointed Receiver and not the LCEFA Ocala Road, LLC.”

Motion by Todd Sperry, seconded by Tom Proctor, to approve the LCEFA response to the JLAC. Motion passed unanimously.

Heritage Grove

Mr. Kramer reported that Heritage Grove’s occupancy is currently at 34% and is pre-leasing at 12%. Last year figures at this time were 50% and 7% respectively. Mr. Kramer provided an update on the Heritage Grove Remediation. He

noted that the Receiver had received a \$500,000 bid to remediate Building 3 and was prepared to move forward. However, the property was put on the market 6-8 weeks ago, so the remediation has been put on hold.

Mr. Kramer also reported that LCEFA had received two records requests. One was regarding a fraternity member who was injured. The other was regarding a student who was attacked a nearby bus stop. Both requests were responded to quickly.

Southgate

Mr. Kramer reported that Southgate's occupancy is currently at 94% and is pre-leasing at 32%. This is lower than last year at this time, however FSU sent out their acceptance letters later this year than last year which would affect the pre-leasing figures.

The Board reviewed Southgate's financials. Chairman Sims noted that there is \$1.25 million/year in debt reduction which means that \$3.75 million in debt reduction by the end of this calendar year (2021). Additionally, Southgate provides bond revenue and continues to have good cash flow.

Mr. Kramer reported that Southgate is planning to do the majority of the kitchen work over the summer. The cost of the work is estimated to exceed \$500,000.

The two class action lawsuits brought against the property management company, Asset Living, and the LCEFA are ongoing. Both regard requests for refunds of room and board fees associated with FSU's decision to move to a virtual classroom model when Covid-2019 cases increased in the US. Legal Counsel has been retained, Insurance carriers have been notified, and the cases are proceeding.

New Business

Board asked if the Commission had requested an update this year. Chairman Ramsay responded that no request has been received. Board discussed providing an update for the Commission Liaison. Mr. Kramer will contact Commission Liaison to follow up.

Adjournment

Meeting was adjourned at 9:36 am.