

LCEFA Meeting Minutes
April 13, 2022
1st Floor Board Room
Capital City Trust Company Building
304 E. Tennessee Street (Corner of Tennessee and Calhoun)

Members Present – Chairman Ramsay Sims; Vice Chairman Todd Sperry; Richard Givens; Tom Proctor
Members attending via phone – Dixie Daimwood; Rica Calhoun (joined by phone at 2:45pm)

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

The meeting was called to order by Chairman Ramsay Sims at 2:36 pm.

Approval of Minutes

Motion by Todd Sperry, seconded by Rick Given to approve the minutes of the January 20, 2022 meeting as distributed to the members. Motion passed unanimously.

Heritage Grove

Leasing

Mr. Kramer noted that Heritage Grove currently has 36 leases for the Fall. There are 96 beds available with an expectation that there will be 196 beds available by September 1, 2022.

Receiver Update

Mr. Kramer reported that EMET and the Receiver expect that two buildings will be completely renovated by June 1, 2022; a third building by September 1, 2022; and approximately one building every other per month thereafter through completion.

Former Chapter Houses are being repurposed into a new leasing office, study rooms, fitness centers, and student lounge.

CAM Advisory Committee

Mr. Kramer reported that the CAM Advisory Committee meetings are taking place with the Receiver, and he will be touring the buildings under construction soon.

Lawsuit Update

Mr. Kramer reported that the Dinkman lawsuit has been dismissed and a settlement agreement with the fraternity has been reached.

Southgate

Leasing

Mr. Kramer reported that Southgate's leasing is currently at 57%. This is a little better than last year. It was noted that this year's FSU admission letters went out approximately 1 month later than last year.

Financials

There were no questions on the previously shared financials for Southgate.

Kitchen Work

\$1 million has been approved and the majority of the work will be completed over the Summer.

Litigation Update

Attorneys for one of the plaintiffs (Corinti) that had filed with at the state circuit court level approached our attorneys with a request to settle the lawsuit. Our attorneys offered a settlement that covered the filing fees. Indian Harbor has been providing coverage for this case in the same arrangement as the original Federal cases. Mr. Kramer noted that the expenses associated with defending the property manager, Asset, and funded by the Indian Harbor Policy, were reducing the cap under that same policy.

EMET Discussion

Chairman Sims reported that upon acquiring 100% of the Heritage Grove bonds, EMET approached him about extending the “put date” on HG to allow them time to complete necessary renovations and get the property stabilized. EMET also asked to dissolve the receivership. He noted that EMET owns 100% of the bonds on both Heritage Grove and Southgate.

Chairman Sims responded to EMET suggesting the Authority may be willing to extend the “put date” under certain conditions. He requested they include Southgate in the extended “put date.” EMET came back with a proposal for consideration that asked for a 3-year extension. After conferring with Mr. Kramer, Chairman Sims suggested 2 years would be more amenable to the Authority and EMET agreed to the change. The current proposal would change the “put date” from October 2022 to October 2024 and include exiting both Southgate and Heritage Grove.

Board discussed additional aspects of a potential agreement including, agreeing to dissolve the receivership as long as EMET provides documentation that provides LCEFA with the same protections LCEFA has under the receivership.

It was noted that under an agreement that included Southgate in the October 2024 “put date” LCEFA would be out of ownership of Southgate completely. However, in regards to Heritage Grove, LCEFA would still own the 2 lots at Heritage Grove, and would still be landlords for the 3 fraternity houses there.

Todd Sperry moved that Chairman Sims and Mr. Kramer move with forward with structuring and negotiating an agreement for Board review that would extend the “put date” for Heritage Grove to October 2024; include Southgate in the October 2024 “put date”; and dissolve the receivership as long as LCEFA has the same protections it currently has under the receivership. Tom Proctor seconded the motion. The motion carried.

Any proposal negotiated by Mr. Sims and Mr. Kramer will be brought back to the board for full approval at its 2nd quarter or 3rd quarter 2022 meeting.

The deal points will be distributed to the Board for feedback so Chairman Sims and Mr. Kramer can begin working on structuring the agreement.

Mr. Kramer reported that EMET and LCEFA are using the same law firm in different offices and that conflict waivers will be executed to proceed. In addition, EMET had shared that they would like to acquire the Zeta Rho Fraternity House (one of the equity houses) and are working on a structure to accomplish that by working with the LCEFA Ocala Rd entity.

Audit Status

Rick Givens, Chair of the Audit Committee, reviewed the 2021 Audited Financials. He reported that the audit was filed on time for the 2nd year in a row. 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.

He reported that the audit found no deficiencies in the internal controls. In the report to those charged with governance, the audit found no disagreements or issues; this had been an issue in the past. Mr. Givens reported that the auditor’s report was a good report overall—it accurately represented the financials and was completed on time.

New Business

No new business was brought forward for discussion.

Adjournment

Meeting adjourned at 3:29 pm.