

**Leon County Educational Facilities Authority**

**August 21, 2015 Meeting**

**Southgate Campus Centre**

Authority members in attendance: Chairman, Billy Hilaman, Lori Billberry, Dennis Bailey, Tom Proctor, Pat Dallet and Gary Huff. Also in attendance was Mary Ann Lindley, BOCC Liaison, Joe Weil, Executive Director, Terry Madigan, Counsel to the Authority, Ken Mills, 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 July 16, 2015 Board meeting.

Terry Madigan introduced David Brannon, a partner with Carr Allison, a regional law firm representing The Authority and Heritage Grove (HG) in legal action against 22 defendants. Mr. Brannon discussed defects pertaining to the design, inspection and construction of Heritage Grove that were discovered by Ray Allen during an inspection of Heritage Grove Building #3 in May, 2012.

Damages due to the similar design, inspection and construction of all of Heritage Grove's buildings have been estimated by our experts to potentially be in the \$4 to \$6 million dollar range. Mr. Brannon stated that he expected a mediation conference in February, 2016, with the defendants.

Ray Allen stated that Heritage Grove had only 10 vacancies as of August 21 and had not made rent concessions for this coming school year. Ray presented a FY 2015-16 budget with one revision from the budget reviewed by the Board at the July 16<sup>th</sup> meeting.

The revision had only one change – an increase of \$30,000 per month to pay for expected legal fees, expert witnesses and possible repairs needed for Heritage Grove. The Board unanimously approved the budget and directed Ray to submit the budget to the trustee.

For the Administrative Fund Joe Weil presented: (1) the financial statements as of July 31, (2) a 14-month cash flow projection and (3) the Fiscal Year 15-16 revised Budget. Joe pointed out that as of July 31 the Administrative Fund had a cash balance of \$72,554 and \$ 62,391 in HG legal and related payables for a net cash position of only \$10,163 on July 31.

Joe explained that all Administrative Fund revenues were related to bond proceeds/servicing for Southgate. Heritage Grove could no longer pay such fees to the Administrative Fund. The Administrative Fund's Southgate Revenues are roughly \$142,000 per year and this is the extent of the Administrative Fund's annual revenues.

For the nine months ended June 30, the Administrative Fund had paid for \$237,512 of HG expenses. For the nine months ended June 30, expenses for the Administrative Fund exceed revenues by \$244,291. The revised budget put a stop to this trend.

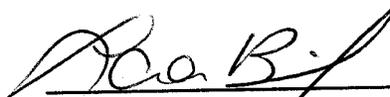
Tom Proctor asked the total amount the Administrative Fund had spent on Heritage Grove legal and related expenses. For the 21 months ended July 31, The Administrative Fund paid over \$503,000 of HG related expenses. These HG advances not yet reimbursed included significant fees for the shoring structure work at HG, testing performed on the building and foundation, lawyers and expert witnesses. Gary Huff inquired about the collectability of \$78,000 of Heritage Grove receivables on the Administrative Fund's balance sheet.

Joe presented a revised Administrative Fund budget that balanced revenues to expenses for FY 15-16, provided for a modest \$12,500 surplus, and greatly reduced spending for HG legal and other related expenditures. This budget was viable because of upward revisions of these same legal and other related expenses in the FY 2015-16 HG budget.

Joe informed The Board that for FY 2015-16, roughly 28% of the \$142,000 of budgeted revenues came in September, 2016, cash payments. For this reason, Administrative Fund spending for the upcoming fiscal year must be closely planned and monitored. The Board unanimously approved the budget.

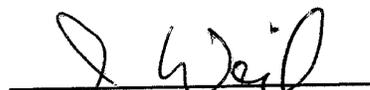
The next regularly scheduled Board Meeting is October 15, 2015.

The meeting was adjourned at 1:45 PM.



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Lori Billberry, Chair



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Joe Weil, Executive Director