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Bob Rackleff: EFA can't solve its financial problems

By Bob Rackleff
My View

Because the two news stories last week about the Leon County Educational Facilities Authority included no dollar figures, I will: Liabilities of \$65.6 million in 2008. Assets of \$41.9 million. Net asset value of minus-\$23.7 million. My source: EFA annual financial statements 2004-2008.

The EFA is bankrupt.

What's more, the losses have gotten worse, not better. In 2004, its net asset value was minus-\$13.2 million. In other words, it has lost an average of about \$2.6 million a year — even in years of full occupancy — with every sign that this will continue.

Most of the problem is the money-losing Southgate dormitory. But the statements show that even the Heritage Grove investment is losing money — from a positive \$5.3 million net asset value in 2004 to \$2.6 million in 2008 — a loss of half its net asset value in four years of full or near-full occupancy. That's an EFA project its chairman called "a real success."

Mind you, this is the same EFA that gained the Leon County Commission's approval last year for another \$20.5 million in tax-exempt bonds for a local church to buy and convert into a student dormitory the former "round" Holiday Inn; I voted against approval. Fortunately for everyone, Fitch Ratings refused to give the bonds an investment-grade rating, so the deal died.

After long hoping that the EFA could solve its financial problems and have a creative role to finance future projects, I give up. The only realistic solution is for the EFA to sell all its real estate assets, pay the proceeds to the bondholders, and dissolve the EFA.

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