

Clerk of the Circuit Court and Comptroller, Escambia County

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February 5, 2025

TO: Alison Rogers, County Attorney (via e-mail)

Mike Kohler, Chairman Board of County Commissioners (via e-mail)

RE: Escambia Pensacola Human Relations Commission (EPHRC) and Escambia

County Human Relations Commission, Inc.

Ms. Rogers,

This came to our attention because of two agenda items on Escambia County Board of County Commissioner's regular meeting for Thursday, February 6, 2025. Items CAR I-10 and II-10 on the County Administrator's reports contain recommendations concerning the Escambia-Pensacola Human Relations Commission (the "EPHRC").

As you probably recall, there were many issues with the governmental special district Escambia-Pensacola Human Relations Commission back in 2018 and years prior, prompting the Clerk to conduct a Program Review and issue a report (Page 8). The Board of County Commissioners responded by dissolving the EPHRC governmental unit to evaluate its effectiveness, staffing, and funding. A timeline of the EPHRC is provided below.

The Timeline

March 7, 2019: EPHRC Reestablished

Just prior to dissolving the EPHRC special district, the Board of County Commissioners approved Ordinance 2019-13 (Page 15) to reestablish the Escambia-Pensacola Human Relations Commission. Below are some highlights from the 2019 ordinance.

WHEREAS, the Board has determined it is in the best interest of the citizens of Escambia County to <u>reestablish</u> the <u>Escambia Pensacola Human Relations Commission</u> by duly enacted ordinance for the purpose of continuing to provide the community with local assistance to review and resolve employment and fair housing discrimination complaints and improve community relations in Escambia County; and...

F.7 – To serve as the Fair Housing Board established pursuant to Chapter 58, Article IV, Sec 58-91 – 58-103, Escambia County Code of Ordinances.

F.15 - On or before May 1, to submit a proposed budget for the upcoming

fiscal year to the County Administrator.

F.18 – To retain an independent auditor to perform an annual audit, which shall be included in the annual comprehensive written report.

Ordinance 2019-13.

There are many requirements of this reestablished EPHRC governmental unit including a requirement of the Escambia County Neighborhood Enterprise Division to serve as the County's staff liaison to attend all meetings and provide necessary support. However, according to records of the Department of Commerce, the Escambia-Pensacola Human Relations Commission special district was never reestablished. Instead, a not-for-profit corporation was created.

March 12, 2019: EPHRC Special District Dissolved Per Departments of Commerce and Financial Services

The former EPHRC (governmental unit-special district) existed for many years as a unit of local government created for a special purpose through an interlocal agreement with the City of Pensacola. The EPHRC received general fund revenue from both the City of Pensacola and Escambia County. The EPHRC also received federal funds from the Housing and Urban Development Community Development Block Grant Program. The required annual reports for the Special District-EPHRC were filed with the Department of Financial Services under unit #300845. Records from the Departments of Commerce and Financial Services indicate that the Special District-EPHRC was created on January 1, 1993 and then dissolved March 12, 2019 (Page 23).

December 19, 2019 - Escambia County Human Relations Commission, Inc. A Florida Not-For-Profit Corporation Created

Ordinance 2019-13 makes no mention of the Board creating a not-for-profit; however, a corporate entity named the *Escambia County Human Relations Commission, Inc.* was created by Lumon May via Articles of Incorporation filed with the Department of State on December 19, 2019 (Page 26). This Florida not-for-profit corporation lists its principal place of business as 150 West Maxwell Street, Pensacola, Florida 32501, a building owned by the County. Records also indicate that this corporation operates under the fictitious name of "Escambia Pensacola Human Relations Commission." This fictitious name should not be confused with the dissolved governmental unit and special district named "Escambia-Pensacola Human Relations Commission." The documents on file with the Florida Division of Corporations (available at sunbiz.org) name Lumon May as the President of the Escambia County Human Relations Commissions, Inc. (the not-for-profit).

It appears the County spent resources to reestablish EPHRC governmental unit on paper only to dissolve it and then help create a private not-for-profit corporation that operates under a very similar name. None of this is memorialized in the County's Code of Ordinances. The title and articles of the not-for-profit corporation look and feel like a government agency, but it is not. To assist in the creation of a not-for-profit and refer to it

as *formerly called EPHRC* is misleading. (Reference title for Ordinance 2020-4 at page 32).

Escambia County Human Relations Commission, Inc., a not-for-profit corporation, was created in December of 2019. A private not-for-profit corporation such as this, created through Articles of Incorporation submitted to the State of Florida, should be properly and uniformly memorialized in the County's public record. It is not. Public records from the Internal Revenue Service Regarding this corporation are attached with relevant highlights regarding operations of corporation (Page 106).

March 5, 2020 - Changing the Name from Escambia-Pensacola Human Relations Commission to Escambia County Human Relations Commission

Four months later, on March 5, 2020, an agenda item was put before the Board of County Commissioners to amend the chapter of the County's ordinances that reestablished the governmental unit named Escambia-Pensacola Human Relations Commission (Page 32). The summary of the amendment for Ordinance 2020-4 says it is to change the name of Escambia-Pensacola Human Relations Commission to Escambia County Human Relations Commission. This appears be a simple modification of the name removing "Pensacola", except that there is no reference to the Escambia County Human Relations Commission operating as a corporate not-for-profit entity. (Motion by Bergosh, Second by May, passed unanimously.)

What is also not acknowledged in the government's permanent record is that EPHRC governmental unit-special district was dissolved in 2019. Ordinance 2020-4 "renames" the dissolved unit to Escambia County Human Relation Commission apparently to mimic the name of the recently created not-for-profit Escambia County Human Relations Commissions, Inc. Nowhere is it acknowledged in the ordinances that the Escambia County Human Relations Commission exists as a not-for-profit. Instead, the preamble to Ordinance 2020-4 says "WHEREAS, since the enactment of Ordinance 2019-13, the agency was renamed the Escambia County Human Relations Commission." This gives the appearance that it is a simple renaming of an agency within the County. Escambia County Human Relations Commission, Inc. is not an "agency" of the County as is commonly understood by the public. It is instead a corporation that receives charitable contributions along with public funds from the County, City, and through a federal grant process. The only reference in the County records to this entity existing as a corporation appears to be the Miscellaneous Appropriations Agreements ("MAA") entered into between Escambia County and the Escambia County Human Relations Commission, Inc. For the MAA FY2024-25 the amount funded by Escambia County is \$125,000 (City: \$120,500; CDBG: \$60,000) (Page 40).

Matters of Concern

There are several matters of concern that surround the creation and operation of Escambia County Human Relation Commission, Inc.

Lease Agreement Fails to Mention that Escambia County Human Relations Commission is a Not-For-Profit

The first concern is the lease entered into between Escambia County and "the Escambia County Human Relations Commission (HRC)...a <u>local governmental entity</u> established by the Board of County Commissioners of Escambia County, Florida, on March 7, 2019 by Ordinance Number 2019-13" (Page 48). This lease agreement was approved by the Board on July 16, 2020. However, by the time the Board approved this lease the EPHRC governmental unit had already been dissolved according to records of the Departments of Financial Services and Commerce. Recall that the Special District-EPHRC was created on January 1, 1993 and was **dissolved** March 12, 2019. The lease may be referring to the not-for-profit, Escambia County Human Relations Commission, Inc. However, the ordinance does not expressly state so. The only entity that existed at that time of the leases execution was the Escambia County Human Relations Commission, Inc. and that entity was operating under a fictitious name of Escambia-*Pensacola* Human Relations Commission.

Those Involved with Escambia County Human Relations Commission Are Tied to Other Corporations Using the Same Lease Address

The second issue is that the Executive Director and other Board members of Escambia County Human Relations Commission, Inc., including Lumon May, have created other similarly named not-for-profit organizations using governmental property as the place of operation. If the Escambia County Human Relations Commission, Inc. is, in fact, a governmental unit, it should not be creating other corporations and then using the same base of operations to operate those other independent corporations.

Recall earlier the Escambia County Human Relations Commission, Inc. operates out of 150 West Maxwell Street. The real property at 150 West Maxwell is a <u>County owned building</u> and the Escambia County Human Relations Commission, Inc. pays \$1.00 per year to occupy this office space. What is troubling is that this same address is listed as the principal place of operations for two similarly named not-for-profits: (1) HRC Housing and Development, Inc; and (2) HRC Affordable Housing Solutions, Inc.

HRC Housing and Development, Inc. Uses Escambia County Property For its Operations

HRC Housing and Development, Inc. is a Florida not-for-profit with Lumon May, Harold Griffin, Jr. and Randy Bricker serving as directors. This not-for-profit was incorporated by Alphonse Henderson on May 6, 2024 with the stated purpose to operate in connection with Escambia County Human Relations Commission, Inc. to provide safe and affordable housing to low and moderate income persons (Page 79). "HRC" in this entity's name tracks or mimics the "Human Relations Commission."

HRC Housing and Development, Inc. <u>also lists the publicly owned property at 150 West Maxwell</u> as its address. Further, all four involved in HRC Housing and Development Inc. <u>also</u> serve as officers in Escambia County Human Relations Commission, Inc. The connections between the two entities are shown in the table below.

	Escambia County Human	HRC Housing and
	Relations Commission,	Development, Inc.
	Inc.	
Lumon May	President	Director
Harold Griffin, Jr.	Treasurer	Director
Randy Bricker	Director	Director
Alphonse Henderson	Executive Director	Incorporator
Address of Record	150 West Maxwell	150 West Maxwell

HRC Housing and Development, Inc. voluntarily dissolved on October 2, 2024, but for the time it existed it used Escambia County resources and property for its operations. It is unknown why this organization dissolved; however, a similar corporation was created immediately after this corporation's dissolution.

HRC Affordable Housing Solutions, Inc. Used Escambia County Property For its Operations.

Created just seven days after HRC Housing and Development, Inc's dissolution is HRC Affordable Housing Solutions, Inc., another Florida not-for-profit corporation. This corporation lists Alphonsa Henderson as Chairman, Randy Bricker as Treasurer, and Harold Griffin, Jr. as Secretary (Page 90). Again, the corporation uses "HRC" in its name in what appears to be an attempt to mimic the Human Relations Commission.

County records demonstrate that this newly created entity bid to provide services to sell residential houses constructed through Escambia County's Infill Housing Program (reference PD 23-24.133) (Page 95). HRC Affordable Housing Solutions, Inc., a prospective vendor of the County, also <u>used property owned by the County as its listed place of operations and mailing address.</u> The connections between HRC Affordable Housing Solutions, Inc. and Escambia County Human Relations Commission, Inc. are shown in the table below.

	Escambia County Human	HRC Affordable
	Relations Commission,	Housing Solutions, Inc.
	Inc.	
Alphonse Henderson	Executive Director	Chairman
Randy Bricker	Director	Treasurer
Harold Griffin, Jr.	Treasurer	Secretary
Address of Record	150 West Maxwell	150 West Maxwell

Both of these entities, (HRC Housing and Development, Inc. & HRC Affordable Housing Solutions, Inc.) one of whom, bid to provide professional services to the County are using the same address as Escambia County Human Relations Commission, Inc. and that address is property owned by the public (Page 98). This appears to be a misappropriation of County assets. Further, being that the entities are closely connected, it seems that knowledge gained in public service is being used for potential financial gain. Again, if the Escambia County Human Relations Commission, Inc. is actually a governmental entity or unit, as its own lease says, the people involved should not be using government resources to spin up other similarly named not-for-profit corporations that then bid on contracts for the County.

The lease from Escambia County for \$1.00 per year to the "Escambia County Human Relations Commission" characterized in the lease as a "local governmental entity" clearly contemplates that the lease is for the purpose of operating the governmental entity named the Escambia County Human Relations Commission for the purpose of reviewing and resolving employment and housing discrimination complaints. Instead the property is being used for purposes not aligned with resolving employment and fair housing discrimination complaints.

Escambia County Human Relations Commission, Inc. is Treated Differently than Other Not-For-Profits in the County's Budgeting Process

The third concern is that the Escambia County Human Relations Commission, Inc. is treated dissimilarly from other not-for-profits in the County's budget process, possibly leading to some of the issues highlighted above. To explain, the Community Partners Allocation is a budget process by which all not-for-profit organizations come to the Board of County Commissioners to make an ask for funding. To demonstrate the dissimilar treatment, agenda item CAR II-10 for the Thursday, February 6, 2025 Board Meeting there are reports from numerous not-for-profits. Included in that list is the Escambia County Human Relations Commission, Inc. under the fictitious name Escambia-Pensacola Human Relations Commissions (Page 101). All of these not-for-profits are listed in County budget records under the Community Partner Allocation, except for Escambia County Human Relations Commission, Inc. Unlike other not-for-profits, the Escambia County Human Relations Commission, Inc. is treated and budgeted like a County department. This leads to less transparency when a not-for-profit is hidden in the folds of a departmental budget (Page 104).

Part of the funding for the Escambia County Human Relations Commission, Inc. comes from the General Fund, the other part is through a Federal Community Development Block Grant (CDBG). When funding is requested by the Neighborhood and Human Services Department, it refers to this private corporation as "EPHRC", the government entity, and reports that the "Activity Owner" is Escambia County, FL. At the July 13, 2022 workshop, Commissioner Lumon May made the request to remove HRC from the Community Partners presentation because CDBG portion was mandated by a HUD requirement. This is simply not true. The funding reimbursement from CDBG is charged as "grant administration", which is not mandated.

There are no records to demonstrate that Escambia County engaged in a procurement process when selecting the right organization to carry out the human relations commission mission of assisting with fair housing discrimination complaints. Creating a not-for-profit organization through the State of Florida Division of Corporations is not simply *renaming* an existing governmental entity as portrayed on March 5, 2020 in Ordinances 2020-4 and 2020-5.

Not Required by Florida Statutes

We were unable to find any requirement in the Florida Statutes for Escambia County to maintain a human relations commission. We were also unable to find any Federal law requiring such funding. The EPHRC was never required by other authority in the State of Florida. The County has established a fair housing board, but there is no requirement, other than the County's own ordinances, for the Escambia County Human Relations Commission, Inc. to be involved in this process. The County may create an "Other Special District" to fulfill a specific purpose which Escambia County did in January 1993.

Conclusion

Sometimes the "Escambia County Human Relations Commission" is labeled as a governmental entity. Sometimes it is not. Sometimes it is referred to as the Escambia-Pensacola Human Relations Commission and sometimes not. The Board of County Commissioners receives updates for the Escambia County Human Relations Commission, Inc. under a Community Partner umbrella, but then the budget process treats this organization differently than all other community partners. The lack of uniformity in the budget process and in the identification of this "Human Relations Commission" in County records hinders understanding, oversight, and accountability.

Assuming that the Escambia County Human Relations Commission, Inc. is a governmental entity, it is especially concerning that similarly named not-for-profits were created by its own officers that purported to be working "in connection with" this governmental entity. These separate and independent corporations use the same government owned property that Escambia County Human Relations Commission, Inc. leases for \$1.00 per year for a specifically stated purpose.

The Clerk's office needs further information from the County regarding use of these public dollars. Without more information the Clerk's office may be forced to cease funding as the public dollars expended may be contrary to ordinance or law. At the very least there will be an audit scheduled in the near future.

Pam Childers

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Clerk & Comptroller, Escambia County

Escambia-Pensacola Human Relations Commission Program Review