

**SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
MAY 16, 2012**

The regular Board Meeting of the Seminole County Port Authority was held in the Board Room of the Administration Building at the Port of Sanford on May 16, 2012.

Chairman Matthew Brown called the meeting to order at 4:02 p.m. with the following Directors constituting a quorum: Matthew T. Brown, Chairman; Damon Chase, Vice Chairman; Taylor Pancake, Secretary (arriving late); Dana McBroom, Treasurer; Cliff Miller, Member; Bill Poe, Member; and Thomas Kuhn, Member.

Directors Absent: Kyle Kilger, Member; and Dick Van Der Weide, BCC Member.

Staff present: Andrew Van Gaale, Administrator; and Irene Dolgner, Administrative Assistant.

Others present: Brady Lessard, CPH Engineers, Inc.; John Stump, Aerostar Environmental Services, Inc.; and Stephen H. Coover, SCOPA Attorney.

The Chairman led in the pledge to the Flag, and the invocation was given by Bill Poe.

The Chairman introduced and welcomed John Stump and Brady Lessard.

The Chairman asked for corrections or additions to the minutes of the April 18, 2012 Board Meeting.

MOTION WAS MADE BY DAMON CHASE, SECONDED BY CLIFF MILLER TO APPROVE THE MINUTES OF THE APRIL 18, 2012 BOARD MEETING, AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Balance Sheet and Budget Statement for the month of March, 2012 were presented to the Board for discussion and approval. The Administrator referred to the revenues and expenditures charts explaining that revenues for the month were under budget by \$6,077 and under for the year by \$55,298. Expenditures for the month were over budget by \$36,737 and under for the year by \$454,657. He stated that we have two more projects to do before the end of the fiscal year which will bring our expenditures closer to budget projections. Profit totals \$435,366 (44.9%), and occupancy dipped slightly to 84.1%; however, he will be presenting two new Leases totaling 9,500 sq. ft. that will go into effect on June 1st.

MOTION WAS MADE BY BILL POE, SECONDED BY TOM KUHN TO APPROVE THE BALANCE SHEET AND BUDGET STATEMENT FOR THE MONTH OF APRIL, 2012, AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

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The Outstanding Bills and Aged Receivables lists were presented to the Board for discussion and approval. The Administrator reviewed the list of bills explaining that the payment to CPH Engineers, Inc. in the amount of \$761.50 is for tank farm consulting and water main extension recording fees; the payment to Yahn Electric Co., Inc. in the amount of \$685.02 is for electrical hook-up for two fans that we had installed for a tenant, and upgrading the electrical for the Administration building's irrigation system; the payment to McKee Construction Co. in the amount of \$270.00 is for the installation of the two fans; and the payment to Exact Plumbing, Inc. in the amount of \$1,090.00 is for replacement of two back flow preventors.

MOTION WAS MADE BY BILL POE, SECONDED BY CLIFF MILLER TO APPROVE THE BILLS FOR PAYMENT, AS PRESENTED. THE LIST OF BILLS APPROVED TO BE PAID IS ATTACHED AND MADE A PART OF THESE MINUTES.

MOTION CARRIED UNANIMOUSLY.

The Administrator referred to the Aged Receivables list explaining that he has been in contact with Allstar Concrete Cutting who recently downsized and is struggling through some slow times; Cup-A-Coffee will be given a Three Day Notice if we do not receive a payment before the end of the month; Ken's Tuff Trux is a chronic late payer; Edvardo Rojas indicated he would pay his outstanding balance on Monday; and We're Organized, Inc., FL indicated they would pay by the end of the week.

The Administrator explained that Dirk's Motorworks vacated his leasehold the end of March, 2012 and we subsequently re-leased his unit effective May 1, 2012. Last month the Board approved accepting a Promissory Note from Mr. Nebergall covering the balance owed. We then forwarded the documents to Mr. Nebergall who responded saying he is broke, has no job, and cannot commit to the Note; therefore, Mr. Van Gaale recommended we write-off the balance owed.

MOTION WAS MADE BY DAMON CHASE, SECONDED BY BILL POE TO WRITE-OFF THE OUTSTANDING BALANCE OF \$1,966.49 OWED BY DIRK NEBERGALL d/b/a DIRK'S MOTORWORKS.

MOTION CARRIED UNANIMOUSLY.

ATTORNEY'S REPORT

a) 2012/2013 Insurance - Mr. Coover explained that he was asked to look into our insurance to see what we can do to streamline the process. He referred to a Memorandum he wrote to the Board dated May 15, 2012 (copy of said Memorandum is attached and made a part of these Minutes) which explains the history, what our options are, and what his recommendations are. The Board took a few minutes to read the Memorandum.

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Mr. Coover reported that essentially what his Memo says is that because of our Purchasing Policy and our Enabling Legislation we are supposed to competitively bid this product every year. We can't bid it more than one year, because the insurance companies cannot price it for more than one year. The only other option involves hiring a consultant, and we really don't have the people or insurance requirements that we would need a personal consultant for who we would have to pay a large sum of money to, in order to tell us what the insurance markets are for all these products. He stated he doesn't see how we could do anything other than tweak our Request for Proposals, and then if things change in the insurance industry, we can adjust what we're doing. He believes it will take one more year by a subcommittee to make sure we've got everything the way we want it, then we can use that format ongoing.

Mr. Miller stated that with insurance you don't have to take the low bid. You want to make sure that the company has the wherewithal to back up what they're proposing, so each year we're taking that gamble.

Mr. Van Gaale stated that after last year we know what the three entities are out there, AM Best "A" rated companies, PGIT Trust and Florida Municipal Insurance Trust. Therefore, the RFP will include our limits and requirements, and the committee can meet an hour before the August Board meeting so they can give their recommendation. He feels we already have a consensus on what type of Trust we would like, a solvent Trust with members like us who are financially responsible without the risk of some of the other Trusts we looked at last year. He stated he is very satisfied with the program we have now. Mr. Miller responded that we haven't had a catastrophe so nobody knows how good they really are, but we think we're okay.

Mr. Coover stated that our CPA looked at it last year and he audits them as well, and he gave us a list of things to ask every year, which should glean out their financial condition; and maybe we should send the information to our CPA to see if anything alerts him before making a final decision.

(Mr. Pancake joined the meeting.)

MOTION WAS MADE BY DAMON CHASE, SECONDED BY TOM KUHN TO AUTHORIZE THE CHAIRMAN TO APPOINT AN INSURANCE COMMITTEE TO REVIEW AND REVISE THE INSURANCE PACKAGE AS DESIRED, TO SEND OUT THE REQUEST FOR PROPOSALS, AND TO ANALYZE THE PROPOSALS AND MAKE A RECOMMENDATION TO THE BOARD.

MOTION CARRIED UNANIMOUSLY.

_____The Chairman asked when the Committee should be appointed, and the Administrator replied that he would like one appointed in June to give us time to put the proposals together and be presented at the August Board meeting.

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Mr. Chase suggested appointing Mr. Miller to the Committee because of his insurance background and knowledge, and two different members than last year so that more of the Board gets the full flavor of everything we are dealing with.

b) Dan Newlin & Associates - Mr. Coover informed the Board that we received a letter from Dan Newlin & Associates in regards to someone who couldn't navigate our parking lot properly and asking for some insurance information. He stated he would respond to their request.

ADMINISTRATOR'S REPORT

a) Tank Farm Demolition-Update - The Administrator presented the Phase I Environmental Report from Aerostar Environmental Services, Inc. and reminded the Board that we entered into a contract with CPH Engineers, Inc. to get rid of the liability of the tanks, clean the site and get it ready for future development. He explained that the report includes historical data, observations, site data, elevations and current uses. The assessment basically has revealed no evidence of recognized environmental conditions except for the following concerns: the use of the 300,000 gallon tanks; the current tenant on half of the site, Acme Recycling Industries, LLC, whose business is scrap metal; and some old 55 gallon drums and metal sheds that were part of the tank farm operation. These items need to be addressed, and Aerostar is recommending we move forward into a Phase II Environmental Report. Mr. Van Gaale stated that we provided them with the information we have on the initial 10 tanks that were removed in the 1990's, which is noted in Phase I. The surrounding tenants, Water Specialist Environmental and the Marina, are in compliance; their tanks are updated so they will not negatively affect the site.

Mr. Van Gaale stated that at this point we are at a crossroads as to which way to go with this project. We can either do the Phase II and find out if there are any contaminants, and if so, we'd have to develop a plan of action which could cost upwards of \$70,000. That plan would go to DEP and we'd work with them to get something approved and look at the clean up costs. The other option is to stay with the Phase I, enter into a contract with a contractor to dismantle the tanks and if they find contamination, they stop work and notify DEP within 24 hours who would then tell us how and when to clean up the site. He turned the floor over to Brady Lessard.

Mr. Lessard explained that their initial charge was to get the Authority out from under a liability and to free the parcel up for future redevelopment. He stated that CPH has worked with Aerostar for many years because they are an advocate for their clients and not for regulatory agencies. If we go forward with the demolition process, their concern is if the contractor finds any contamination, DEP will be on top of them and they will have to play by their rules. They are suggesting moving forward with the Phase II, and Mr. Stump is fairly confident from the Phase I that they are not going to find any catastrophic spill that occurred 20 or 30 years ago that will make a massive remediation program necessary. If they do find something, however limited or extensive it is, they immediately contact DEP as required by statute and negotiate from a position of strength. The current climate in Tallahassee is favoring the "let's get to work" concept through the regulatory agencies. He turned the floor over to Mr. Stump.

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Mr. Stump explained that this tank farm does not have the earmarks of gross contamination. He spoke with Port tenant and former tank farm operations manager Larry Mattingly (Mid-Continent Energy Co., Inc.) at length about what type of fluids they stored. He stated that there are some housekeeping issues, but the regulatory agencies don't appear to have this site in their cross-hairs because they're not requiring monitoring and they haven't been out here to check it out, but they do know it's here. He stated, as council knows, 62-761 of the Florida Administrative Code requires a tank closure assessment be done anytime you decommission tanks of this magnitude. The closure assessment will require some soil and ground water testing, and it is their recommendation that we know whether or not this is going to be a big issue or not. Their goal is to do as little testing as possible to give you that answer. They put together a Phase II Scope of Work with CPH which they think is reasonable.

Mr. Chase asked how much the Phase II is, and Mr. Stump replied a base fee of \$17,500.00 with a maximum material cost of \$2,000.00, which entails 24-26 borings. When the tanks are cut down, there will be some salvage value to the steel which would off-set the cost.

Chairman Brown stated that we currently have a tenant using the south end of that property, and Mr. Van Gaale responded that once we start the dismantling and clean-up, he would suggest that we let that tenant's Lease expire and help them find another site. Chairman Brown asked if there is a set level of spillage that is reportable, and Mr. Stump replied that any spillage from the trucks currently on the south end of the site would be a housekeeping issue. Mr. Van Gaale stated that when the tanks were removed from the south end, the records show it was clean. He asked if the whole site needed to be tested in the Phase II, or could we just test the north end where the remaining tanks are. Mr. Stump replied that for the cost of 4 soil borings, you'd rather not have any surprises in future development. The question was made as to the cost of the 4 soil borings, and Mr. Stump replied approximately \$3,000.00.

Chairman Brown stated that he is not a fan of a Phase II, we received a clean bill of health on Phase I and we haven't had any fuel in those tanks for 20-30 years, so that makes him skeptical. He stated that it's mitigating itself, and we do not plan on building a structure on that parcel for several years, it will be used as a parking lot. Discussion ensued.

Mr. Chase stated that he needs more time to investigate the situation and talk with the Administrator before making a decision.

MOTION WAS MADE BY DAMON CHASE, SECONDED BY TAYLOR PANCAKE TO CONTINUE DISCUSSIONS AT THE NEXT BOARD MEETING.

MOTION CARRIED UNANIMOUSLY.

Chairman Brown questioned if the tanks are empty, and Mr. Stump replied that he personally climbed up on top of each tank and they are empty and have no odor. Mr. Stump and Mr. Lessard left the meeting.

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OLD BUSINESS

a) *Financial Disclosure Forms - The Administrator asked the Board to keep an eye out for their 2011 Financial Disclosure form which is due July 1, 2012.*

NEW BUSINESS

a) *Budget Committee Report - The Administrator referred to Memorandum #2178 explaining that every year we do a reassessment of the current year (Section One). Section Two outlines the projected cash balance and cash flow analysis of the current fiscal year. The reassessed revenues total \$1,676,732 and the reassessed expenditures total \$1,016,615 bringing our operational profit to \$660,117 or 39%. Cash carried forward into the 2012/2013 fiscal year is projected to be \$1,322,168.*

Mr. Van Gaale referred to Section Three - Projected Operational Revenue, explaining that revenues for fiscal year 2012/2013 are projected to be \$1,727,946, not including the projected cash carried forward of \$1,322,168. This reflects a decrease of \$34,479 over the current year's budget of \$1,762,425 due to lower occupancy and reduced rates, because of the poor economy.

Mr. Van Gaale explained that projections for next year's expenditures total \$1,089,728, a decrease of \$185,193 over the current year's budget of \$1,274,921. The Budget Committee recommends a 3% salary increase for the Administrator and Administrative Assistant based on the C.P.I. of 2.87% and excellent performance evaluations. Our current insurance agent suggested we budget a 10% increase for insurance. The Maintenance & Repair-Property line item includes lawn and drainage system maintenance; building, road and property maintenance; capital improvements; and \$100,000 for tank farm demolition/site restoration.

Section Five includes the operation and total cash budget, and the cash flow analysis. The 2012/2013 budget totals \$3,050,114, surpassing the three million dollar mark for the first time.

Mr. Van Gaale explained that considering only the operational elements, the cash in-cash out profit calculation for F.Y. 2012/2013 is as follows:

<i>Projected Cash Operational Revenue:</i>	<i>\$1,727,946</i>
<i>Projected Cash Operational Expenses:</i>	<i>(1,089,728)</i>
<i>CASH IN-CASH OUT PROFIT:</i>	<i>\$ 638,218 (37%)</i>

Mr. Van Gaale stated that the Budget Committee recommends transferring \$450,000 to the General Fund of Seminole County at the end of the fiscal year, and that \$150,000 of that be designated to Seminole State College's Small Business Services Department.

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Given this non-operational allowance, the Cash Balance Sheet for F.Y. 2012/2013 would be as follows:

CASH BALANCE - 10/01/12	\$1,322,168
<u>OPERATIONAL:</u>	
Revenues	\$1,727,946
Expenses	(1,089,728)
<u>NON-OPERATIONAL:</u>	
Transfer to Seminole County	(<u>450,000</u>)
CASH BALANCE - 09/30/13	<u>\$1,510,386</u>

The Administrator turned the floor over to Damon Chase, Chairman of the Budget Committee.

Mr. Chase explained that some of the things that were interesting to the Committee was keeping the \$450,000 contribution to Seminole County static with the current year in order to build up our reserves in anticipation of the decrease in occupancy. We set out a strategy a couple years ago to make sure we had sufficient reserves to withstand another major economic downturn. He stated that the initial proposed budget from Staff kept salaries static, and the Committee discussed that compared to similar salaries in the market and in government it seemed low. Although we are in bad economic times, this particular entity is doing very well and that's because we have such great leadership. We felt since the C.P.I. is at 2.87%, 3% was the very least they could recommend.

Chairman Brown felt that keeping a good cash reserve is important especially so that we will be able to develop the tank farm with cash on hand, and keeping the contribution to Seminole County static should keep the Commissioners happy. Mr. Van Gaale added that we have contributed over \$6,000,000 to Seminole County in the past ten years, so he feels we've been very fair.

Mr. Pancake mentioned that he feels the \$3,600 budgeted for marketing is more conservative than what we've done before, and a little bit more targeted. Mr. Chase responded that we spent more money last year, and he thinks it really didn't work out.

MOTION WAS MADE BY BILL POE, SECONDED BY TOM KUHN TO ACCEPT THE 2012/2013 PROPOSED BUDGET, AS PRESENTED.

Under discussion, Mr. Chase stated that because of the \$150,000 designated contribution to Seminole State College, he would like to disclose that he represents their Board of Trustees.

MOTION CARRIED UNANIMOUSLY.

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The Administrator informed the Board that the Budget packages will be given to Seminole County by the due date of June 15th, and he invited the Chairman to join him during the presentation in August.

b) Leases - The following Leases were presented for approval:

- 1. Lease Renewal - Dynamic Aspects, Inc., 1980 Dolgner Place, Suite 1008, beginning June 1, 2012 through May 31, 2013 at the budgeted monthly rate of \$1,838.00 (2,712 s.f. warehouse, 288 s.f. office @ a blended rate of \$7.35/s.f.), a 5% increase. Personal guarantee. Tenant requests leaving rate static @ \$1,750.00.*
- 2. Lease Renewal - D. T. Diesel, Inc., 1980 Dolgner Place, Suite 1040, beginning June 1, 2012 through May 31, 2013 at the budgeted monthly rate of \$775.00 (1,500 s.f. warehouse @ \$6.20/s.f.). Personal guarantee. Tenant requests a 60 day termination clause because he may be moving in about six months.*
- 3. Land Lease Renewal - Integrated Management Solutions, LLC, 4417 Schilke Way (.4553 acre m.o.l.), beginning June 1, 2012 through May 31, 2013 at the budgeted monthly rate of \$338.00 (\$8,908/acre/yr.), a 5% increase. Personal guarantee.*
- 4. Lease Renewal - J. L. Pandolfi Painting Contracting, Inc., 1928 Dolgner Place, beginning June 1, 2012 through May 31, 2013 at the budgeted monthly rate of \$794.00 (1,500 s.f. warehouse @ \$6.35/s.f.). Personal guarantee.*
- 5. Lease Renewal - We're Organized, Inc. FL, 1441 Kastner Place, Suite 111, beginning June 1, 2012 through May 31, 2013 at the budgeted monthly rate of \$2,106.00 (4,685 s.f. warehouse, 315 s.f. office @ a blended rate of \$5.06/s.f.), a 5% increase. Personal guarantee.*
- 6. New Lease - Odd Rodz, LLC, 1451 Kastner Place, Suites 113-125, beginning June 1, 2012 through May 31, 2013 at the monthly rate of \$2,600.00 (8,000 s.f. warehouse @ \$3.90/s.f.). Personal guarantees.*
- 7. New Lease - U. S. Hydraulics, LLC, 1954 Dolgner Place, beginning June 1, 2012 through May 31, 2013 at the monthly rate of \$900.00 (1,212 s.f. warehouse, 288 s.f. office @ \$7.20/s.f.). Personal guarantees.*

The Administrator reviewed the list of Leases explaining that Dynamic Aspects, Inc. (Item #1) has asked that their rate remain static, and referred to their letter of request. D. T. Diesel, Inc. (Item #2) has requested a 60 day termination clause because most of their work is in the Caribbean and they aren't sure how much longer they can stay. Mr. Van Gaale stated that they have been a very good tenant, and he feels their request is reasonable. He recommended approval of the Leases as presented.

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***MOTION WAS MADE BY TOM KUHN, SECONDED BY BILL POE TO
APPROVE ITEMS 1-7, AS PRESENTED.***

MOTION CARRIED UNANIMOUSLY.

*There being no further business, the meeting was adjourned at 5:10 p.m. by Chairman
Brown.*

Matthew T. Brown, Chairman

Taylor Pancake, Secretary