

**SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
JANUARY 16, 2013**

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 January 16, 2013.

Chairman Damon Chase called the meeting to order at 4:00 p.m. with the following Directors constituting a quorum: Damon Chase, Chairman; Taylor Pancake, Vice Chairman (arriving late); William H. Poe, Secretary; Cliff Miller, Treasurer; Matthew T. Brown, Member; Kyle Kilger, Member; Dana McBroom, Member; Thomas Kuhn, Member; and Brenda Carey, BCC Member.

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

Others present: Dick and Judy Van Der Weide; and Stephen H. Coover, SCOPA Attorney.

The invocation was given by Bill Poe followed by the pledge to the Flag.

The Chairman welcomed Dick and Judy Van Der Weide.

Resolution Presentation:

The Chairman presented a resolution plaque to Mr. Dick Van Der Weide for his years of service on the SCOPA Board as its liaison appointment during his years as a Seminole County Commissioner. Mr. Van Der Weide thanked the Board and he and Mrs. Van Der Weide left the meeting. Mr. Van Gaale assisted them to their vehicle and then returned.

The Chairman asked for corrections or additions to the minutes of the December 19, 2012 Board Meeting.

MOTION WAS MADE BY MATTHEW BROWN, SECONDED BY KYLE KILGER TO APPROVE THE MINUTES OF THE DECEMBER 19, 2012 BOARD MEETING, AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

Mr. Pancake arrived at the meeting.

The Balance Sheet and Budget Statement for the month of December, 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 \$19,285 and \$8,222 for the year. Expenditures for the month were under budget by \$41,153 and \$89,336 for the year. Profit totals \$230,393 (54.7%), and occupancy increased slightly to 88.7%.

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Mr. Kilger questioned how the prospects look for next month, and Mr. Van Gaale replied that we will probably have a few more vacancies because some tenants have purchased buildings, but we have been showing quite a bit of property.

MOTION WAS MADE BY BRENDA CAREY, SECONDED BY MATTHEW BROWN TO APPROVE THE BALANCE SHEET AND BUDGET STATEMENT FOR THE MONTH OF DECEMBER, 2012, AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

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 Public Risk Management in the amount of \$8,008.00 is for our quarterly insurance payment; the payment to ProWash Professional Mobile Truck Wash Service in the amount of \$200.00 was for floor cleaning in the 1441 Kastner Place, Suite 101 building for a new tenant; the payment to A-N-R Door Systems, Inc. in the amount of \$2,830.00 is for a new roll-up door, door jams and sheeting repairs for a new tenant at 1413 Dolgner Place; the payment to Sanford Carpet, Inc. in the amount of \$1,173.48 is for new carpeting in the offices at 1413 and 1954 Dolgner Place in preparation for new tenants; the payment to Yahn Electric Co., Inc. in the amount of \$1,922.75 is for replacement of new security lighting on the three buildings located at 1901-1980 Dolgner Place; the payment to Duncan Fence Designs, Inc. in the amount of \$9,200.00 is for new fencing at 1500 Dolgner Place; and the payment to Home Depot Credit Services in the amount of \$1,322.51 is for supplies to remodel offices at 1481 Kastner Place, Suite 101 that has been vacated.

Commissioner Carey asked Mr. Van Gaale if he received an additional quote for the fence project, and he replied that he did in the amount of \$9,400.00. He explained that we have a new Purchasing Policy that requires three competitive written quotes for expenditures under \$25,000.00; three informal phone quotes for expenditures under \$5,000.00; and formal requests for proposals for expenditures over \$25,000.00.

Commissioner Carey further asked if the door repair on 1413 Dolgner Place was charged back to the previous tenant, and Mr. Van Gaale replied that it was not because it was more ordinary wear and tear.

MOTION WAS MADE BY MATTHEW BROWN, SECONDED BY TOM KUHN 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 received a \$10,000 payment from Acme Recycling Industries, LLC today although he was expecting a full month's

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payment in the amount of \$19,481.22. He spoke with Mr. Coover expressing his concern, and he spoke with Linda Landry (one of the owners) today and she indicated she would have the balance of the month's rent paid the beginning of next week. He stated that it is up to the Board at this point; he has held off issuing a Three Day Notice which would demand the entire amount due because he doesn't think they can come up with it. They are a long term tenant who has been financially responsible for a number of years until this past summer when they started getting behind. He stated once again that it's up to the Board, but he would like to work with them because he feels that an eviction or lock down wouldn't benefit anybody. We would lose any potential revenue, there would be quite a bit of clean-up, quite a bit of leg work finding out who owns what, and legal expenses.

Commissioner Carey stated that she noticed in last month's minutes that they indicated they would make a payment by December 28th and she asked whether that happened. Mr. Van Gaale replied that it did not. Mr. Kuhn asked how much space they occupy, and Mr. Van Gaale replied about 65,000 sq. ft. and a couple acres of land. Mr. Kilger asked if we have personal guarantees, and Mr. Van Gaale replied that we have two personal guarantees from the owners and he feels they are solid as far as their personal assets go. The Chairman asked how long they've been here, and Mr. Van Gaale replied about 20 years. Mr. Pancake stated that he seems to remember that they went through this about 6 months ago and then came out of it, and Mr. Van Gaale replied that they did, and Linda told him today that in the metal business it's a 3 and 5 year cycle, they're good for 3 years and it's rough for 5 years and they're coming out of their 5 year slump.

Commissioner Carey stated that it's been her experience in the real estate business that you really have to keep people on a short leash, and you can't let them get in your pocket for 2 or 3 months of rent. They have been a long-term tenant, but the fact that you don't have a payment plan with them already agreed to, and you do have two personal guarantees, then they are just going to get deeper into our pocket. She stated she feels that a Three Day Notice will get their attention, and if nothing else, it will force them to come in and either renegotiate what they have or put them on a real strict payment plan; but if they miss a payment, she would take action to lock it down. Mr. Van Gaale stated that they are downsizing as their Leases expire, they have a Land Lease that expires the end of the month and they're vacating as we speak.

The Chairman suggested that we require them to pay at least \$30,000.00 by the end of the month, and if they don't, we will issue a Three Day Notice. Discussion ensued.

Mr. Miller stated that we are in a command position here; they cannot move out over night, and nobody else wants a recycling facility. We are not charging them through the nose for what they're getting. Mr. Van Gaale stated that he understands about putting pressure on them, and he's done that to the best of his ability.

MOTION WAS MADE BY COMMISSIONER CAREY, SECONDED BY MATTHEW BROWN TO DIRECT THE ADMINISTRATOR TO HAVE A VERY AGGRESSIVE WRITTEN PAYMENT PLAN WITH ACME RECYCLING

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**INDUSTRIES, LLC BY THE END OF THIS WEEK, AND IF THEY FALTER
ON THAT, ISSUE A THREE DAY NOTICE.**

Under discussion, Mrs. McBroom stated that she would like to know the specifics of the payment plan before she votes on it. She thinks that, at a minimum, we should require the November and December rent be paid by the end of January; otherwise, by February they are still three months into us. The Chairman stated that it's hard to say what to negotiate, and at some point you have to give discretion to the Administrator.

Mr. Coover stated that he thinks the way to do it is for the Board to tell Mr. Van Gaale the absolute minimum that he has to receive by a certain date. At least then he knows that when he's negotiating if they offer less than that, he's got to be able to say that is not satisfactory. Mr. Coover offered some background stating that Acme was leasing space at the Airport and the Airport let them walk away from a lot of money, but he doesn't know whether they had personal guarantees. Also, we pulled up public records on them about six months ago, and they are leveraged up. Everything on site is pretty much spoken for. So the practical process that will happen is a Distress for Rent, which is where you pay a bond, get an Order and a Writ, and shut them down; but he's not sure how much good that will do us because we are not going to be in prime position with our Landlord's Lien on probably anything over there. Or we can go another route, which is cheaper and faster, then we get possession pretty quickly unless they pay a lot of money. Sometimes you get your money by filing suit because the way the judge looks at it, they put the money in escrow with the Court or they resolve the case or he says you're out. When you get in that position, we would have some clean up, but we also would be in possession and we would be able to charge rent to all the people who claim to have property on our site.

Mr. Coover further stated that he told the Administrator a couple days ago that he needs to hand this situation to the Board, because he has a policy issue now. He stated he would be happy to go with him to negotiate to make sure they understand how serious we are. The only thing that bothers him is that they walked out on the Airport.

Commissioner Carey asked the Administrator if he reviewed their personal financials when he renewed their Leases, and he replied that he did not. She asked if he had reviewed two years of personal financials on all the Leases with personal guarantees at the Port, and he replied that he had not. She stated that if someone wants to lease something from her, she requires two years of financials on the business and if it's a new business she requires two years of personal financials; and if she has a personal guarantee, she wants to make sure it's worth something. Mr. Van Gaale replied that he's looked at their corporate financials, but not their personal financials.

Mr. Kuhn moved to call the question, and at the Chairman's request, Mrs. Dolgner reminded the Board of the motion.

MOTION CARRIED UNANIMOUSLY.

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The Administrator continued with the Aged Receivables explaining that Allstar Concrete Cutting & Coring, Inc. has vacated their leasehold. Daimon McNamara, the responsible party, approached us the end of December indicating that he was leaving and would make good on the remainder of his Lease ending February 28, 2013. We have since tried to contact him by phone, and his phone numbers are not working, so we sent him a certified letter. Commissioner Carey asked if we had a personal guarantee, and the Administrator replied that we do. He stated that a lot of these companies are start-up businesses and that's what we are all about. He agrees that we should look at financials on the larger tenants, but on the smaller ones we have to have a little faith, and it's worked out pretty well. We have not received the return receipt on the letter sent to Mr. McNamara, as yet.

The Administrator explained that the owner of Bandit Performance, Jamie Fallen, had health issues last month and he gave him until the end of the month to catch up. He stated that last month the Board directed him to attempt to track down the parties with U. S. Hydraulics, LLC, so we sent them certified letters and just received one of the return receipts back this week. He also researched public records on the individuals and he could not find that they own any property in Orange, Volusia or Seminole Counties.

Commissioner Carey stated that she would like to have a policy discussion about what we do to qualify a tenant. Chairman Chase stated that he thinks that the smaller tenants are not going to qualify for anything anyway because they are trying to start a business, but he agrees that the larger ones should be pre-qualified. Mr. Van Gaale stated that he has recently changed his approach asking for some business plans. Chairman Chase stated that our clientele is pretty diverse and some of them will have a business plan, but when we cater to people who rent a unit for \$800-\$900 a month we have to accept the fact that there is a risk. We would end up losing the majority of those folks if we pre-qualified them because they wouldn't qualify. Requiring a personal guarantee gives us a little more leverage, because it makes a psychological difference to the prospect. Mr. Van Gaale pointed out that according to our last year's Audit Report, 97.2% of all rents due at the end of the year were collected.

ATTORNEY'S REPORT

a) Policies - Mr. Coover stated that we have had a long run on pretty successful tenant relationships, as the Administrator said 97% of rents collected, and he's surprised it's that high due to the poor economy. Things aren't as good as they have been for a long time, so we should probably look at our policy from the standpoint of where we are in the United States and Central Florida. We don't have anything in our Lease that requires the tenant to provide financials to us on an ongoing basis, and if we want to require that, we'll have to tweak our Leases.

The Chairman asked for three volunteers to serve on a committee to review the Authority's policies, along with the Administrator and Attorney. Commissioner Carey, Matthew Brown and Kyle Kilger volunteered to serve, and Chairman Chase appointed Commissioner Carey as Chairman

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of the Policy Review Committee. She asked for 60 days to report back to the Board.

ADMINISTRATOR'S REPORT

a) Tank Farm Project Update - The Administrator reported that Samsula Demolition is currently in the bonding stage of the project, so it should begin soon.

The Administrator added the following item to his report:

b) Port Theft - The Administrator reported that law enforcement busted a metal theft ring in Volusia and Seminole Counties, which was operating out of Volusia. Acme Recycling has been a victim of that ring and lost over \$100,000 in inventory, which is part of their explanation in falling behind in their rent. We have been working closely with the Seminole County Sheriff's Department and our tenants.

Secondly, the Marina subleases their restaurant to Crowdaddy's, which is a bar and grill, and shortly after Christmas there was an incident that occurred involving violence. The restaurant is temporarily closed.

(Mr. Kuhn left the meeting)

The Administrator informed the Board that we received correspondence from the attorneys regarding a lawsuit. The Marina and Crowdaddy's have insurance, therefore, the Authority is third down the line. All the information has been forwarded to Mr. Coover and our insurance agent.

Mr. Miller asked if there was negligence, and Mr. Coover replied that if there was negligence, it would be on the part of the restaurant operator. He stated that if any of the Board Members would like more details, Mr. Van Gaale can give them copies of the correspondence.

c) Administrator's Employment Contract - The Administrator stated that he has been here for over six years and thanked the Board for the opportunity. He apologized for catching the Board off guard last month, however, as an employee he was aware of his contract expiring and maybe the Board was not. He had been in discussions with the Chairman which he felt was appropriate rather than each individual Board Member. He referred to some backup information as requested by the Board explaining that in 2006/2007 we had about a \$400,000 cash reserve in the bank, which grew to approximately \$1.4 million in 2012, so the increase in current assets has grown 277%. Total liabilities/net assets grew 6.7%, and years 2006 through 2012 contributions to Seminole County total \$4,350,000.00. Commissioner Carey asked what the contributing factor was for the growth in assets, and Mr. Van Gaale replied that we spent a lot less money than we had planned; even though rents are down because of the economy, they've been increasing; and we gave the County \$100,000 less in 2012 than in 2011. We've created solid reserves so that, under his watch, we'll never have to go to the County or State for funds to cover operating expenses. Occupancy rates have

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been above the industry rates, the curb appeal has improved, there's not one piece of trash out there, and the buildings have been renovated that had penetrations in them. So not only have the books improved, but the physical plant has also been renovated quite aggressively.

The Administrator stated that we've realized \$60,000-\$70,000 worth of insurance savings every year, our relationship with the County, State and local municipalities are solid, and we're never in the newspaper unless it's a legal ad. We have dedicated employees and our vendors and contractors are happy. He stated that the Board hired a qualified Administrator with a masters degree, bachelors degree, and a certified urban planner; so the credentials are there to justify his current salary.

He thanked the Board again for his job and stated that he loves being here and feels they also get a value out of it based on the numbers and the overall condition of the Port. He stated that he may have been a little aggressive on what he was asking for, but the Board hired an aggressive negotiator to run the Port.

The Chairman interjected saying that he doesn't think he was too aggressive, he thinks that even though we're still government, there's something different about the Port Authority and the way it's run. What's impressed him is that he's seen dramatic improvements since Mr. Van Gaale came here. He's highly thought of in the community, and he thinks a lot of entities would very much like to have him. He has chosen for now to be in this realm of public service, and when you do that you give up money. Irene is retiring, and in the event we can reach a contract that's going to extend for a few years with Mr. Van Gaale, he's going to be breaking in somebody who's not Irene, and those shoes will not be filled by anyone. Therefore, there will be a lot more that's incumbent upon him to make sure that this operation runs as smoothly as it does. Looking at it as a business person, it is run extremely smooth. The Aged Receivable list is on one page, and we're only owed \$80,000 which he feels is a small percentage. The ability of Andrew to deal with tough tenants has been impressive, and it's rare that we write off money owed. He stated he feels what he is asking for is not aggressive at all, and he's in support of it.

Commissioner Carey distributed a spreadsheet detailing the County Directors, their salaries, their positions, and the number of people they manage.

Mr. Poe stated that he feels we have two of the best employees in the world, but times are tough out there and he knows historically we've based increases in salary on the C.P.I., and the most recent one was 2.9% and they awarded a 3% increase in salary which he feels was well justified. He would have no problem supporting an increase equal to the C.P.I. as done in the past.

Mr. Pancake stated that one thing he struggles with is that Andrew's performance is tied to the Port's performance a little more directly than some other government positions might be. There is a giant maintenance aspect of it, but we've also weathered the storm pretty well in terms of occupancy.

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Commissioner Carey stated that she noticed that the Board extended his contract for 60 days to have time to think about it. She has to be at an event and be on stage at 5:30, so she asked if discussions could be postponed to the next meeting.

MOTION WAS MADE BY COMMISSIONER CAREY, SECONDED BY MATTHEW BROWN TO EXTEND THE ADMINISTRATOR EMPLOYEE AGREEMENT FOR AN ADDITIONAL 60 DAYS.

MOTION CARRIED UNANIMOUSLY.

Mr. Van Gaale thanked the Board, once again, for their consideration and stated that he is dedicated and loves it here.

Mr. Brown suggested that maybe we can include in our policy that the Chairman appoint a three person committee three months before a contract expires for review purposes.

Mrs. McBroom stated that she would like to see the rent from 2006 - 2012, and she'd like to see just the net assets. Mr. Van Gaale replied that he will give her the six years she's requesting.

The Chairman appointed a Committee consisting of Taylor Pancake, Kyle Kilger and Cliff Miller to review the Administrator's Employee Agreement. Mr. Miller asked Mr. Van Gaale how he arrived at the figure, and Mr. Van Gaale replied based on what he knows about the community and the jobs out there he's worth that. He stated he's certainly happy, and he's well compensated. Mr. Miller asked again how he arrived at that amount, and Mr. Van Gaale replied that the previous Administrator made about \$138,000 and he did a great job, but he has different qualifications with education and certifications that adds value.

The Chairman asked the Committee to meet and come back with a recommendation for the new contract at the next Board meeting. He asked Mr. Miller to Chair the meeting.

(Commissioner Carey left the meeting)

OLD BUSINESS

There was no old business.

NEW BUSINESS

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

1. Lease Renewal - AAA Insta-Move, Inc., 1970 Dolgner Place, beginning February 1, 2013 through January 31, 2014, at the budgeted monthly rate of \$1,500.00 (2,712 s.f. warehouse, 288 s.f. office @ a blended rate of \$6.00/s.f.). Personal guarantees. Tenant requests a 60 day termination clause since he has purchased a building.

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2. *Lease Renewal - Lentec Machining, Inc., 1563 Dolgner Place, beginning February 1, 2013 through January 31, 2014, at the budgeted monthly rate of \$725.00 (2,000 s.f. warehouse @ \$4.35/s.f.), a 5% increase. Personal guarantee.*
3. *Lease Renewal - Bryan E. Riesbeck (formerly Riesbeck Enterprises, Inc. d/b/a The Gameroom Gallery), 1962 Dolgner Place, beginning February 1, 2013 through January 31, 2014, at the budgeted monthly rate of \$840.00 (1,500 s.f. warehouse @ \$6.72/s.f.).*
4. *Lease Renewal - Maitropolis, LLC, 1425-1429 Dolgner Place, beginning February 1, 2013 through January 31, 2014, at the budgeted monthly rate of \$1,552.00 (2,456 s.f. warehouse, 544 s.f. office @ a blended rate of \$6.21/s.f.). Personal guarantee.*
5. *Lease Renewal - Mid-Continent Energy Co., Inc., 1510 Kastner Place, Suite 2, beginning February 1, 2013 through January 31, 2014, at the budgeted monthly rate of \$413.00 (234 s.f. office @ \$20.18/s.f.), a 5% increase. Personal guarantee.*
6. *Land Lease Renewal - Roger Pinkerton, 4419 Schilke Way (.40 acre m.o.l.), beginning February 1, 2013 through January 31, 2014, at the budgeted monthly rate of \$276.00 (\$8,280/acre/yr.), a 5% increase.*
7. *Lease Renewal - R. C. Cabinets, Inc., 4421 Schilke Way, Suite 108, beginning February 1, 2013 through January 31, 2014, at the budgeted monthly rate of \$891.00 (1,928 s.f. warehouse, 72 s.f. office @ a blended rate of \$5.35/s.f.), a 5% increase. Personal guarantee. Tenant requests rate to remain the same at \$849.00, per letter. No increase since 2/1/10.*
8. *Lease Renewal - Southern Aquatic Management, Inc., 1980 Dolgner Place, Suite 1048, beginning February 1, 2013 through January 31, 2014, at the budgeted monthly rate of \$866.00 (1,212 s.f. warehouse, 288 s.f. office @ a blended rate of \$6.93/s.f.). Personal guarantee.*

The Administrator reviewed the list of Leases and asked the Board to read the letter from Richard Coomes, R. C. Cabinets, Inc. (Item #7) requesting his rate remain the same due to the poor economy.

MOTION WAS MADE BY MATTHEW BROWN, SECONDED BY CLIFF MILLER FOR DISCUSSION, TO APPROVE ITEMS 1-8, AND GRANTING THE REQUEST FROM R. C. CABINETS, INC. TO KEEP THE CURRENT RENTAL RATE AT \$849.00 PER MONTH, AS PRESENTED.

Under discussion, Mr. Miller asked if we've ever turned anyone down who has asked for no increase in their rent, and Mr. Van Gaale replied that he didn't think we had if they wrote a letter. The Chairman stated that he thought we did one time when he first became a Board Member, but not since then. Mr. Coover stated that we have approved some requests and denied some, so setting a precedence works both ways. It should be handled on a case by case basis. Mr. Van Gaale stated

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that R. C. Cabinets has been here a long time.

MOTION CARRIED UNANIMOUSLY.

There being no further business, the meeting was adjourned at 5:20 p.m. by Chairman Chase.

Damon Chase, Chairman

William H. Poe, Secretary