

SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
February 19, 2014

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 February 19, 2014.

Chairman Dana McBroom called the meeting to order at 4:00 p.m. with the following Directors constituting a quorum: Dana McBroom, Chairman; Matthew Brown, Vice Chairman and Secretary; Kyle Kilger, Treasurer; William H. Poe, Member; Thomas Kuhn, Member; Michael Caraway, Member; Michael McLean, Member; and Brenda Carey, BCC Member.

Staff present: Andrew Van Gaale, Administrator; and Jennifer Parker, Administrative Aide.

Others present: Taylor Pancake, past Chairman; and Stephen H. Coover, SCOPA Attorney.

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

The Chairman welcomed the new Board members Michael McLean and Michael Caraway as well as former Board member Taylor Pancake. The Chairman presented a Resolution to Mr. Pancake honoring his diligent efforts and service to the SCOPA Board (copy of said Resolution is attached and made part of these minutes).

The Chairman asked for corrections or additions to the minutes of the January 15, 2014 Board Meeting.

MOTION WAS MADE BY MATTHEW T. BROWN, SECONDED BY BRENDA CAREY TO APPROVE THE MINUTES OF THE JANUARY 15, 2014 BOARD MEETING, AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Balance Sheet and Budget Statement for the month of January 2014 and year-to-date were presented to the Board. The Administrator referred to the revenues and expenditures charts explaining that revenues for the month were under budget by \$11,864, but over budget by \$37,812 for the year. The Administrator stated that discussion regarding the monthly shortfall would occur during the Attorney's Report later in the meeting. Expenditures for the month were under budget by \$95,406, and \$90,303 for the year. Profit totals \$214,578 (35.72%), and occupancy maintaining at 93.5%.

The Outstanding Bills and Aged Receivables lists were presented to the Board for discussion and approval. The Administrator explained that line item #29, is the draw to McKee Construction for materials on site for SCOPA Project #166 as previously approved. The Administrator then asked the Board to approve the emergency expenditure listed as line item

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#28. This payment to Exact Plumbing in the amount of \$7,027.00 represents work to the SCOPA office. Unfortunately, the 30 year old building with copper pipes encased in concrete, required extensive plumbing repairs. He further justified the emergency expenditure explaining that Exact Plumbing is an existing Port subcontractor which the Administrator was able to negotiate not only the price but expedient services in order to prevent further inconvenience to the long term tenants who share the SCOPA office building. The Administrator explained that there would be additional expenses to repair the damage, but he is looking into insurance coverage in the hope of recouping some of the repair costs.

MOTION WAS MADE BY BRENDA CAREY, SECONDED BY MICHEAL MCLEAN TO APPROVE THE EMERGENCY EXPENDITURE OF \$7,027 TO EXACT PLUMBING, INC., FOR PLUMBING REPAIRS TO THE SCOPA OFFICE, AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

Mrs. McBroom inquired as to nature of items 8 and 9 on the Outstanding Bills list. The Administrator explained that those were Lease expirations in which the tenants were choosing not to renew. He further explained that both leaseholds were inspected and found to be left in good condition, therefore, refunds of the security deposits were being issued.

MOTION WAS MADE BY WILLIAM POE, SECONDED BY MICHEAL MCLEAN 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 Acme Recycling Industries, LLC, would be discussed during the Attorney's Report to follow. For the benefit of the new members, the Administrator explained that typically at three months past due staff begins the eviction process with a Notice and Demand for Payment. However, collection efforts are made each month on all Aged Receivables. He further explained that Wayne Edwards had been contacted regarding his past due balance. Integrity Management has made a payment in February. Mr. Rojas has also made payment towards his outstanding balance leaving him owing the current month and a partial balance from last month. Odd Rodz brought a payment that afternoon, which is not represented on the Aged Receivables List, but brings them current.

Commissioner Carey asked the Administrator if the Leases called for late fees and the Administrator confirmed that SCOPA consistently charges a 5% late fee and 12% per annum to delinquent tenants. Mrs. McBroom noticed that Ryan and Reed have caught up on their monthly payments. The Administrator confirmed that they had made their monthly payments of \$500.00 in January and February 2014. The Administrator further explained that there is an Agreement with Ryan and Reed that they would make \$500 a month payments until the balance was paid off.

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ATTORNEY'S REPORT

a) Acme Recycling Industries, LLC - Mr. Coover summarized for the new Board members, that Acme Industrial Surplus, Inc., and Acme Recycling Industries, LLC, are two unrelated companies. Acme Recycling Industries, LLC, has been a Port tenant since 1996 and in that time period paid close to a million dollars in rent. Their monthly rent is around \$17,000. About a year ago they started falling behind so the Board chose to work with them on a payment plan and they seemed to hold their own for a time. In January of this year, Acme did start falling behind. Then in mid to late January BMO Harris, who has a rather large loan to Acme, withdrew \$65,000 from Acme's bank account causing Acme not to be able to make a payment in January. At the last Board meeting it was explained that BMO was proceeding with obtaining a judgment for possession of all the collateral on the rental premises in addition to a judgment for money. SCOPA has a Landlord's Lien and we have an argument that we were not asked for subordination when BMO advanced the loan in 2007. Mr. Coover has filed a motion in the BMO lawsuit and has received a letter agreement stating they acknowledge our position and the parties will work together. Importantly the letter agreement states that BMO would start leasing from the Port if possession of the property was obtained back from Acme. Further, it states they would not pick and choose what would be taken, rather they would clean the place when done, which would be a good position for SCOPA. Subsequently we filed suit for eviction and distress for rent against Acme, along with a breach of contract on the two guarantors, Linda Landry and Mike Hagley. The same day of the lawsuit, Acme filed Chapter 11 Bankruptcy in Federal Court. On Monday, February 3rd, BMO had a hearing at which they obtained a judgment against Linda Landry and Mike Hagley on their guarantees. Mr. Coover stated that he had not yet seen a copy of the judgment. Mr. Coover reported that he also attended the Bankruptcy Hearing where he spoke to the Trustee, Acme's attorney, and Ms. Landry. He further explained that when a company goes into Chapter 11 Bankruptcy, all creditor action against the filer, in this case Acme, must stop and the rules of the Bankruptcy Court must then be followed. One of those rules is that we should be receiving what is called Administrative Rent, but the Port has yet to receive it. Therefore, Mr. Coover requested the Board's direction on whether to pursue the guarantors and on the hiring of a bankruptcy attorney to ensure that our interests are being protected in this matter. Mr. Coover recommended hiring Robert Pflueger, an experienced bankruptcy attorney at a rate of \$250.00 per hour. It was also confirmed that due to the outstanding rent, Acme's Leases were previously not renewed and they are currently on a month-to-month status. New Leases will need to be negotiated with either the potential buyers, BMO Harris or Acme depending on the outcome of all the legal proceedings.

MOTION WAS MADE BY BRENDA CAREY, SECONDED BY WILLIAM POE TO ALLOW MR. COOVER TO HIRE BANKRUPTCY ATTORNEY, ROBERT PLUEGER, AT A RATE OF \$250.00 PER HOUR TO ASSIST WITH THE ACME SUIT, AS DISCUSSED.

MOTION CARRIED UNANIMOUSLY.

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ADMINISTRATOR'S REPORT

a) Parking Lot Maintenance – The Administrator reported that he had a third quote coming in and asked that discussion of this item be moved to next month.

b) Fence Replacement – The Administrator referenced Memorandum #2211 listing the three estimates received for some needed fence repairs and maintenance at the Port. The estimates are as follows:

Commercial Fence Contractors, Inc., 1610 N. Goldenrod Rd., Orlando, FL 32807.

Estimate Amount: \$43,625.00

Duncan Fence Designs, Inc., P.O. Box 471325, Lake Monroe, FL 32747

Estimate Amount: \$49,960.00

Fence Services, Inc. dba/ AAA Fence, 801 Orange Ave., Daytona, FL 32114

Estimate Amount: \$57,000.00

The Administrator confirmed that this would replace the last section of the old galvanized fencing with the black vinyl fencing, that Commercial Fence Contractors, Inc., has performed quality work for SCOPA in the past, and that the sites being repaired were presently leased. He thereby requested approval to proceed with the work as estimated by Commercial Fence Contractors, Inc.

MOTION WAS MADE BY BRENDA CAREY, SECONDED BY TOM KUHN TO APPROVE THE CONTRACT IN THE AMOUNT OF \$43,625.00 TO COMMERCIAL FENCE CONTRACTORS, INC., AS DISCUSSED.

MOTION CARRIED UNANIMOUSLY.

c) Projects 166 & 167 Update – The Administrator reported that the contractor, McKee Construction, had materials delivered and was working on site. On Project #166, the Re-roof of the building at 4421 Schilke Way, a discrepancy on the fall line of the roof and the existing gutter has materialized. Therefore, the contractor is requesting a change order in the amount of \$3,961.77 to replace the gutter which will allow for proper handling of the water runoff. The Administrator further noted that even with the change order, McKee Construction's contract total still fell well below the other bids initially received on this project and that they do not have a history of submitting change orders. The Administrator requested approval of the change order to McKee Construction Company for project #166.

MOTION WAS MADE BY MICHAEL MCLEAN, SECONDED BY BRENDA CAREY TO APPROVE THE CHANGE ORDER FOR PROJECT #166, IN THE AMOUNT OF \$3,961.77 TO MCKEE CONSTRUCTION COMPANY, AS DISCUSSED.

MOTION CARRIED UNANIMOUSLY

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d) Brand O' Guitar Landlord Acknowledgement – The Administrator explained that Brand 'O Guitars is a successful tenant that has recently doubled their leasehold. Geneva Capitol, Inc., the equipment company for Brand O'Guitar's forty-inch laminator, would like a Landlord Security Subordination Agreement to ensure that, should something happen, they can come pick up their collateral. The Administrator confirmed that we do have a personal guarantee on the Lessee and that the Agreement follows standard practices when leasing equipment. Mr. Coover confirmed that he saw no harm in the Agreement and clarified that SCOPA would not have an interest in the equipment until it was actually owned by the tenant. Mr. Coover further recommended approval contingent upon his review and editing of the open-ended statement specifically referring to subsequently acquired property.

MOTION WAS MADE BY BRENDA CAREY, SECONDED BY MATTHEW T. BROWN TO APPROVE THE EXECUTION OF THE LANDLORD ACKNOWLEDGEMENT AGREEMENT WITH GENEVA CAPITAL, INC. SUBSEQUENT TO MR. COOVER'S REVIEW AND EDITING OF, AS DISCUSSED.

MOTION CARRIED UNANIMOUSLY.

e) Letter from Seminole State College - The Administrator then shared with the Board of Directors a letter received from the Foundation for Seminole State College thanking the Board of County Commissioners for its contribution of \$150,000.00 to the Seminole State Small Business Service Program. The Chairman explained, for the benefit of new members, that the SCOPA Board requested a portion of the Port's pass-through contribution go to the benefit of the Seminole State Small Business Service Program.

NEW BUSINESS

a) Event Center Discussion – The Administrator turned the discussion over to Vice-Chairman Brown. Mr. Brown explained that since we will soon enter budget discussions, he would like the Board to entertain the expense of researching the feasibility of including a Marina Center in the Port's long range Master Plan. He explained that there is the potential for a 12,000 to 14,000 square foot, waterfront meeting room, along with additional meeting rooms and offices. Mr. Brown further explained that while this would be a project for the distant future, it should be considered while the Board is planning road and drainage improvements in the upcoming Five Year Plan. After some discussion, it was agreed that further research and discussion would be performed prior to the establishment of next year's budget.

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

1. New Lease – Brigitte Hostetter dba/ BJ Comfort Zone, Inc., 1471 Kastner Place, Suites 113-117, commences on February 1, 2014 through January 31, 2015 (1 year), at a monthly rate of \$1,500/mo. (3,712 s. f. warehouse, 288 s.f. office @ a blended rate of \$4.50/s.f.). Personal Guarantee.

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2. New Land Lease – *Marinas, LLC, 1681 Fitzpatrick Point (old Tank Farm), commencing on February 1, 2014 through January 31, 2015 (1 year), at a monthly rate of \$1,200.00/mo. (2.2 acres @ a rate of \$6,545.45/ac.). Personal Guarantee.*
3. Lease Renewal – *Acme Industrial Surplus, Inc., 1451 Kastner Place, Suites 101-109, commences on March 1, 2014 through February 28, 2015(1 year), at a 5% increase to a monthly rate of \$2,205.00/mo. (5,040 s.f. warehouse, 960 s.f. office/showroom @ blended rate of \$4.41/s.f.). Personal Guarantee.*
4. Lease Renewal – *Etched In Stone Designs, LLC, 1980 Dolgner Place, Suite 1028, commences on March 1, 2014 through February 28, 2015 (1 year), at the budgeted monthly rate of \$814.00/mo. (1,212 s.f. warehouse, 288 s.f. office @ a blended rate of \$6.51/s.f.). Personal Guarantee.*
5. Lease Renewal – *Petras Flooring, Inc. & S.Lee, LLC, 1966 Dolgner Place, commences on March 1, 2014 through February 28, 2015 (1 year), at the budgeted monthly rate of \$850.00/mo. (1,500 s.f. warehouse @ \$6.80/s.f.) Personal Guarantees.*
6. Lease Renewal – *Ruby Martin dba/Grace Missions, Inc., 1513 Dolgner Place, commences on March 1, 2014 through February 28, 2015(1 year), at the budgeted monthly rate of \$814.00/mo. (2.000 s.f. warehouse @ \$4.88/s.f.).*
7. Lease Renewal – *Ocean State Event Services, Inc., 1461 Kastner Place, Ste. 101-113, commences on January 1, 2014 through December 31, 2014 (1 year), at the budgeted monthly rate of \$2,977.00/mo. (8,000 s.f. warehouse, plus lot @ \$4.47/s.f.). Personal Guarantee.*
8. Lease Termination – *Compass Building Services, LLC, 1980 Dolgner Place, Suite 1032, commences on January 1, 2014 through December 31, 2014(1 year), at the budgeted monthly rate of \$ 775.00/mo. (1,500 s.f. warehouse @ \$6.20/s.f.). Personal Guarantee. Terminating due to new Lease at 1910 Dolgner Place (as listed below).*
9. New Lease - *Compass Building Services, LLC, 1910 Dolgner Place, commences on March 1, 2014 through February 28, 2015 (1 year), at a monthly rate of \$1,400.00/mo. (3,000 s.f. warehouse @ \$5.60/s.f.). Personal Guarantee.*

The Administrator reviewed the list of Leases explaining that the Acme under renewal in item #3, was Acme Industrial Surplus, Inc., who is current on all rents and not related to the Acme Recycling Industries, LLC, discussed during the Attorney's Report. He further clarified that all other renewals were on odd years not incurring a rent increase at this renewal.

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***MOTION WAS MADE BY MATTHEW T. BROWN, SECONDED BY KYLE
KILGER TO APPROVE THE LIST OF LEASES, AS PRESENTED.***

MOTION CARRIED UNANIMOUSLY.

*There being no further business, the meeting was adjourned at 4:59 p.m. by Chairman
McBroom.*

Dana McBroom, Chairman

Matthew T. Brown, Secretary