

**SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
JUNE 18, 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 June 18, 2014.

Chairman Dana McBroom called the meeting to order at 4:03 p.m. with the following Directors constituting a quorum: Dana McBroom, Chairman; Matthew T. Brown, Vice Chairman and Secretary; Cliff Miller, Member; William H. Poe, Member; Michael McLean, Member; and Michael Caraway, Member.

Directors Absent: Kyle Kilger, Treasurer; Thomas Kuhn, Member; and Brenda Carey, BCC Member.

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

Others present: Stephen H. Coover, SCOPA Attorney; Nicole Guillet, Acting County Manager; and Jeffrey Aldridge, Seminole County Community Services.

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

The Chairman asked for corrections or additions to the minutes of the May 21, 2014 Board Meeting.

MOTION WAS MADE BY MATTHEW T. BROWN, SECONDED BY MICHAEL MCLEAN TO APPROVE THE MINUTES OF THE MAY 21, 2014 BOARD MEETING AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Balance Sheet and Budget Statement for the month of May 2014 and year-to-date were presented to the Board. The Administrator referred to the revenue and expenditure charts explaining that revenues for the month were over budget by \$19,763 and over budget in the amount of \$107,867 for the year. Expenditures for the month were over budget by \$136,951, but under budget in the amount of \$8,953 for the year. Year to date profit is \$356,855, which equates to 28.9%, and occupancy increased to 95.4%. There were no questions on the May 2014 Financial Statements.

The Outstanding Bills and Aged Receivables lists were presented to the Board for discussion and approval. There were no questions on the June 2014 Outstanding Bills.

MOTION WAS MADE BY WILLIAM POE, SECONDED BY MICHAEL 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.

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The Administrator referred to the Aged Receivables list explaining that Acme Recycling Industries, LLC, still has a June balance of \$3,963.81 on their administrative rent. Bandit Performance has promised to make payment on their outstanding balance today. The Administrator noted that the balance for Boutinot USA, Inc., is for the first month's rent and security on their Lease to be discussed later. Boutinot USA, Inc., as an international company, would like to set up automatic electronic payments once their Lease is approved. Five Star Plumbing, Inc. has called stating that they will be making their payment on Monday. The balance on Marinas, LLC, represents the sales tax on the June invoice. Marinas, LLC, has made an exemption request that will be discussed later. Odd Rodz, LLC, has met their obligations to date under the Joint Stipulation Agreement. The \$1,457.97 balance for Odd Rodz, LLC, is for legal fees which are due on June 30, 2014, per the Agreement. Ryan and Reed have not made their \$500.00 monthly payment.

ATTORNEY'S REPORT

a) Acme Recycling Industries, LLC – Mr. Coover stated that the status hearing in the Acme matter was rescheduled to June 30, 2014. BMO Harris, the major creditor, desires Acme to file a plan or liquidate which should be a topic of discussion at the hearing on June 30th. Mr. Coover stated that after talking with the bankruptcy attorney, and in light of the payments received on the Acme account, it did not seem prudent to pursue further legal action yet. He further conveyed that more information should be available after the upcoming status hearing.

b) Odd Rodz, LLC – Mr. Coover reported that SCOPA entered into a Joint Stipulation Agreement with Odd Rodz, LLC, which established a payment structure. They are current and pursuant to the Agreement they have until June 30th to pay the invoice for legal fees. Then in July and August all rent payments are due by the 1st of each month. They have agreed to move out by August 31, 2014.

ADMINISTRATOR'S REPORT

a) Update on Project # 168 – The Administrator reported that Project #168, the repaving of Kastner Place, Schilke Way, Carraway Place and Fitzpatrick Point, was approximately 99% complete needing the thermoplastic center lines and stop bars installed. These items should be complete with the final bill and close out next month.

b) Marinas, LLC – Marinas, LLC, has been working with their auditors and have requested an assignment of rights to a sales tax return that is due back to them. The Administrator reported that he, Mr. Coover, Mrs. McBroom and SCOPA CPA Robert Kimelman, have been working hard to untangle the issue. Mrs. McBroom explained that there were two items for discussion.

First, Marinas, LLC, had a sales tax audit and the auditor stated that they should not be paying SCOPA sales tax on the Leases because they are subleasing the property and pay sales tax under their resale certificate. Therefore, the State of Florida is saying

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that Marinas, LLC, is due back a return for sales tax they didn't take credits for on their tax return. This involves SCOPA because the State wants SCOPA to assign that money to Marinas, LLC, which would be correct and prevents us from receiving a refund that would then need to be passed back to Marinas, LLC.

The second item for consideration is the State auditor has recommended that SCOPA accept a resale certificate from Marinas, LLC, and not charge sales tax on the Leases. Mrs. McBroom further reported that she and the Administrator have a call into the auditor's supervisor to get clarification on that. This is also why the tenant has the outstanding balance on their June rent because they have paid everything due less the sales tax. The Administrator requested approval from the Board to write the requested letter assigning the rights to the sales tax credit pending clarification from the supervisor at the State Department of Revenue. It was confirmed that Mr. Coover and Mr. Kimelman had also reviewed the assignment letter requested.

MOTION WAS MADE BY MICHAEL MCLEAN, SECONDED BY MATTHEW T. BROWN TO ALLOW THE ADMINISTRATOR TO ASSIGN THE RIGHTS TO THE CURRENT SALES TAX RETURN DUE TO MARINAS, LLC, PENDING CLARIFICATION FROM THE DEPARTMENT OF REVENUE SUPERVISOR.

MOTION CARRIED UNANIMOUSLY.

OLD BUSINESS

a) F.Y. 2014/2015 Proposed Budget –The Administrator referred to Memorandum #2218 explaining that the actual operational revenues for the current fiscal year are \$920,278 with the projected operation revenue for the last six months being \$848,596, totaling \$1,768,875.

The actual operational expenditures for the first six months of the current fiscal year are \$557,573 with the projected operational expenditures for the last six months being \$579,043, totaling \$1,136,616. The Administrator explained that the budget called for a 20% contingency for vacancy which has been included in the projected revenues for the last six months; however, actual occupancy has consistently exceeded 90%. Therefore, the projected fiscal year 2013/2014 operational profit is \$632,259 (36%).

The Administrator explained that the projected operational revenues for the fiscal year 2014/2015 total \$1,798,513, not including the projected cash carried forward. This is an increase of \$101,967 over the current year's budget.

The operation expenditures for the fiscal year 2014/2015 total \$1,240,643 which is an increase of \$102,702 over the current year's budget. The Administrator explained

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that based on the Board discussions, a 3% salary increase for both staff members was included in these expenditures.

The Administrator announced that the fiscal year 2014/2015 Budget total is \$4,010,207. Considering only the operational elements, the projected cash operational revenue is \$1,798,513 and the projected cash operational expenses total \$1,240,643. Considering only these operational elements, the cash in-cash out profit calculation total is \$557,870 (31%). The Budget Committee recommends a transfer of \$500,000 to the General Fund of Seminole County again in September 2015, with \$150,000 of that dedicated to the Small Business Services Department of Seminole State College.

The Administrator explained that the Cash Balance Sheet for F.Y. 2014/2015 would be as follows:

| | |
|-----------------------------|--------------------|
| CASH BALANCE - 10/01/14 | \$2,211,693 |
| <u>OPERATIONAL:</u> | |
| Revenues | \$1,798,513 |
| Expenses | (1,240,643) |
| <u>NON-OPERATIONAL:</u> | |
| Transfer to Seminole County | (500,000) |
| CASH BALANCE - 09/30/15 | <u>\$2,269,546</u> |

The Administrator recommended approval of the revised F.Y. 2014/2015 SCOPA Budget as presented. A short discussion ensued.

MOTION WAS MADE BY MATTHEW T. BROWN, SECONDED BY WILLIAM POE TO ADOPT THE SCOPA FISCAL YEAR 2014/2015 BUDGET AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

NEW BUSINESS

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

1. New Lease – Carlos Diaz, 1980 Dolgner Place, Suite 1020, beginning June 1, 2014 through May 30, 2015, at the monthly rate of \$775.00 (1,500 s.f. warehouse @ a rate of \$6.20/s.f./yr.).
2. New Lease – Boutinot USA, Inc., 1413 Dolgner Place, beginning July 1, 2014 through May 30, 2015, at the monthly rate of \$850.00 (1,084 s.f. of warehouse plus 312 s.f. office @ a blended rate of \$7.31/s.f./yr.).

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3. New Land Lease – Doug’s Alignment, Inc., 4417 Schilke Way, June 15, 2014 through June 14, 2015, at the budgeted monthly rate of \$340.00 (0.4553 acres m.o.l. @ a rate of \$8,961.12/ac/yr). Personal Guarantee.
4. Lease Renewal – G & C Welding, LLC, 1417 Dolgner Place, beginning July 1, 2014 through June 30, 2015, at the budgeted monthly rate of \$850.00 (1,204 s.f. warehouse plus 192 s.f. office @ a blended rate of \$7.31 /s.f./yr.). Personal Guarantee.
5. Lease Renewal – General Maintenance & Contracting, Inc., 1970 Dolgner Place, beginning July 1, 2014 through June 30, 2015, at the budgeted monthly rate of \$1,500.00 (3,000 s.f. warehouse @ a rate of \$6.00/s.f./yr.). Personal Guarantee.
6. Lease Renewal – Network Electric, Inc., 1958 Dolgner Place, beginning July 1, 2014 through June 30, 2015, at the budgeted monthly rate of \$900.00 (1,212 s.f. warehouse plus 288 s.f. office @ a blended rate of \$7.20/s.f./yr.). Personal Guarantee.
7. Lease Renewal –Stiffey’s Auction, Inc., 1481 Kastner Place, Suite 113, beginning July 1, 2014 through June 30, 2015, with a scheduled 5% rate increase to the budgeted monthly rate of \$2,625.00 (7,500 s.f. warehouse @ a rate of \$4.20/s.f./yr.). Personal Guarantee.
8. New Lease – Don Hachenberger, 1904 Dolgner Place, July 1, 2014 through June 30, 2015, at the budgeted monthly rate of \$794.00 (1,500 s.f. of warehouse @ a rate of \$6.35/s.f./yr). Thirty (30) day Termination Clause with Letter of Intent to lease 1451 Kastner Place, Suites 113-125 in September 2014, or when available.
9. New Lease – NSN Motorsports, LLC, 1429 Dolgner Place, July 1, 2014 through June 30, 2015, at the monthly rate of \$760.00 (1,300+/- sq. ft. warehouse w/ 200+/- s.f. office at a blended rate of \$6.08/s.f./yr.). Personal Guarantee.
10. Lease Renewal – Maintenance Management Group, LLC, 1471 Kastner Place, Suite 109, July 1, 2014 through June 30, 2015, at the monthly rate of \$800.00 (1,856 sq. ft. warehouse w/ 144 s.f. office at a blended rate of \$4.80/s.f./yr.). Personal Guarantee.

The Administrator reviewed the list of Leases and requested approval of the Leases excluding items #2 and #8, as presented.

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MOTION WAS MADE BY MATTHEW T. BROWN, SECONDED BY MICHAEL MCLEAN TO APPROVE THE LIST OF LEASES, EXCLUDING ITEMS NUMBER 2 AND 8, AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Administrator explained that item #8, the new Lease with Donald Hachenberger, has a 30 day termination with a letter of intent to lease 1451 Kastner Place, Suites 113-125, when available. Mr. Coover noted for the Board that this scenario would essentially be a month to month Lease, which is outside of the Leasing Policy, and that a letter of intent is not an enforceable agreement. Discussion ensued.

MOTION WAS MADE BY WILLIAM POE, SECONDED BY MICHAEL MCLEAN TO APPROVE THE MONTH TO MONTH LEASE TO DONALD HACHENBERGER, ITEM #8, AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Administrator explained that Boutinot USA, Inc., listed as item #2, is a multinational wine distribution company in which the principle here in the US does not wish to sign a personal guarantee. In consideration of this, the Administrator requested two years of company financial statements which have been provided for the Board review. He further noted that the Leasing Policy does allow for flexibility to provide for the best use of the Port. The Administrator explained that he felt it was in the best interest of the Port to diversify our tenancy and all evidence suggests that Boutinot USA, Inc., would be a good tenant starting out with one of the smaller leaseholds at only 1,400 square feet. The Chairman confirmed that she had reviewed the financial statements and that they are in fact audited financial statements showing 14% growth from one year to the next.

MOTION WAS MADE BY MATTHEW T. BROWN, SECONDED BY MICHAEL MCLEAN TO APPROVE LEASE ITEM #2 TO BOUTINOT USA, INC., WITHOUT A PERSONAL GUARANTEE, AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

There being no further business, the meeting was adjourned at 4:42 p.m. by Chairman McBroom.

Dana McBroom, Chairman

Matthew T. Brown, Secretary