

**SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
NOVEMBER 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 November 19, 2014.

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

Directors absent: Thomas Kuhn, Member

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

Others present: Stephen H. Coover, SCOPA Attorney; Robert Kimelman, CPA, GGMA, of Green-Dycus & Company, P.A.

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

2013/2014 AUDIT PRESENTATION

The Chairman turned the floor over to Administrator who referred to the list of budget adjustments for FY 2013/2014 as presented. He explained that every year we have to approve a variance report to align the budget and offset any negative line items in the Port Authority's zero based budget.

MOTION WAS MADE BY DANA MCBROOM, SECONDED BY MICHAEL MCLEAN TO APPROVE THE FY 2013/2014 BUDGET LINE ITEM ADJUSTMENTS, AS PRESENTED.

Commissioner Carey inquired about the employee benefit's variance. Mr. Kimelman explained that he would provide the details, but that it was comprised of unused sick leave that was paid out to the former Administrative Assistant as well as changes in the Florida Retirement System contribution rates.

MOTION CARRIED UNANIMOUSLY.

Mr. Kimelman referred to the draft copy of the September 30, 2014, Audit Report explaining that the audit report is complete but was marked "Draft" as a formality until approved here. Upon approval, it will be sent to the Attorney General in Tallahassee as well as the County. He stated he was going to review a couple of highlights.

Mr. Kimelman referred to pages 2-3, the "Independent Auditors' Report" explaining that the financial statements have been presented and prepared in accordance with

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appropriate financial accounting principles. After inviting the Board to interject with questions, Mr. Kimelman then referred to page 9, the formal financial statements. He explained that the Balance Sheet shows the financial position as of September 30, 2014, versus the prior year, 2013. The total assets are \$200,000 higher than on September 30, 2013 which primarily consists of \$300,000 cash, the restricted assets is cash restricted for security deposits, and the accounts receivable of \$1,900 that is the net of estimated bad debts. Then on the bottom side the total liabilities for 2014 were \$226,818 versus \$193,315 in 2013. Mr. Kimelman explained that the biggest difference is that the prepaid rents for October of 2014 were \$43,620 whereas the prepaid rents for October of 2013 were only \$3,715. That money is not earned until the new year so it is listed as a liability on the balance sheet. The Administrator further explained that since rents are due on the first of each month, invoices were mailed a week prior as normal whereas in years past they were held until October 1st of the new fiscal year.

Mr. Kimelman referred to the Profit and Loss Report on page 10, noting that revenues increased from just under \$1.8 million in 2013 to just under \$1.9 million. He explained that most of that \$100,000 increase was related to the building leases category which is a summation of percentage increases in rental rates where available, and increased occupancy rates over the whole year. Operating expenses are increased \$94,235 over the prior year. Mr. Kimelman explained that within the operating expenses, repairs and maintenance increased from \$167,228 to \$199,921. Mr. McLean noted that as the buildings age it is not surprising that the repairs and maintenance expenses are increasing. Mr. Kimelman explained that the insurance expense was increased \$18,161 over 2013; however, this was in large part due to a dividend recognized the prior year. He then referred to employee benefits which increased as previously discussed and bad debts explaining that a large portion of the bad debt is due to the Acme situation. The operating income for 2014 was \$760,166 versus \$753,397 in 2013. The contribution to Seminole County was \$500,000 for 2014 versus \$450,000 for 2013. Mr. Kimelman explained that this resulted in a change in net position of \$266,297 for 2014 which is \$41,200 less than the prior year. Mr. Kimelman referred to note 7, on page 17, of the audit report explaining that while not on the books the \$1,000,000 contribution commitment to Seminole County in the fiscal year ending 2015 is noted here. He then referred to note 8, on page 18, explaining that as of September 30, 2014, revenues from 5 tenants accounted for approximately 42% of the Authority's income. Mr. Kimelman explained that the Authority has had this kind of risk in the past.

Mr. Kimelman stated that during the audit they were very satisfied with the accounting records and assistance from staff. Mr. Kimelman stated that they were also pleased with the smooth transition to the new Administrative Assistant. He further expressed that he appreciated the Board meeting every month and taking their job so seriously because the one thing that the Port Authority doesn't have is the staff for a normal level of internal controls. He explained that it's just not cost effective to hire the staff to have the normal internal controls but that is mitigated with the Board's involvement with disbursements and monthly review of the financials.

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MOTION WAS MADE BY MICHAEL MCLEAN, SECONDED BY DANA MCBROOM TO APPROVE THE 2013/2014 AUDIT REPORT AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

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

MOTION WAS MADE BY WILLIAM POE, SECONDED BY DANA MCBROOM TO APPROVE THE MINUTES OF THE OCTOBER 15, 2014, BOARD MEETING AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Balance Sheet and Budget Statement for the month of September 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 and year were under budget by \$353. Expenditures for the month and year thus far were under budget by \$71,424. The year to date profit is \$61,800, which equates to 41.7%, and occupancy was 95.1%. Mr. Kilger inquired about the prospects on the 5% vacancies. The Administrator explained that a dip in occupancy is expected due the lapse between expiring and new Leases. He further explained that the majority of the vacant space was the 4,000 sq. ft. office building and half of the 1490 Kastner Place warehouse that requires renovation.

The Outstanding Bills and Aged Receivables lists were presented to the Board for discussion and approval. The Administrator asked the Board Members to review the list of outstanding bills. He explained that the \$1,450 payment to Safety-Kleen was for the proper removal an accumulation of paint cans, empty chemical bottles, and oil cans. The \$125 payment to Oils Unlimited was for the pumping out of oil drums so they could properly be disposed of. The Administrator explained that some of the material was left by various tenants over the years, from the Tank Farm, as well as left over from Port maintenance activities. Mr. Van Gaale explained that SCOPA has cleaned out and rented the unit that was historically reserved for Port maintenance storage. There were no other questions on the Outstanding Bills.

MOTION WAS MADE BY CLIFF MILLER, SECONDED BY KYLE KILGER 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, has not paid their administrative rents for October or November. Mr. Van Gaale explained that Big Mike's Boats had been in contact with staff expressing intent to make payment soon, likewise F4W has also called stating that payment would be made Monday, and Johnny Lucky Inthachack Athakhanh is also current but only made a partial payment thus far. Commissioner Carey inquired about the application of late fees. The Administrator confirmed that late fees would

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be applied and directed attention to Acme Recycling on the aged receivable list notating the difference between the rents charged for October and November represented late fees. There were no other questions on the Aged Receivables.

ATTORNEY'S REPORT

a) Acme Recycling Industries, LLC – Steve Coover gave a summary of Acme Recycling's history at the Port to bring everyone up to date. He explained that originally Acme had filed Chapter 11 for reorganization; however, the court has changed the filing into liquidation. It was explained that once Acme filed bankruptcy the Port was supposed to receive administrative rent on all three parcels which were being leased by Acme. At that time it came to light that the principles of Acme were operating another business called ARI Electronics, LLC out of the leasehold. Administrative rents were paid through September but stopped when the conversion to liquidation began. However, we have a priority claim for administrative rents for October under the Chapter 11 as well as a priority claim for administrative rents for November under the Chapter 7. The Trustee has taken assets they believed not liened for liquidation to pay the Trustee's fees and the administrative rent claims. However, it is unclear if those rents will be covered in full by those sales. The Trustee has sent notice that they have abandoned the property and SCOPA now has possession of 1430 and 1440 Dolgner Place.

Mr. Coover went on to explain that in light of our landlord's lien, SCOPA originally reached an agreement with BMO Harris that they would enter a short term Lease while the assets were liquidated and the site cleaned up. He explained that Sapphire, LLC, who purchased the Note from BMO Harris, should be subject to the same agreement.

MOTION WAS MADE BY BRENDA CAREY, SECONDED BY MICHAEL MCLEAN TO GIVE SCOPA ATTORNEY AND THE ADMINISTRATOR AUTHORIZATION TO NEGOTIATE A LEASE OUTSIDE OF THE STANDARD LEASING POLICY WITH LSREF3 SAPPHIRE, LLC, FOR 1430 AND 1440 DOLGNER PLACE, TO BE SHORT-TERM, MONTH TO MONTH LEASE CAPPED AT ONE YEAR MAXIMUM, TO NEGOTIATE FOR THE BEST TERMS POSSIBLE, EFFECTIVE AS SOON POSSIBLE.

MOTION CARRIED UNANIMOUSLY.

The Administrator explained that in regards to 1500 Dolgner Place he would suggest that the a Lease be entered into with ARI Electronics, LLC, at the rental rate of \$10,000 per month and a security deposit of \$10,700, on a month to month basis with a twelve month maximum, with personal guarantees by both principles of the company, otherwise with the same conditions in regards to insurance and flooding as the prior Lease with Acme.

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MOTION WAS MADE BY BRENDA CAREY, SECONDED BY WILLIAM POE TO AUTHORIZE THE SCOPA ATTORNEY AND ADMINISTRATOR TO NEGOTIATE A LEASE OUTSIDE OF THE STANDARD LEASING POLICY WITH ARI ELECTRONICS, LLC, FOR 1500 DOLGNER PLACE, THE LEASE IS TO BE A SHORT-TERM, MONTH TO MONTH LEASE CAPPED AT ONE YEAR MAXIMUM, WITH AN ACKNOWLEDGMENT BY THE LESSEE THAT THEY OWE OCTOBER AND NOVEMBER RENTS, WITH A PARAGRAPH REGARDING CHANGE IN CONTROL OF OWNERSHIP OF ARI, EFFECTIVE AS SOON POSSIBLE.

MOTION CARRIED UNANIMOUSLY.

ADMINISTRATOR'S REPORT

a) Project #169 – Bid Results – The Administrator referred to Memorandum #2226 explaining that after proper public notice, as well as notifying past bidders, a bid opening was held on Friday, November 14, 2014, at 3:00 p.m. on the Project #169, Re-roofing/Roof-Over 8,000+/- s.f. Metal Roof located at 1601 Dolgner Place, with bidders responding, as follows:

*R&R Industries, Inc. – 500 Carswell Avenue, Holly Hill, Florida 32117
Bid Amount- \$119,950.00*

*McKee Construction Co. – 790 Monroe Road, Sanford, Florida 32771
Bid Amount- \$39,898.29*

All documentation submitted with the bids is in order. The Administrator recommended that McKee Construction Co., be awarded the contract for Project #169, Re-roofing/Roof-Over 8,000+/- s.f. Metal Roof located at 1601 Dolgner Place, Port of Sanford, Sanford, FL 32771, in the amount of \$39,898.29.

MOTION WAS MADE BY BRENDA CAREY, SECONDED MICHAEL MCLEAN TO APPROVE THE CONTRACT WITH MCKEE CONSTRUCTION CO. FOR PROJECT #169 THE RE-ROOF/ROOF-OVER OF 8,000 +/- S.F. OF METAL ROOF LOCATED AT 1601 DOLGNER PLACE, SANFORD, FL 32771, IN THE AMOUNT OF \$39,898.29

MOTION CARRIED UNANIMOUSLY.

b) Project #170 – Bid Results - The Administrator referred to Memorandum #2227 explaining that after proper public notice as well as notifying past bidders, a bid opening was held on Friday, November 14, 2014, at 3:00 p.m. on the subject project, with bidders responding, as follows:

*McKee Construction Co. – 790 Monroe Road, Sanford, Florida 32771
Bid Amount- \$82,052.07*

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All documentation submitted with the bids is in order. The Administrator recommended that McKee Construction Co. be awarded the contract for Project #170 – Re-sheet and Re-roofing/Roof-Over 8,000+/- s.f. Metal Building located at 1515 Kastner Place, Port of Sanford, Sanford, FL 32771, in the amount of \$82,052.07.

MOTION WAS MADE BY MICHAEL MCLEAN, SECONDED WILLIAM POE TO APPROVE THE CONTRACT WITH MCKEE CONSTRUCTION CO. FOR PROJECT #170 RE-SHEET AND RE-ROOF/ROOF-OVER 8,000+/- s.f. METAL BUILDING LOCATED AT 1515 KASTER PLACE, SANFORD, FL 32771, IN THE AMOUNT OF \$82,052.07.

MOTION CARRIED UNANIMOUSLY.

OLD BUSINESS

Chairman Brown presented Dana McBroom a plaque in appreciation for her service to the Port as the SCOPA Chairman of the Board for the 2013/2014 fiscal year.

NEW BUSINESS

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

1. Lease Renewal – Orlando Pump & Equipment Co., LLC, 4421 Schilke Way, Suite 112, 1 year Lease beginning December 1, 2014, through November 30, 2015, at the budgeted 5% rate increase to \$840/mo. (2,000 s.f. warehouse @ \$5.04/s.f./yr.). Personal Guarantee.
2. Lease Renewal – Trident Weaponry, LLC, 1470 Kastner Place, Suite 104, 1 year Lease beginning December 1, 2014, through November 30, 2015, at the budgeted monthly rate of \$850/mo. (1,500 s.f. office/warehouse @ \$6.80/s.f./yr.). Personal Guarantees.
3. Lease Renewal – Leonard & Jacquelyn Smith, 4501 Schilke Way, 5 yr. Lease beginning December 1, 2014, through November 30, 2019, starting at the budgeted monthly rate of \$2,201 with 3% annual increases thereafter. (3.3449 acres m.o.l. @ \$7,896/ ac/yr.).

The Administrator reviewed the list of Leases and requested approval.

MOTION WAS MADE BY BRENDA CAREY, SECONDED BY MICHAEL MCLEAN TO APPROVE THE LIST OF LEASES AS DISCUSSED.

MOTION CARRIED UNANIMOUSLY.

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b) Banking RFP – Chairman Brown proposed a Request for Proposal for SCOPA Banking Services due to it being several years since the last review. The Chairman appointed a subcommittee consisting of William Poe, Cliff Miller and Michael Caraway, as Chairman, to review the proposals for SCOPA banking services. Kyle Kilger suggested that banking and insurance should be shopped every two years. Steve Coover recommended that the Request for Proposal prohibit contacting any of the Board Members directly. Commissioner Carey suggested also reviewing the potential benefits of sweeping the SCOPA account into a treasury account. It was the consensus of the Board to proceed with a Request for Proposal for Banking Services to be sent to all Seminole County banks which are active Qualified Public Repositories.

There being no further business, the meeting was adjourned at 5:26 p.m. by Chairman Brown.

Matthew T. Brown, Chairman

Cliff Miller, Secretary