

**SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
JULY 15, 2015**

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 July 15, 2015.

Chairman Matthew T. Brown called the meeting to order at 4:00 p.m. with the following members present: Matthew T. Brown, Chairman; Michael McLean, Vice-Chairman; Cliff Miller, Secretary; Thomas Kuhn, Member; William Poe, Member; and Carlton Henley, BCC Member.

Members Absent: Michael Caraway, Treasurer; Kyle Kilger, Member; and Dana McBroom, Member.

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

Others present: Stephen H. Coover, SCOPA Attorney; along with Joey Pozo, Jr., Jessica Davis, and Tim Grossman, representing Marinas, LLC.

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 June 17, 2015, Board Meeting. There was none.

MOTION WAS MADE BY WILLIAM POE, SECONDED BY THOMAS KUHN TO APPROVE THE MINUTES OF THE JUNE 17, 2015, BOARD MEETING.

MOTION CARRIED UNANIMOUSLY.

The Balance Sheet and Budget Statement for the month of June 2015 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 \$10,118 and revenues for the year to date were over budget by \$62,918. The Administrator explained that expenditures for the month were under budget by \$56,769 and under budget by \$362,078 for the year thus far. The year to date profit is \$778,976, which equates to 55.4%. Occupancy for the month of June was 92.4%. There were no questions on the June 2015 financial statements.

The Outstanding Bills and Aged Receivables were presented to the Board for discussion and approval. The Administrator explained that item #11, the \$9,198.00 payment to Public Risk Management, represents the quarterly insurance premium. Item # 12, the \$9,744.00 payment to Commercial Fence Contractors, Inc., represents payment for the work done to date on replacing the fence at 1430 and 1440 Dolgner Place. Item #17, the \$3,300.00 payment to All Star Homes, represents the cost to replace the air conditioning unit at 1450 Kastner Place, Suite 128. Item #25, the \$1,400.00 payment to HydroTech Solutions, represents pressure washing of three buildings here

SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
JULY 15, 2015

at the Port. The Administrator asked the Board Members to review the list of outstanding bills and invited questions. Mr. Miller inquired if the re-fencing was changed in any way from what it was prior. The Administrator confirmed that the galvanized chain link had been replaced with black vinyl coated chain link, otherwise it was the same and within the approved expenditure amount.

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.

The Administrator referred to the Aged Receivables list explaining there was no change in the Acme Recycling Industries, LLC, pre-petition or administrative rents. Ocean State Event Services, Inc., has made small payments and is in contact with staff. The Administrator explained that Ocean State was a long time tenant who has been in this situation before and has always pulled out. Thomas Companies, Inc., has promised a payment this week. Mr. Miller inquired if the tenants with outstanding balances were contacting staff or was staff contacting the tenants. The Administrator confirmed that while it went both ways, more often it was staff contacting the tenant.

The Administrator presented the Board a list of proposed write offs. He explained that the auditors suggested that the write-offs be reviewed and approved in June or July of each fiscal year. The Administrator explained that the proposed bad debts for write off consisted of the following: Edvarado Rojas' Note in the amount of \$3,110.51; Wayne Edwards' Note in the amount of \$1,894.42; Cup-A-Coffee's Note in the amount of \$1,801.80; and Johnny Lucky Inthachack Athakhank's aged receivables in the amount of \$3,126.13. Commissioner Henley inquired as to what amount of research was done on new tenants. Chairman Brown explained that the application process allowed for a reasonable amount of background information. However, most companies come here as start up or small businesses and just do not have a lot of history which is why the personal guarantees are required. The Administrator commented that in all four cases, the units were re-rented quickly helping to minimize the losses and that the total being written off only equaled 1.2% of the current year-to-date profit. The Administrator further explained that the cost of seeking legal action in each of the four cases could quickly end up costing more than the current bad debt.

MOTION WAS MADE BY THOMAS KUHN, SECONDED BY CLIFF MILLER TO WRITE OFF THE \$9,932.86 CUMMULATIVE BAD DEBT OF EDVARDO ROJAS, WAYNE EDWARDS, CUP-A-COFFEE, AND JOHNNY LUCKY INTACHACK ATHAKHANH, AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

ATTORNEY'S REPORT

a) Acme Recycling Industries, LLC – Mr. Coover explained that the total owed by Acme Recycling Industries, LLC, is approximately \$90,000 with \$56,000 in pre-bankruptcy and \$33,000 in

SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
JULY 15, 2015

administrative rents. He stated that SCOPA is expected to receive \$22,000 from the Trustee once he is finished and ready to close out the case. Mr. Coover explained that he wrote to the Trustee's attorney who explained that while they are not ready to close out the case, when they do they have enough money to pay SCOPA. It was indicated that they were not going to pay the \$11,000 of administrative rents for 1500 Dolgner Place because they felt that was an ARI Electronics Recycling, LLC, debt. That cost was built into the new ARI Electronics, LLC, Lease of 1500 Dolgner Place. Therefore, Mr. Coover expects that the full \$33,000 of administrative rents will be eventually be recovered.

Mr. Coover explained that the tax collector is holding \$54,000 in surplus funds received through the sale of Acme Recycling Industries, LLC, assets. SCOPA had a landlord's lien on a Caterpillar prior to LSREF3 Sapphire, LLC's, lien. Mr. Coover requested the Board's permission to enter into an Agreement with LSREF3 Sapphire, LLC, on splitting those proceeds. He explained that he has already communicated with the County Attorney's office and they agreed to wait before placing those surplus funds with the court allowing time for us to reach an Agreement.

MOTION WAS MADE BY CLIFF MILLER, SECONDED BY MICHAEL MCLEAN, TO AUTHORIZE SCOPA ATTORNEY, STEVE COOVER, TO NEGOTIATE THE BEST AGREEMENT WITH LSREF3 SAPPHIRE, LLC, ON SPLITTING THE SURPLUS FUNDS RECEIVED THROUGH THE TAX COLLECTORS' LIQUIDATION OF ACME RECYCLING INDUSTRIES, LLC'S, ASSETS.

MOTION CARRIED UNANIMOUSLY.

ADMINISTRATOR'S REPORT

a) ARI Electronics Recycling, LLC – The Administrator explained that ARI has paid the agreed to \$13,000 in storage fees as well as executed the Amendment to their Lease that required that they have everything removed from the sites by July 20th. The principals have requested an additional week to get the sites completely cleaned up. The Administrator explained it was prudent to allow them that additional time as they are moving rapidly on the cleanup of the site and to do otherwise would only cost SCOPA more. It was the consensus of the Board to leave the time extension to the Administrator's discretion.

b) Port Master Planning – The Administrator informed the Board that he has received and reviewed a continuing consultant agreement from CPH Engineering, Inc. He will be providing that to SCOPA Attorney, Steve Coover, for review prior to entering into the five year contract as agreed at the prior Board meetings.

OLD BUSINESS

There was no old business.

SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
JULY 15, 2015

NEW BUSINESS

a) Marinas, LLC, Capital Improvement Request – Chairman Brown welcomed Joey Pozo, Jr., Owner; Tim Grossman, Harbourmaster; and Jessica Davis, Controller, from Marinas, LLC. Chairman Brown opened the floor and asked Mr. Kuhn, as an accountant, if vehicles were capital improvements. Mr. Kuhn confirmed that vehicles, such as forklifts or golf carts, should not be classified as capital improvements.

For the sake of those not present at the prior meeting, the Administrator explained that the principles of Marinas, LLC, approached SCOPA for an amendment to their Lease due to capital improvements needed. However, with the nature of the long-term, complicated Marina Lease, the Administrator suggested it would be better for all involved if Marinas, LLC, made a request for assistance in capital improvements rather than a lease amendment. Therefore, at the June Board Meeting, Marinas, LLC, provided a detail of their proposed \$74,000 improvements requesting SCOPA assist with \$35,000 of the \$52,000 required to repair the existing docks. At the June meeting the Board tabled the discussion.

Chairman Brown stated that if the Board considered the capital improvement request, it should be clearly stipulated that we are not assisting with other items like a golf cart because those are items that are not capital improvements to the property. Mr. McLean inquired as to what capital improvements the proposed \$35,000 contribution would be allocated towards and the Chairman explained that it would be aluminum dock plating. Commissioner Henley asked if the improvements being requested were on property that SCOPA does not own. Mr. Coover explained that SCOPA owns the property but not the improvements. The Commissioner explained that some time ago the County Attorney explained to the Board of County Commissioners that they could not pay for improvements on property that was not owned by the County. He further stated that in the past it was determined that SCOPA could not give contributions directly to other parties because surplus funds had to go to the Seminole County General Fund. The Commissioner then asked how much money Marinas, LLC, had allocated in their budget for capital improvements.

Joe Pozo explained that the dock is a fixed, depreciating asset that would not leave the property owned by SCOPA. Marinas, LLC, has budgeted approximately \$100,000 of improvements and has already made \$15,000 of improvements to the restaurant. The contribution sought from SCOPA would improve the docks and increase tenancy. Mr. Pozo explained that with the variable based lease agreement, SCOPA receives seven cents on every dollar of revenue. Therefore, SCOPA would receive a return on the investment through increased variable rents. Tim Grossman, Harbourmaster, explained that an average of seventy hours a week is being spent on dock repairs the cost of which Marinas, LLC, is incurring. To date, approximately twenty sheets of diamond plate has been installed on the docks to maintain the safety and usability of the docks.

Mr. Coover asked to make a few comments on the subject. First, in response to Commissioner Henley's comments, the County Attorney's opinion was based on a state law which restricts our ability to give funds to the County. SCOPA can only give it to the General Fund and cannot tell them how to spend it. He stated that the Marina is a unique type of lease here at the Port, because we have revenue sharing through the variable rent stipulations in the Lease. That

SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
JULY 15, 2015

differentiates them from all other tenants; therefore, Mr. Coover stated that he was not uncomfortable that any action in this matter would open up other scenarios with other tenants. Mr. Coover stated that he agrees that the Board should be cautious and that they should ensure that any contributions are made toward capital improvements and not any assets being acquired by Marinas, LLC. Mr. Coover suggested that the Board should look at reimbursing the tenant for capital improvements.

Commissioner Henley asked if the Lease holds Marinas, LLC, responsible for maintenance and repairs. The Administrator confirmed that it did. Chairman Brown stated that if the Board was so inclined, another avenue would be to look for a capital improvement on SCOPA property that would at the same time benefit the Marinas' efforts to increase tenancy and revenue. The Administrator reminded the Board that they were moving forward with the Port master planning which will include improvements port-wide that will benefit the marina. Also, the budget includes improving the parking lot under the power lines with a hard surface.

It was the consensus of the Board to table the discussion until the August Board Meeting and have the SCOPA attorney look at the Marinas, LLC, Lease to advise what can be done. In the meantime, it was requested that Marinas, LLC, look at other potential, land based, capital improvements that SCOPA could partner with them on. Mr. Pozo thanked the Board and stressed that Marinas, LLC, does spend a great deal of time and money annually maintaining the Marina facilities. He explained that the docks are vitally important to marina operations and due to the recent economy, they are simply asking for assistance to increase revenue.

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

1. Lease Renewal – B&N Fabricating, Inc.; 1525-1529 Dolgner Place; 1 year Lease; Lease term: August 1, 2015-July 31, 2016; at the budgeted monthly rate of \$1,806.00/mo. (3,576 s.f. warehouse with 424 s.f. of office @ a blended rate of \$5.42/s.f./yr.). Personal guarantee.
2. Lease Renewal – Seminole Site Services, Inc.; 1924 Dolgner Place; 1 year Lease; Lease term: August 15, 2015-August 14, 2016; at the budgeted monthly rate of \$800.00/mo. (1,500 s.f. warehouse @ a rate of \$6.40/s.f./yr.). Personal guarantee.
3. New Lease– Pure Comfort, LLC; 1471 Kastner Place; 1 year Lease; Lease term: July 1, 2015-June 30, 2016; at the budgeted monthly rate of \$1,500.00/mo. (3,712 s.f. warehouse with 288 s.f. office @ a blended rate of \$4.50/s.f./yr.). Personal guarantee.
4. Lease Termination (in conjunction to #4 above) - Pure Comfort Footwear, Inc.; 1471 Kastner Place; 1 year Lease; Lease term: May 1, 2015-April 30, 2016; at the budgeted monthly rate of \$1,500.00/mo. (3,712 s.f. warehouse with 288 s.f. office @ a blended rate of \$4.50/s.f./yr.). Personal guarantee.

*SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
JULY 15, 2015*

***MOTION WAS MADE BY WILLIAM POE, SECONDED BY MICHAEL
MCLEAN TO APPROVE THE LIST OF LEASES AS PRESENTED.***

MOTION CARRIED UNANIMOUSLY.

*There being no further business, the meeting was adjourned at 4:51 p.m. by Chairman
Brown.*

Matthew T. Brown, Chairman

Cliff Miller, Secretary