

**SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
MARCH 16, 2016**

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 March 16, 2016.

Vice-Chairman Cliff Miller called the meeting to order at 4:01 p.m. with the following Directors constituting a quorum: Cliff Miller, Vice-Chairman; Thomas Kuhn, Member; Kyle Kilger, Member; Michael Bowdoin, Member; and Carlton Henley, BCC Member.

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

Others present: Stephen H. Coover, SCOPA Attorney.

The invocation was given by Commissioner Henley followed by the pledge to the Flag.

The Administrator presented the Balance Sheet and Budget Statement for the month of February 2016 and year-to-date to the Board. The revenues for the month were over budget by \$21,524 and over budget in the amount of \$103,795 for the year. Operational Expenditures for the month were under budget by \$538, and under budget in the amount of \$337,434 for the year. Year to Date profit is \$415,560 which equates to 48.8%. Occupancy dropped slightly from 96% to 95.3%. There were no other questions on the February 2016 Financial Statements.

The Administrator referred to the Aged Receivables list reporting that there was no change to report on the Acme accounts. ARI Electronics is current and has contacted staff with the intent to pay on Friday. Driftwood Arts is current owing for March only. The principle of GS Plant Foods came in and spoke with the Administrator. It is his intent to clear up their account. GS Plant Foods' lease expires in April and he understands that he needs to be current if he intends to renew. There is a small balance for Marinas from a discrepancy to be discussed later in the meeting. Medieval Armory has called promising payment on Monday. They are current and this is the first time Medieval Armory has been late. A check from Ocean State is expected next Friday for one month's rent. The Administrator explained he has had a stern talk with the principles. Thomas Companies has been served a Three Day Notice and if rents are not received by Friday his file will be turned over to Mr. Cover. Commissioner Henley asked how far Acme Recycling was over 90 days. The Administrator explained that the Acme receivables were close to two years old due to the bankruptcy filing. There were no other questions on the Aged Receivables report.

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Vice-Chairman Miller asked for corrections or additions to the minutes of the February 17, 2016, Board Meeting. None were presented.

MOTION WAS MADE BY THOMAS KUHN, SECONDED BY KYLE KILGER TO APPROVE THE MINUTES OF THE FEBRUARY 17, 2016, BOARD MEETING AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Administrator presented the Outstanding Bills to the Board for discussion and approval. The Administrator noted that the current payables total \$82,173.96 with \$7,933.39 due on April 1st, 2016. He explained that item #4, the \$1,817.00 payment to Poland's Drywall, is the return of the security deposit to a departing tenant. Item #9, the \$5,577.00 payment to Greene, Dycus & Co., PA, represents the final 2015 audit billing and associated research with the fiscal guidelines. Item #20, the \$3,555.00 payment to Exact Plumbing, represents miscellaneous plumbing work and repairs to a significant leak under the parking lot at 1440 Dolgner Place. Item #24, the \$4,650.00 payment to Seminole Site Services, Inc., represents the cost to remove the ramps to the drive up scale on the former Acme site. Items # 25 and 26, the \$15,875.00 and \$17,895.00 payments to Tecta America Roofing, represent the roofing repairs to 1470 Kastner Place and 1453 Dolgner Place as discussed at the February meeting. The Administrator explained that the April 1st, 2016, bills are the standard bills incurred each month. No questions on the bills to be paid were proposed.

MOTION WAS MADE BY KYLE KILGER, SECONDED BY MICHAEL BOWDOIN 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.

ATTORNEY'S REPORT

Mr. Coover stated that he did not have anything to report this month.

ADMINISTRATOR'S REPORT

a) Project Updates – The Administrator stated that he has received 100% plans for the build out at 1490 Kastner Place. CPH is managing the project and the intended tenant is pleased with the construction plans. The Administrator stated that he has requested that CPH have bids by the next meeting to allow for contracting at that time. He explained that there will be a dip in occupancy in July or August when the tenant moves out of their current units into the new space, but with the current economy the vacant spaces should fill quickly.

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The Administrator reported that he met with Brady Lessard of CPH earlier in the week to review the drainage plans. He stated that he provided feedback and input on certain areas of concern. CPH is intending to have 60 to 90 % plans complete on phase 1 of the drainage project.

The Administrator explained that he wanted to discuss a Lease Amendment proposal. Marinas, LLC, entered a lease with the Port Authority when they took over the business from the previous owner Dr. Quinn in April of 2006. There was a 25 year master lease but also other parcels, like the dock warehouse, that are under a separate stand alone three year lease. In the lease for the dock warehouse there is a clause in article four that any option period will not increase more than 3%. After the first option period expired, the Port entered negotiations with the Marinas. Times were tough so the Port held off on that 3% increase at the next renewal and instead increased it 5% the following year. That has been the trend for the following three renewal periods. We are currently in the middle of a renewal period starting 2015 through 2018. A 5% increase is scheduled within that lease to occur on April 1st, 2016. The Administrator explained that the principle of the Marinas has contacted him claiming that we have essentially violated the 3% cap and, according to their calculations, have over charged \$12,000. However, the Port has followed the payment schedule spelled out in article three of the executed leases. He explained that he has discussed the issue with Mr. Coover and agree that we do not want to go backwards. Marinas, LLC, has agreed to and paid according to the terms in each lease which supersedes the prior lease. The Administrator stated that he spoke with the Marina operator and proposed, as an amicable solution, that the current lease be amended to hold the payment flat. That would save the Marinas the 5% increase over the next two years and we can negotiate the terms at the renewal.

Commissioner Henley inquired if there was an out clause in the lease and the Administrator answered that failure to pay was the only point of termination. Commissioner Henley inquired as to how the Marina operator was maintaining the facility. The Administrator explained that is it a modified triple net lease and the building needs work. That work is the Marinas' responsibility. Michael Bowdoin inquired if the original language allowed 3% per year and the Administrator confirmed that it was per option period not per year. Michael Bowdoin suggested that we keep their rate flat, allow them to address the needed improvements and then address the language issues at renewal. Steve Coover stated that in his opinion each subsequent agreement supersedes the prior agreement. The Administrator asked for approval of an amendment to that effect prior to the scheduled April 1, 2016, rate increase. Michael Bowdoin asked the Administrator if the Marinas' business was healthy. He stated that Marinas has always paid their bills on time. Kyle Kilger asked if the current rental rate Marinas, LLC, was being charged was consistent with market rates. The Administrator stated that it was just on the low side of the current market rates for marinas. He explained that with the size, age and condition, he felt the current rental rate was appropriate.

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MOTION WAS MADE BY MICHAEL BOWDOIN, SECONDED BY KYLE KILGER TO AMEND THE EXISTING LEASE ON 1690 FITZPATRICK POINT, WITH MARINAS, LLC, MAINTAINING THE CURRENT RENTAL RATE OF \$5,988.00 PER MONTH FOR THE REMAINING TWO YEARS OF THE LEASE TERM, WITH THE INCLUSION OF A LIST OF CAPITAL IMPROVEMENTS TO BE MADE TO THE PROPERTY.

MOTION CARRIED UNANIMOUSLY.

OLD BUSINESS

a) Fiscal policy – The Administrator explained that the fiscal policy discussion would be continued with the Budget Committee to be appointed later in the meeting. The Budget Committee can include guidelines for appropriate levels of reserves for catastrophic events, operating expenses and capital improvements. It was the consensus of the Board to have the Budget Committee include fiscal guidelines to address those concerns within the fiscal year 2016/2017 budget.

NEW BUSINESS

a) Budget Committee – Vice-Chairman Miller appointed himself, Cliff Miller, Dana McBroom, and Michael Bowdoin to the fiscal year 2016/2017 Budget Committee. He asked Kyle Kilger if he would serve as an alternate if needed and Mr. Kilger agreed to do so. The Committee will schedule a meeting with the Administrator who will ensure it is publically advertised as required. Steve Coover confirmed that a motion was not needed to make the appointments. The Administrator stated that he would also share the meeting information with the County Manager, Nicole Guillet, as agreed last year.

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

1. New Lease – Fiberglass Plus, Inc.; 1417 Dolgner Place; 1 year Lease; Lease term March 1, 2016 through February 28, 2017; at the rate of \$800.00/month (1,204 sq. ft. warehouse with 192 sq. ft. office @ a blended rate of \$6.87/sq. ft./yr.). Personal guarantee.
2. Lease Termination (in conjunction with #3 below) – CFLSS, Inc.; 1509 Dolgner Place; 1 year Lease; Lease term February 1, 2016 through January 31, 2017; at the rate of \$840.00/month (1,500 sq. ft. warehouse with 500 sq. ft. office @ a blended rate of \$5.04/sq. ft./yr.). Personal guarantee.

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3. New Lease – CFLSS, Inc.; 1501-1505 Dolgner Place; 1 year Lease; Lease term March 1, 2016 through February 28, 2017 with a 90 day termination agreement; at the rate of \$1,500.00/month (3,850 sq. ft. warehouse with 150 sq. ft. office @ a blended rate of \$4.50/sq. ft./yr.). Personal guarantee.
4. Lease Renewal – Rampart Gun Works, Inc.; 1450 Kastner Place, Suite 104; 1 year Lease; Lease term April 1, 2016 through March 31, 2017; at the budgeted 5% rate increase to \$840.00/month (1,356 sq. ft. warehouse with 144 sq. ft. office @ a blended rate of \$6.72/sq. ft./yr.). Personal guarantee.
5. Lease Renewal – Executive Auto Services, Inc.; 1954 Dolgner Place; 1 year Lease; Lease term April 1, 2016 through March 31, 2017; at the budgeted 5% rate increase to \$840.00/month (1,068 sq. ft. warehouse with 432 sq. ft. office @ a blended rate of \$6.72/sq. ft./yr.). Personal guarantee.
6. Lease Renewal – LaRue Steel, LLC ; 4421 Schilke Way, 100-104; 1 year Lease; Lease term April 1, 2016 through March 31, 2017; at the rate of \$1,500.00/month (4,000 sq. ft. warehouse @ a rate of \$4.50/sq. ft./yr.). Personal guarantee.
7. Lease Renewal – Roger Pinkerton.; 4419 Schilke Way; 1 year Lease; Lease term April 1, 2016 through March 31, 2017; at the rate of \$289.00/month (0.40 acre m.o.l. Lot @ a rate of \$1,387.20/ac./yr.). Personal guarantee.

The Administrator reviewed the list of leases and invited questions. Michael Bowdoin asked about the rental rates noting that CFLSS was terminating a lease at a rate of \$5.04 and engaging in a new lease at \$4.50. The Administrator explained that the rates are competitive within the market and vary depending on the amenities of each particular unit. He explained that some of the buildings are older than others; some have private restrooms within the unit while other tenants share restrooms. The larger units do start at a lower rate and tenants who have been with the Port for an extended time have incurred several rental increases. The Administrator also explained that in 2007 and 2008, when the economy was depressed, new tenants were started at lower rates. He noted that the average rate in Orlando is between \$4.50 and \$5.50 on industrial space. There were no questions.

MOTION WAS MADE BY THOMAS KUHN, SECONDED BY KYLE KILGER TO APPROVE THE LIST OF LEASES AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

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Vice-Chairman Miller asked the Board to complete and return the provided Administrator's Evaluation forms to Mr. Coover's office by March 31, 2016.

There being no further business, the meeting was adjourned at 4:50 p.m. by Vice-Chairman Miller.

Cliff Miller, Vice-Chairman

William Poe, Secretary