

**SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
MAY 18, 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 May 18, 2016.

Chairman Michael McLean called the meeting to order at 4:00 p.m. with the following members present: Michael McLean, Chairman; Cliff Miller, Vice-Chairman; William Poe, Secretary; Dana McBroom, Treasurer; Tom Kuhn, Member; Kyle Kilger, Member; Michael Caraway, Member; and Carlton Henley, BCC Member.

Members Absent: Michael Bowdoin, Member.

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

Others present: Stephen H. Coover, SCOPA Attorney; and Robert Kimmelman, Greene, Dycus & Co, PA.

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

The Chairman welcomed the guest and asked for corrections or additions to the minutes of the April 20, 2016, Board Meeting.

MOTION WAS MADE BY WILLIAM POE, SECONDED BY CLIFF MILLER TO APPROVE THE MINUTES OF THE APRIL 20, 2016, BOARD MEETING AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Chairman turned the floor over to SCOPA auditor, Robert Kimmelman of Greene, Dycus & Co, PA. Mr. Kimmelman explained that due to the new GASB68 actuarial evaluation information released in April on the Florida Retirement System (FRS) the SCOPA 2014/2015 annual audit was revised. GASB68 requires that participating entities record and disclose their net proportionate share of the FRS liability on their annual financial statements. He stated that due to SCOPA only having two employees it was much less affected than many other agencies and referred to page 12, the second page of the balance sheet, which now lists the pension liability totaling \$178,095. Mr. Kimmelman explained that pages 19-24 were added to account for this liability. He further stated that this \$178,095 is essentially a onetime impact to the financials due to the FRS deferring the liability to the individual agencies.

Mr. Kimmelman explained that this new requirement resulted in twelve additional pages being added to the annual audit as well a great deal of additional accounting hours over what was covered in the three year audit agreement. He stated that due to the newness, the creation of new reports, the auditing, updating, and having another CPA audit his work, there is \$6,000.00 of work that was not included in annual audit agreement. Mr. Kimmelman requested the board's approval

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of this additional, unbudgeted cost. Mr. Kuhn told Mr. Kimmelman to send in his bill and Chairman McLean agreed that it was more than reasonable given the circumstances surrounding the new GASB68 requirements.

The Administrator explained that the Board had conditionally approved the audit while awaiting the GASB68 information from the state and asked for approval of the final SCOPA Fiscal Year 2014/2015 Audit.

MOTION WAS MADE BY DANA MCBROOM, SECONDED BY WILLIAM POE TO APPROVE THE AMENDED FISCAL YEAR 2014/2015 AUDIT, AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Balance Sheet and Budget Statement for the month of April 2016 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 \$14,326 and revenues were over budget by \$134,828 for the year to date. The Administrator explained that expenditures for the month were over budget by \$562 but still under budget by \$415,640 for the year thus far. The year to date profit is \$582,127, which equates to 49.2%. Occupancy for the month of April remained strong at 95.3%. There were no questions on the April 2016 financial statements.

MOTION WAS MADE BY DANA MCBROOM, SECONDED BY CLIFF MILLER TO APPROVE THE APRIL 2016 FINANCIAL STATEMENTS AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Outstanding Bills and Aged Receivables were presented to the Board for discussion and approval. The Administrator asked the Board Members to review the list of outstanding bills and invited questions. He explained that item #22, the \$3,680.00 payment to Bug Brigade, is for treatment of a subterranean termite infestation in 1920 Dolgner Place. Item # 27, the \$1,800.00 payment to MJR Construction, LLC, is for drywall and trim repairs in 1920 Dolgner and 1490 Kastner. Item # 28, the \$1,741.42 payment to Sanford Carpet, is for replacing the laminate floor in 1920 Dolgner after the termite eradication. Item #30, the \$7,216.43 payment to CPH, Inc., represents a partial draw on task order #2 for the build out of 1490 Kastner Place. The Administer then explained that June 1st checks were the standard monthly payments. There were no questions on the outstanding bills to be paid.

MOTION WAS MADE BY WILLIAM POE, SECONDED BY MICHAEL CARAWAY 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 ARI Electronics, LLC, brought in a \$5,000.00 check today. The principle, Linda Landry, stated that they intended to pay the remainder by the end of the month. Driftwood Arts and GS Plant Foods are both current with small balances for May. Ocean State has promised a check on Friday. Thomas Companies has been downsized to reduce his monthly liability. Kyle Kilger inquired as to amount of ARI Electronics' current balance. The Administrator stated that the aged receivable report does not reflect today's payment; therefore, the current balance owed is \$6,298.63. He also confirmed that late fees have been applied to the outstanding balance. There were no other questions on the aged receivables.

ATTORNEY'S REPORT

Mr. Coover stated that after further thought, it was his opinion that next month, when the Board approves the auditor's bill previously discussed, that they should vote on the amendment to the budget reflecting the previously unbudgeted accounting costs resulting from GASB68. He had nothing further to report.

ADMINISTRATOR'S REPORT

a) Project Update – The Administrator explained to the Board that the old offices at 1490 Kastner Place have been demolished and the project is proceeding. He also stated that the fences approved last month were currently being installed.

b) FP&L Easement – The Administrator explained that with the division of 1490 Kastner Place into two completely separate and leasable units a new Florida Power and Light (FP&L) service with two power poles is needed. This will allow each unit to have a separate power meter. FP&L has requested a ten foot easement around the poles to maintain lines and install guy-wires. The Administrator explained that after review of what FP&L has sent, he and Mr. Coover would like the Board's authorization to negotiate a simple utility easement. He further stated that CPH has already completed a survey of the Port for the drainage improvements and can provide the exhibit drawing needed for the easement.

Kyle Kilger asked Mr. Coover if, after granting the easement, does the property within the easement become FP&L's property. Mr. Coover explained that it did not. The Port maintains ownership; however, the easement holder has the rights given within the easement document. Mr. Coover further stated that the easement provided by FP&L is too broad as it may permit other utilities to also use the property and pay FP&L a fee to do so. The Administrator explained that once the easement was agreed to, there would still be about a six week lead time before the service would be installed. To prevent project delays, the Administrator requested Board approval to allow the Chairman and Secretary to execute the easement once the easement language has been negotiated to Mr. Coover's approval.

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MOTION WAS MADE BY MICHAEL CARAWAY, SECONDED BY THOMAS KUHN TO AUTHORIZE THE CHAIRMAN AND SECRETARY TO EXECUTE A 10' UTILITY EASEMENT TO FLORIDA POWER AND LIGHT AROUND THE TWO POLES SUPPORTING THE NEW SERVICE NEEDED AT 1490 KASTNER PLACE ONCE MR. COOVER HAS NEGOTIATED AND APPROVED THE EASEMENT TERMS.

MOTION CARRIED UNANIMOUSLY.

OLD BUSINESS

There was no old business.

NEW BUSINESS

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

1. New Lease – *Don Hachenberger; 1470 Kastner Place, Suite 124, 128 & 132; 1 year Lease; Lease term June 1, 2016 through May 31, 2017; at the budgeted rate of \$2,000.00/month with a 60 day termination clause. (4,020 sq.ft. warehouse with 480 sq.ft. office @ a blended rate of \$5.33/sq.ft./yr.).*
2. Lease Renewal – *Daniel E. Wurl; 1450 Kastner Place, Suite 124-128; 1 year Lease; Lease term May 1, 2016 through April 30, 2017; at the rate of \$1,695.00/month with a 45 day termination clause. (2,328 sq. ft. warehouse with 672 sq. ft. office @ a blended rate of \$6.78/sq.ft./yr.).*
3. Lease Renewal – *Hector M. Garcia Correa; 1471 Kastner Place, Suite 125 plus lot; 1 year Lease; lease term June 1, 2016 through May 31, 2017; at the budgeted rate of \$817.00/month. (2,000 sq.ft. plus lot @ the blended rate of \$4.90/sq.ft./yr.) Personal guarantee.*
4. Lease Renewal – *Carlos Diaz; 1980 Dolgner Place, Suite 1020; 1 year Lease; lease term June 1, 2016 through May 31, 2017; with the budgeted 5% increase to \$814.00/month. (1,500 sq. ft. warehouse @ a rate of \$6.51/sq.ft./yr.).*
5. Lease Renewal – *Filtration Direct, Inc.; 1539 Dolgner Place; 1 year Lease; lease term June 1, 2016 through May 31, 2017; at the budgeted rate of \$840.00/month. (2,000 sq. ft. warehouse @ a rate of \$5.04/sq.ft./yr.). Personal guarantee.*
6. Lease Renewal – *Polished Concrete Floors, LLC; 1401,1405 & 1409 Dolgner Place; 1 year Lease; lease term June 15, 2016 through June 14, 2017; at the budgeted rate of \$2,000/month. (3,924 sq.ft. warehouse with 576 sq.ft. office @ a blended rate of \$5.33/sq.ft./yr.) Personal guarantee.*

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7. Lease Renewal – Harry Timmons; 1481 Kastner Place, Suite 101; 1 year Lease; lease term June 1, 2016 through May 31, 2017; at the budgeted rate of \$1,260.00/month. (1,400 sq.ft. warehouse with 1,100 sq.ft. office @ a blended rate of \$ 6.05/sq.ft./yr.)
8. Lease Renewal – Transmission Specialties, Inc.; 1521 Dolgner Place; 1 year Lease, lease term June 1, 2016 through May 31, 2017; at the budgeted rate of \$840.00/month. (2,000 sq.ft. warehouse @ the rate of \$ 5.04/sq.ft./yr.). Personal guarantee.
9. Lease Renewal – We're Organized, Inc. FL; 1441 Kastner Place, Suite 111; 1 year Lease; lease term June 1, 2016 through May 31, 2017; with the budgeted 5% rate increase to \$2,324.86/month. (4,685 sq.ft. warehouse with 315 sq.ft. office @ the blended rate of \$5.57/sq.ft./yr.) Personal guarantee.
10. Lease Renewal – La Mesa RV Center, Inc., (Florida); 1430 and 1440 Dolgner Place; 1 year Lease; lease term September 1, 2016 through August 31, 2017; at the budgeted rate of \$6,000.00/month. (11,500 sq. ft. of warehouse with 1,000 sq. ft. of office @ the blended rate of \$5.76/sq.ft./yr.). Personal guarantee.
11. Lease Renewal – Maintenance Management Group, Inc.; 1 year Lease; lease term July 1, 2016 through June 30, 2017; at the budgeted rate of \$840.00/month. (1,856 sq.ft. warehouse with 144 sq.ft. office @ a blended rate of \$ 5.04/sq.ft./yr.). Personal guarantees.

The Administrator reviewed the leases numbered 1 and 3 through 11 asking to review lease number 2 separately. There were no questions.

MOTION WAS MADE BY WILLIAM POE, SECONDED BY KYLE KILGER, TO APPROVE LEASES 1 AND 3 THROUGH 11 AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Administrator explained that lease number 2 was presented and approved last month with a 5% increase in error. He requested the Board to approve the lease to Dan Wurl without the 5% rate increase.

MOTION WAS MADE BY CLIFF MILLER, SECONDED BY KYLE KILGER, TO APPROVE LEASE #2 WITH DAN WURL, AS PRESENTED, WITHOUT THE PREVIOUSLY APPROVED 5% RATE INCREASE.

MOTION CARRIED UNANIMOUSLY.

B) Fiscal Year (F.Y.) 2016/2017 Budget – The Budget Committee Chairman, Cliff Miller, explained that the committee met on May 3, 2016, with the County Manager, Nicole

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Guillet, and Deputy County Manager, Bruce McMenemy. Mr. Miller stated that this year's budget includes a lot of projects and outlined the contribution to the county. He explained that the County Manager and Deputy County Manager worked through the numbers with the committee and seemed to be in agreement with what the committee is presenting for the fiscal year 2016/2017 budget.

The Administrator referred to Budget Memorandum #2254, explaining that the revenues for the first half of F.Y. 2015/2016 was \$1,018,175 with projected revenue for the second half of F.Y. 2015/2016 at \$878,624. The expenses for the first half of F.Y. 2015/2016 were \$523,764 with projected expenses of \$883,999 for the second half of F.Y. 2015/2016. This provides a projected operational profit of \$489,036 which is equivalent to 25.8%.

The operational revenue projection for F.Y. 2016/2017 totals \$1,823,376 (not including the projected cash carried forward in the amount of \$2,570,854. This reflects a slight decrease of \$73,422 over the current year's budget of \$1,896,798. The standard provision for vacancy, due to large concentrations of three industries, is included at 15% which equates to \$306,496. Therefore, with current occupancy holding steady at 95%, higher revenue should be realized.

The operational expenditures are projected to total \$2,055,846, an increase of \$647,079 over the current year's budget of \$1,407,767. The majority of this expenditure increase is the estimated cost of the engineered phase I drainage improvements, added to the overall incremental increased cost of business. A graph depicting the allocation of operational expenditures is included in this section along with a copy of the Five Year Capital Improvement Plan.

The transfer of surplus funds to Seminole County's General Fund is not considered in this section, as it is a non-operational expenditure. It is outlined in the Total Cash Budget (Section 5).

The proposed F.Y. 2016/2017 SCOPA balanced budget totals \$4,394,230. Considering only the operational elements, the cash in-cash out profit calculates at (\$232,470) or -12.7%. Having considered all the operational elements of the proposed fiscal plan, the budget committee recommends a \$500,000 surplus funds transfer to Seminole County General Fund in September 2017. Given this non-operational allowance the estimated cash balance on October 1, 2017, is \$1,638,384. Michael McLean inquired if, considering the capital improvements the board has agreed to undertake, the Administrator was comfortable with that projected year-end balance. The Administrator confirmed that he was and that the County Manager was comfortable with the \$500,000 contribution with the hopes that this could be achieved annually.

The Administrator then reviewed the Budget in detail and discussion ensued. The Administrator explained that Budget Tab 1 reviews the last 6 months of the current year's revenues and expenditures. He directed the board's attention to Budget Tab 2 explaining that additional information on restricted and committed funds was included this year. After

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taking into account the restricted and committed funds, the non-committed cash balance anticipated on September 30, 2016, is \$546,387. The pie graph included gives not only a visual of the breakdown of funds but also the percentage of total.

The Administrator reminded the board that last year's budget includes a \$300,000 surplus fund contribution to the Seminole County General Fund with an agreement to re-evaluate after the books are closed. Therefore, an additional \$200,000 surplus fund contribution is included in December 2016.

The Administrator explained that Budget Tab 3 includes a detailed breakdown of all revenues and a description of each leasehold. He reminded the board that this also includes the previously discussed 15% provision for vacancy. Also included in section 3 is a spreadsheet detailing the revenues by month including the percentage of the total revenue each leasehold represents. This information is helpful in determining concentrations of industry. The total anticipated operational revenues for fiscal year 2016/2017 are \$1,823,376.

Tom Kuhn inquired if the Five Year Capital Improvement Plan (CIP) was taken into account when establishing reserves. Administrator Van Gaale confirmed that it was and explained that the CIP was included in section 4 of the budget this year.

The Administrator reviewed Budget Tab 4, the fiscal year 2016/2017 expenses. This section itemizes and details each expenditure item. The Administrator explained that the budget included 5% salary increases reflecting the high growth, over 95% occupancy, and 96% collection on rents in addition to the management of the large capital improvement projects the board has agreed to undertake. Also noting the increase in insurance premiums that came from the County after the budget process was complete last year. He continued explaining that the legal budget was decreased since the Acme bankruptcy was nearing completion. The utility budget was increased based on the average of the utility costs over the last twelve months. Insurance was budgeted with a 5% increase as suggested by our agent with the final numbers due later in the year. The Administrator continued reviewing each expenditure item for the board. He then pointed out that this year's budget also includes an overall picture of how SCOPA's expenditures are budgeted. The graph included provides a picture as well as the percent of the total for each expenditure group. The budgeted percentages are: Professional Services 1%, General Office Expenses 2%, Utilities 2%, Insurance 3%, Personnel Expenses 10%, Surplus Fund Contribution 20%, and Capital Improvements 51%. The Administrator pointed out that this section also includes a spreadsheet detailing the expenditures by month as well as the current Five Year Capital Improvement Plan.

The Administrator explained that Budget Tab 5 is a look at the total cash budget for fiscal year 2016/2017. The projected beginning cash balance, projected operational revenues, projected operational expenditures and capital contributions are detailed by month. He noted for the board the additional \$200,000 surplus fund contribution to the Seminole County General Fund budgeted for December 2016 as well as the \$500,000 surplus

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fund contribution in September of 2017. Tab 5 also includes a graph of the projected percentage of the anticipated September 30, 2017, cash balance for restricted funds, committed funds, uncommitted funds and surplus fund contributions. Also included in tab 5 is comparison of revenues and expenditures between the last two budget years. The Administrator invited questions on the proposed fiscal year 2016/2017 budget.

Michael McLean noted that capital improvements comprised 51% of the fiscal year 2016/2017 expenditures. He stated that he is used to paying on results. Chairman McLean stated that he was very comfortable with 5% salary increases considering the capital improvement projects SCOPA was undertaking, as well as keeping things running maintaining the results of 95% occupancy and 48% profits.

Dana McBroom commented that the County Manager and Deputy Manager went through a lot of questions and were on board with a lot of what was discussed. She stated that it was in their opinion very helpful for Andrew to have broken out the reserves and where they are allocated. Mrs. McBroom stated that the County Manager didn't really have questions on the budgeted items either. She explained that the meeting contained productive dialog about a new position being an employee or subcontractor as well as discussed raises. Mrs. McBroom stated that while the County Manager did not express a concern over the salary increases, she did state that the County was looking at minimal raises not over 3% this year. Mrs. McBroom commented for the record that she felt the 5% was high relative to what she was seeing with her clients.

The Administrator asked to expand on the employee discussion Mrs. McBroom touched on. He explained that the long time subcontractor the Port has used for non-skilled maintenance and repairs is nearing retirement and will at some point have to be replaced. The budget committee discussed whether this position should be brought in-house as a full-time employee or continue as a subcontracted position. The Administrator explained that it was the consensus of the budget committee to include funds to cover such a position should the need to do so occur during the next budget year. Mr. Coover suggested having a group of several contractors and offered to supply the contact information for a couple of reputable handymen in the Sanford area.

There were no other questions or comments on the proposed fiscal year 2016/2017 budget.

MOTION WAS MADE BY THOMAS KUHN, SECONDED BY WILLIAM POE, TO APPROVE THE FISCAL YEAR 2016/2017 BUDGET AS PRESENTED.

MOTION CARRIED WITH CARLTON HENLEY OPPOSED.

Commissioner Henley stated that he could not support the 5% salary increase in this budget when he is supporting 3% salary increases elsewhere.

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There being no further business, the meeting was adjourned at 5:09 p.m. by Chairman McLean.

Michael McLean, Chairman

William H. Poe, Secretary