

**SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
NOVEMBER 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 November 16, 2016.

Chairman Cliff Miller called the meeting to order at 4:02 p.m. with the following Directors constituting a quorum: Cliff Miller, Chairman; Michael McLean, Vice-Chairman; Dana McBroom, Treasurer; Thomas Kuhn, Member; Michael Caraway, Member; Kyle Kilger, Member; and Lee Constantine, BCC Alternate Member.

Members Absent: William Poe, Michael Bowdoin, and Carlton Henley.

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

Others present: Stephen H. Coover, SCOPA Attorney, and Robert Kimelman, Greene, Dycus & Co., P.A.

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

The Chairman asked for corrections or additions to the minutes of the October 19, 2016, Board Meeting.

MOTION WAS MADE BY DANA MCBROOM, SECONDED BY MICHAEL CARAWAY TO APPROVE THE MINUTES OF THE OCTOBER 19, 2016, BOARD MEETING AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Balance Sheet and Budget Statement for the month of October 2016, and year-to-date, were presented to the Board. The revenues for the month, and year-to-date, were over budget by \$15,015. Operational Expenditures for the month, and year-to-date, were under budget by \$213,887. The Administrator reported a year-to-date profit of \$60,322 or 36.4%. The occupancy was back up to 95.3%. There were no questions on the October 2016 Financial Statements.

The Administrator presented the Outstanding Bills to the Board for discussion and approval. He explained that items #23 and 24, the \$12,483.97 and \$36,255.66 payments to Morton Construction, represent the final draw and retainer on the office build out at 1490 Kastner Place. He reassured the Board that the retainage check would not be released until the Certificate of Occupancy and all lien releases were in hand. Item # 21, the \$5,150.00 payment to Seminole Site Services, Inc., represents payment for site work on a couple of areas that were retaining water. Item # 27, the \$1,537.51 payment to Wiring Technologies, Inc., represents the budgeted replacement of the old

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conference room recording system that has not been functioning. The new system is digital and should last for a long time. The Administrator pointed out the standard first of the month checks due in December. Finally, the Administrator explained that item #7, the \$2,982.72 check to Seminole County, represents a shortfall for the employee health insurance. He explained that rates fluctuate every year and although we pay monthly, when Jennifer Sykes, the Administrative Assistant, contacted the County HR office to clarify next year's rate a shortfall in last year's payments was uncovered. Rob Kimelman confirmed that it was a deminimis amount and does not affect last year's audit. He also confirmed that the rate adjustment for the commencing year can be dealt with along with the other budget adjustments at the end of the year. Michael Caraway asked if the adjustment was significant enough to warrant a budget adjustment now and Mr. Kimelman explained that historically the Port has always handled all the budget adjustments at once during the final financial statement preparation. Mr. Coover confirmed that since the funds were being paid out of the current fiscal year, and as long as SCOPA does not overspend it's total budget, it was fine to do the budget amendment at the end before final financial statements were adopted. No other questions on the Outstanding Bills were presented.

MOTION WAS MADE BY MICHAEL MCLEAN, SECONDED BY DANA MCBROOM TO APPROVE THE BILLS FOR PAYMENT. 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 there was no activity on Acme Recycling Industries, LLC's, balances. He explained that ARI Electronics, LLC, paid October's rent after the last Board meeting and brought in a check today for \$5,000.00 towards November's rent. The Administrator then noted that Pure Comfort was current and came into the office to explain their plans to pay this month's rent soon. Driftwood Arts is current and we have several tenants with very small balances. GS Plant Foods is getting out to two months. Ocean State is also, but has promised another month's rent this coming Friday. The Administrator explained that the small balances tend to occur when there is a rate increase and tenants forget to include the increased deposit amounts on that first check. He stated that staff would send statements with the next round of invoices and try to get these balances cleaned up. There were no questions on the Aged Receivables.

ATTORNEY'S REPORT

Mr. Coover stated that he did not have anything to report to the Board at this time.

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ADMINISTRATOR'S REPORT

Project Updates

- a) 1490 Kastner Place - The Administrator stated that office build out at 1490 Kastner Place is almost complete. The final piece needed for certificate of occupancy is the fire system monitoring. They are in the process of permitting and installing a wireless monitoring dialer which will save us money each month by not needing two land lines. He explained that the lease with Dynamic Aspects would be presented next month. He reminded the Board that Dynamic was a good tenant with several spaces they had outgrown in the back and were looking to move to Volusia County prior to our building out the previously unused space at 1490 Kastner Place.
- b) Phase I Drainage and Driveway Improvements – The advertisements for the phase I drainage project and the driveway improvements at 1511 and 1515 Kastner Place should go out Friday.
- c) Contribution Checks – The Administrator informed the Board that he and the Chairman delivered last year's surplus fund contributions, in the amount of \$500,000, to the Seminole County Board of County Commissioners yesterday.

NEW BUSINESS

- a) Leases - The following Leases were presented for approval:
 - 1) New Lease– Bronze Universe, Inc., 1417 Dolgner Place; 1 year Lease; lease term Nov. 1, 2016 – Oct. 31, 2017; with a 90 day termination clause; at the rate of \$800.00/month. (1,204 sq. ft. warehouse with 192 sq. ft. office @ a rate of \$6.40/sq.ft./yr.) Personal guarantee.
 - 2) Lease Renewal – Kevin B. Hays Fire Consulting, LLC; 1441 Kastner Place, Suite 101; 1 year Lease; lease term Dec. 1, 2016 - Nov. 30, 2017; at the budgeted rate of \$1,050.00/month. (2,500 sq.ft. warehouse @ a rate of \$5.04/sq.ft./yr.) Personal guarantee.
 - 3) Lease Renewal – Orlando Pump & Equipment Co., LLC; 4421 Schilke Way, Suite 112; 1 year Lease; lease term Dec. 1, 2016 – Nov. 30, 2017; with a 60 day termination clause; at the budgeted 5% rate increase to \$882.00/month. (2,000 sq.ft. warehouse @ a rate of \$5.29/sq.ft./yr.) Personal guarantee.
 - 4) Lease Renewal – Trident Weaponry, LLC; 1450 Kastner Place, Suite 104; 1 year Lease; lease term Dec. 1, 2016 - Nov. 30, 2017; at the budgeted rate of \$892.50/month. (1,500 sq.ft. warehouse with office @ a rate of \$7.14/sq.ft./yr.) Personal guarantee.

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The Administrator reviewed the list of Leases requesting approval as presented.

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

MOTION CARRIED UNANIMOUSLY.

FISCAL YEAR 2015/2016 AUDIT PRESENTATION

The Administrator explained that, as occurs each year, the Board needs to approve the line item budget adjustments. He asked the Board members to review the variance report presented explaining that the audit was over budget due to the implementation of GASB68 last year as well as work performed on the fiscal policy. Utilities were over budget due to consumption and rate increases. Rob Kimelman explained that the increased utilities expense was really a pass through as the utility revenues offset that higher expenditure.

MOTION WAS MADE BY MICHAEL MCLEAN, SECONDED BY MICHAEL CARAWAY APPROVE FISCAL YEAR 2015/2016 LINE ITEM BUDGET ADJUSTMENTS, AS PRESENTED. A COPY IS ATTACHED TO THESE MINUTES.

MOTION CARRIED UNANIMOUSLY.

The Administrator then invited SCOPA Auditor, Robert Kimelman, to present the audit and financial statements for the prior fiscal year. Mr. Kimelman directed the Board's attention to the balance sheet beginning on page 11 of the audit report. He reminded the Board that his firm is issuing a qualified opinion which is a clean opinion without issues and the financial statements are presented fairly. He noted that the fiscal year 2015/2016 assets are \$10,254,175 versus the prior year's assets of \$9,650,243.

Mr. Kimelman stated that there are two reasons that the financial statements are being presented as a draft. The first being that they must be approved by the Board and the second reason is that the actuarial information from the Florida Retirement System (FRS) will not be available until January. He reassured the Board that with only two employees the actuarial information will be very small and will not significantly affect the financial statements.

Mr. Kimelman proceeded to explain that SCOPA has a very strong cash position for 2016 of \$2,710,046 versus \$2,196,032 from 2015. He stated that the main reason the cash position is higher this year was the \$1,000,000 contribution to Seminole County last year which was twice what was contributed this year. He then referred to page 12 where

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it lists a \$200,000 payable to Seminole County. Mr. Kimelman explained that since it was for the year under audit, he set the contribution up as a liability for that year even though it was disbursed later.

Mr. Kimelman then directed the Board's attention to the new categories of unrestricted funds listed on page 12. He stated that these are the funds designated through the budgeting process for capital improvements and catastrophic events. This is a way of displaying to the reader that these funds are set aside for these events if necessary.

Mr. Kimelman stated that page 13 shows the total operating revenue for 2016 was \$2,013,743 versus \$1,934,471 the prior year. He explained that in looking at the ten year history this income is back up to around the 2008 numbers. He noted that operating income is up 4% and operating expenses are up only 1% over the prior year. Mr. Kimelman noted the solid commitment to repairs and maintenance of \$229,123 versus \$218,332 the prior year. The remaining categories are fairly consistent so from an operating standpoint you have a 12% increase in operating revenue with less money sent to County. Last year SCOPA had a loss because they pulled from their reserves to complete the \$1,000,000 contribution to the County. This year, SCOPA did not pull from reserves and generated \$400,000 showing that there is a fine line between how much you want to spend or contribute each year.

Mr. Kimelman stated that they spent the better part of a week here at the SCOPA office working with the staff who were very helpful. He stated that staff was doing a great job maintaining the records and doing what they need to do on a daily, monthly and annual basis to ensure that the financial statements the Board sees every month are accurate. He stated that no unusual adjustments were needed. He invited the Board members to contact him with any additional questions they might have. The Administrator inquired about how we proceed when our legislature states the audit will be completed by November 30th but the State will not have the FRS actuary information until January. Mr. Kimelman stated that he would notify the County Finance Department that the audit is complete awaiting the GASB68 information. He stated once he receives the necessary information, he will completed the final audit and present that to the Board for approval in February before forwarding it to the County.

OLD BUSINESS

Chairman Miller presented Michael McLean with a plaque thanking him for his service to the Seminole County Port Authority as Chairman during the prior fiscal year.

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NEW BUSINESS

*There being no further business, the meeting was adjourned at 4:40 p.m. by
Chairman Miller.*

Cliff Miller, Chairman

Michael Bowdoin, Secretary