SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
MAY 17, 2017

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 17, 2017.

Chairman Cliff Miller called the meeting to order at 4:00 p.m. with the following Directors constituting a quorum: Cliff Miller, Chairman; Michael McLean, Vice-Chairman; Michael Bowdoin, Secretary; Matthew Criswell, Member; Thomas Kuhn, Member; Michael Caraway, Member; and Carlton Henley, BCC Member.

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

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

Others present: Stephen H. Coover, SCOPA Attorney.

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

Chairman Miller welcomed everyone and asked the Board for corrections or additions to the minutes of the April 19, 2017, meeting. None were presented.

MOTION WAS MADE BY MICHAEL MCLEAN, SECONDED BY MICHAEL CARAWAY TO APPROVE THE MINUTES OF THE APRIL 19, 2017, BOARD MEETING AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Administrator presented the Balance Sheet and Budget Statement for the month of April 2017, and year-to-date, to the Board. The revenues were over budget by $15,769 for the month and $168,065 for the year-to-date. The Administrator explained that the operational expenditures for the month were under budget by $102,524, leaving the year-to-date expenses under budget by $684,053. The Administrator stated that phase I of the stormwater improvements and the driveway revisions for 1515 Kastner are commencing. Therefore, the actual expenditures would be catching up to the budget quickly. The Administrator pointed out that occupancy remained strong at 99.9%. There were no questions on the financial statements as presented.

The Administrator presented the Outstanding Bills to the Board for discussion and approval. The Administrator explained that item #22, the $37,550 payment to Millennium Luxury Coaches, represents the reimbursement for asphalt repairs approved by the Board in April. Item #23, the $96,106.06 payment to S. Lee, LLC, represents the second pay application in the phase I stormwater improvements. The Administrator explained that much of that was material stored on site. Item #24, the $10,752.33 payment to Seminole County Board of County Commissioners, represents the permit fees *for the phase I stormwater improvements. The June 1 bills are the standard first of the month bills. He asked the Board to review the list and invited questions. There were no questions regarding the Outstanding Bills presented for payment.*

MOTION WAS MADE BY MICHAEL MCLEAN, SECONDED BY MICHAEL CARAWAY 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 presented the Aged Receivables List to the Board for review explaining that there was no change in the Acme matter. ARI electronics has paid $5,000 towards their balance and are current only owing for May. Pure Comfort and Harry Timmons are current. The Administrator pointed out that GS Plant Foods has brought their account current as promised. Fitness Equipment Resource, Legacy Glass, Sentry Signs and Thomas Companies are all current only owing for May. The Administrator explained that Legacy Glass would be discussed more later. There were no questions on the Aged Receivables.

<u>ATTORNEY'S REPORT</u>

Mr. Coover stated that he had nothing to report at this time.

<u>ADMINISTRATOR'S REPORT</u>

a) <u>Project Updates -</u> The Administrator reported to the Board that the Phase 1 Drainage Improvements have commenced and there are a lot of materials stored on site. He explained that within this project it was required to relocate a forced water main over about six feet. That has been accomplished and there is a lot of activity going on including dewatering.

There was a pre-bid meeting last week regarding the driveway replacement at 1511/1515 Kastner. Bids will be opened June 1st and it is a budgeted project at $100,000. He explained that this project was a realignment and improvement of the drive lanes with eight inch, 4,500-5,000 psi, reinforced, fiber mesh concrete for the heavy water tankers accessing that site daily.

The Administrator presented CPH Task Order Number 3 to the Board. Task Order Number 3 represents the design of phase two of the stormwater improvements. He stated that he would like to have a seamless construction between phases one and two to prevent issues like silting up. Cliff Miller pointed out that with the hurricane season soon approaching that a seamless construction was prudent.

MOTION WAS MADE BY MICHAEL MCLEAN, SECONDED BY MATTHEW CRISWELL TO APPROVE CPH, INC., TASK ORDER NUMBER 3 FOR PHASE II STORMWATER IMPROVEMENTS MASTER PLAN, IN THE AMOUNT OF $56,210.00.

MOTION CARRIED UNANIMOUSLY.

Matthew Criswell asked how soon this would get started. The Administrator stated that he would send the signed Agreement to CPH, Inc., and get them moving as soon as possible. He further explained that phase II had a smaller scope than phase I and all the base surveying was already complete. The Administrator pointed out that the task order is for 180 days and phase I construction is scheduled for 120 calendar days.

OLD BUSINESS

There was no old business presented.

NEW BUSINESS

a) Proposed Fiscal Year 2017/2018 Budget – The Administrator reviewed Memorandum #2272 outlining the proposed Fiscal Year 2017/2018 Budget. The Administrator explained that the Budget Committee met on May 16th, and that he had met prior to that with Deputy County Manager Bruce McMenemy to discuss the proposed budget. The Administrator asked the members of the Budget Committee if they had anything they would like share on the topic. Matthew Criswell commented that he had reviewed the proposed budget and all items discussed at the committee meeting have been addressed. Michael McLean commented that, despite our capital improvement projects and commitments, SCOPA wants to continue a positive partnership with the County. Therefore, opposed to the original $500,000 surplus fund contribution to the Seminole County General Fund, the Committee agreed to increase that to the requested $700,000.

Commissioner Henley commented that legislation from Tallahassee was creating an eleven million dollar downfall. He continued stating that as distasteful as it may be, there may have to be some adjustment in the mileage rate before long, particularly the fire fund. He explained the County has delayed building a badly needed fire station because there was not the funding for it, along with the current difficult negotiations with the fire union. The Commissioner stated that the County will not be able to sustain what the County is with the legislative changes being made in Tallahassee, therefore, the Board would appreciate every penny that SCOPA can contribute.

Matthew Criswell inquired about the current rise in property values and the affect that will have on the previously mentioned shortfalls. The Commissioner replied that the affect of increased property values remains to be seen because much of that is determined by the Sheriff, the Clerk of Court, and Tax Collector. Those funds are at their discretion and the

County Commission cannot finalize its budget until they know how much money those departments will be able to forward to the General Fund.

The Administrator continued to review budget memo #2272, explaining that Section 1 reviews the last six months of the current fiscal year. Section 2 shows total revenues projected at $1,976,235 with projected expenditures of $1,897,421, creating a projected a profit of $78,814 for fiscal year 2016/2017. The Administrator explained that Section 3 outlines the projected operational revenue for fiscal year 2017/2018 totaling at $1,958,591. Commissioner Henley inquired about the anticipated growth due to the escalation clauses in the leases. The Administrator explained that it was roughly 2.5% because the leasing policy has a 5% increase every two years. Therefore, if roughly half of the tenants are in an increase year, you'd get a growth of around 2.5%. He did point out that this does not take into account the reset that occurs due to the turnover of tenants.

The Administrator continued reviewing the budget memo explaining that the projected total cash carried forward, which includes committed and non-committed funds, was $2,279,426. He stated that Section 4 outlines the expenditures for 2017/2018, which will be less than the current fiscal year because phase 2 of the stormwater drainage project is smaller. The projected expenditures for fiscal year 2017/2018 total $1,794,653, which is a decrease of $102,768 over the current budget. Section 5 outlines the projected total cash budget with revenues of $1,958,591 and expenses of $1,794,653, leaving a projected profit of $163,938. The Administrator summarized the budget explaining that if the 2017/2018 fiscal year starts with a total cash carried forward of $2,279,426, once you add the projected revenue, and back out the projected expenses along with a $700,000 transfer to Seminole County General Fund the total cash balance at the end of the year is projected at $1,743,264.

Commissioner Henley inquired about the salary increases included in the budget. The Administrator explained that he would review the budgeted expenses in detail. However, the proposed budget includes only a 3% increase for the Administrator with about a 8% increase associated with the Administrative Assistant's promotion to Office Manager. He explained that the Personnel Committee met and reviewed the personnel policy in comparison to the County's. Matthew Criswell commented that the promotion resulted in only approximately $8,000 total increase to SCOPA. He continued to explain that the last review of the position was in 1986 and the committee set the new pay at the mid-point of the County's equivalent position.

The Administrator directed the Board's attention to Tab 2 of the proposed Fiscal Year 2017/2018 Budget. He pointed out that the Cash on Hand as of March 31, 2017, was $3,324,485. The restricted funds, which include security deposits and pre-paid rents, equal $184,494. The committed funds in the form of operating, catastrophic and non-catastrophic reserves total $570,789. In response to Commission Henley's inquiry, the Administrator explained that only three months of operating reserves were included. The capital improvement reserve was set last year at $800,000. After revenues and expenditures, the projected non-committed cash on hand at the end of the 2016/2017 fiscal year is $1,224,144. After the committed $500,000 transfer to the Seminole County General Fund, the projected non-committed cash balance for September 2017, is $724,144.

The Administrator explained that Tab 3 outlines the projected revenues for fiscal year 2017/2018. This section of the budget shows the starting total cash carried forward of $2,279,426 and details all sources of revenue for the year. The Administrator stated that with occupancy remaining so strong, the provision for vacancy was dropped from the prior year's 15% to 10%. The total projected revenues for fiscal year 2017/2018 are $1,958,591, creating a total budget of $4,238,017. There were no questions on the projected revenues.

The Administrator referred to Tab 4 which outlines all projected expenses for fiscal year 2017/2018. He reviewed the expenses explaining that in regards to salaries, a 3% increase for the Administrator was included along with the salary for the new Business Office Manager position. The Business Office Manager's salary was set at the mid-point of the County's equivalent position. The Administrator continued pointing out that FICA, Medicare, Retirement, Life and Health Insurances were all a factor of the salary rates. He explained that many items were kept the same as the prior year, these included: Contractual Services, Legal, Consultants, and Miscellaneous.

The Administrator explained that while the full legal budget was not used during the current fiscal year, with the uncertain future of ARI Electronics, LLC, and our experience with Acme Recycling's bankruptcy, it seemed prudent to budget accordingly. He continued pointing out that Accounting and Auditing included the cost outlined in the current three year Agreement with Greene, Dycus & Co., along with two thousand dollars for any additional accounting services that might arise. The Administrator pointed out that Merchant Services was a new line item being added to the budget. The Port has only accepted checks in the past, but checks are quickly becoming obsolete. While staff intends to charge a service fee, there will still be associated costs with setting up the ability to accept credit card payments.

The Administrator noted that Arthropod Control, Cleaning, Travel Expenses, and Postage all remained the same as the prior budget year. The Communication budget was set according to current rates and a 5% increase was budgeted for Insurance. The Equipment Rental budget was estimated at $10,000 while Equipment Repair was set at $1,000. The Equipment Service Contracts line item details the current cost of each contract with a combined total of $4,570. The Maintenance and Repair Property line item totals $229,936 and includes: monthly Lawn Maintenance, Irrigation and Landscape Repairs, Pond and Ditch Maintenance, Miscellaneous Site Improvements, Subcontract Labor, ongoing Roof Repairs, Miscellaneous Plumbing Repairs, 1500 Dolgner Place Site Clean-up, Dumpsters and Debris Removal.

The Capital Improvement Plan for fiscal year 2017/2018 totals $950,000 and includes: Phase II Drainage Improvements, Sidewalk/Lighting/Safety Improvements, Entrance Way/Orange Boulevard Design-Build, and 1690 Fitzpatrick Point Dock Warehouse Rehab. He continued explaining that Printing and Binding, Legal Advertising, Marketing, Public Relations, Maintenance Supplies, Contingency Claims, Office Supplies, Auto Expenses, Gas and Lubricants, and Janitorial Supplies are all set at the same rate as the prior year. Dues and Subscriptions include very little change from the prior year totaling $3,384.

The Administrator explained that the total projected Operational Expenditures equate to $1,794,653, with $2,443,364 in Operational Reserves, this creates a total balanced budget of $4,238,017. The Administrator referred to the graph on page 6 of Tab 4, which outlines the percent of total for each expenditure category. These percentages are: Personnel Expenses is 10%, Insurance is 4%, Professional Services are 5%, General Office Expenses are 2%, Utilities are 2%, Capital Improvements are 38%, and the Contribution to the County's General Fund is 28% of the total budgeted expenses for fiscal year 2017/2018.

The Administrator referred to Tab 5 which offers a comparison of the projected actual revenues and expenses for the current year in comparison to the proposed budget for fiscal year 2017/2018. Finally, Tab 5 details the projected monthly revenues and expenditures, including the $700,000 Contribution to the Seminole County General Fund in September 2018, leaving the projected total cash balance of $1,743,364. That total cash balance includes $184,494 of Restricted Funds in the form of Security Deposits and Prepaid Rents. It also includes $496,372 in Operating and Catastrophic Reserves along with $1,000,000 in Capital Improvement Reserves for the following year's projects. The Administrator explained that once the restricted and reserve funds were removed, the projected uncommitted cash balance for September 2018, is $62,467.89. He pointed out the graph in Tab 5, which outlines that the distribution of the total cash balance equates to the following: Restricted Funds at 7%, Contribution to the County's General Fund at 29%, Capital Improvement Reserves at 41%, Uncommitted Cash Balance at 3% and the Operating and Catastrophic Reserves at 20% which are in line with the County's reserve balances. The Administrator then showed the Board the Five Year Capital Improvement Plan included in Tab 5.

Matthew Criswell asked Commissioner Henley if he could note for the County Commission that last year SCOPA budgeted $300,000, but came up with an additional $200,000 when the County Commission asked. This year SCOPA originally budgeted $500,000, which was equal to the request of the prior year, but have responded to the Deputy County Manager's request and increased it to $700,000. Mr. Criswell stated that may not be possible next year. The Commissioner responded that it was only a year to year commitment the same as the County's budget. Michael McLean reiterated that the Budget Committee made the requested increase to $700,000 in the effort to be good partners with the County Commission. He further stated that once SCOPA completes the capital Improvement Projects needed to bring the Port's infrastructure up to date, the Board anticipates the annual contributions increasing. There were no questions regarding the Proposed Fiscal Year 2017/2018 Budget. Thomas Kuhn thanked the Budget Committee for the work on the budget, stating that it was a detailed, realistic budget. Michael Bowdoin agreed.

MOTION WAS MADE BY THOMAS KUHN, SECONDED BY MICHAEL BOWDOIN TO APPROVE THE FISCAL YEAR 2017/2018 BUDGET AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

b) *<u>Leases</u> - The following Leases were presented for approval:*

1. *<u>New Lease</u> – Monica Jenkins; 1980 Dolgner Place, Suite 1020; 1 year Lease; lease term June 1, 2017 – May 31, 2018; at the budgeted rate of $814.00/mo. (1,500 sq.ft. warehouse @ a rate of $6.51/sq.ft./yr.).*

2. *<u>New Lease (in conjunction with #3 below)</u> – TCI Contracting, LLC; 1980 Dolgner Place, Suites 1052, 1060 & 1068; 1 year Lease; lease term June 1, 2017 – May 31, 2018; at the budgeted rate of $3,937.50/mo. (6,542 sq. ft. warehouse w/ 958 sq. ft. office @ a blended rate of $6.30/sq.ft./yr.).*

3. *<u>Lease Terminations</u> – Legacy Glass & Supply, Inc., 1980 Dolgner Place, Suites 1052, 1060 & 1068; three separate 1 year leases with staggering lease terms; at the combined rate of $3,937.50/mo. (with combined totals of 6,542 sq. ft. warehouse w/ 958 sq. ft. office @ a blended rate of $6.30/sq.ft./yr.). Personal guarantees.*

4. *<u>Lease Renewal</u> – Donald Hachenberger; 1470 Kastner Place, Suites 124, 128 & 132; 1 year Lease; lease term June 1, 2017 – May 31, 2018; with 60 day termination clause; at the budgeted monthly rate of $2,000.00/mo. (4,020 sq. ft. warehouse w/ 480 sq. ft. office @ the blended rate of $4.80/sq.ft./yr.).*

5. *<u>Lease Renewal</u> – We're Organized, Inc., FL; 1441 Kastner Place, Suite 101-109; 1 year Lease; lease term June 1, 2017 – May 31, 2018; at the budgeted rate of $2,321.86/mo. (4,685 sq. ft. warehouse with 315 sq. ft. office @ the blended rate of $5.57/sq.ft./yr.). Personal guarantee.*

6. *<u>Lease Renewal</u> – Harry Timmons; 1481 Kastner Place, Suite 101; 1 year Lease; lease term June 1, 2017 – May 31, 2018; at the budgeted rate of $1,323.00/mo. (1,400 sq. ft. warehouse w/ 1,100 sq. ft. office @ the blended rate of $6.35/sq.ft./yr.).*

7. *<u>Lease Renewal</u> – Hector M. Garcia Correa; 1471 Kastner Place, Suite 125; 1 year Lease; lease term June 1, 2017 – May 31, 2018; with the budgeted 5% rate increase to $857.85/mo. (2,000 sq. ft. warehouse plus lot @ a blended rate of $5.15/sq.ft./yr.).*

8. *<u>Lease Renewal</u> – Transmission Specialties, Inc.; 1521 Dolgner Place; 1 year Lease; lease term June 1, 2017 – May 31, 2018; with the budgeted 5% rate increase to $882.00/mo. (2,000 sq. ft. warehouse @ a rate of $5.29/sq.ft./yr.). Personal guarantee.*

The Administrator reviewed the list of Leases, asking the Board to initially disregard items 2 and 3. He then recommending approval of Lease items #1,4,5,6,7 and 8 as presented. There were no questions on these leases.

MOTION WAS MADE BY MICHAEL MCLEAN, SECONDED BY MICHAEL BOWDOIN TO APPROVE THE LEASES LISTED AS #1,4,5,6,7 AND 8, AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Administrator then explained that item #3, the Lease termination with Legacy Glass and Supply, Inc., was contingent upon the approval of item #2, the new Lease with TCI Contracting, LLC. He explained that Legacy Glass was purchased by TCI Contracting, but the former owner would be staying on as an employee. The Administrator then turned the matter over to Steve Coover. Mr. Coover explained that currently the original, personally guaranteed, lease with the former owner of Legacy Glass is still current and the termination is contingent on the approval of a new lease with the purchasing company, TCI Contracting, LLC. Mr. Coover continued to explain that TCI Contracting, LLC, a limited liability company based out of Georgia, is a subsidiary of Installed Building Products, Inc., which is a public company with a net income last year of thirty-eight million dollars. Mr. Coover stated that they proposed changes to the lease, a waiver of personal guarantee, a confidentially/non-disclosure agreement and a lease subordination agreement. He explained that since TCI Contracting was not a publically traded company we could not waive the personal guarantee. However, if the parent company of IBP which is publically traded would sign the guarantee on the lease, SCOPA would accept that. Mr. Coover stated that he refused to make any changes to our lease or sign any of their documents except to say that the Board would consider the requested lien waver if the parent company agreed to sign the lease guarantee. Mr. Coover explained that it was up to the SCOPA Board to approve the lease, using SCOPA's standard lease and including all three units, with the publically traded parent company giving a lease guarantee. Mr. Coover said it should discussed that under Florida law the Board has a landlord's lien on all property owned by the tenant which is on the leasehold. TCI has a lender who would like SCOPA to subordinate its position to them, which the Board has done before. Mr. Coover stated that the approval of the subordination agreement should be contingent upon his approval of the document. He further stated that he has read the document and it is close to being final, but needs a little bit of cleanup to make sure that if we ended up warehousing their collateral, they pay the rent. Chairman Miller asked if that was Mr. Coover's recommendation. Mr. Coover responded that SCOPA has done it in the past and, in fact, with the Featherlite subordination, they recouped every dollar.

MOTION WAS MADE BY MICHAEL BOWDOIN, SECONDED BY MICHAEL MCLEAN TO FOLLOW MR. COOVER'S RECOMMENDATION ON ITEM # 2, THE MATTER OF THE NEW LEASE AND LANDLORD SUBORDINATION, WITH TCI CONTRACTING, LLC.

MOTION CARRIED UNANIMOUSLY.

MOTION WAS MADE BY MICHAEL BOWDOIN, SECONDED BY CARLTON HENLEY TO APPROVE THE TERMINATION OF ITEM #3, THE LEGACY GLASS LEASES, CONTINGENT UPON SUCCESSFULLY ENTERING A NEW LEASE WITH TCI CONTRACTING, LLC.

MOTION CARRIED UNANIMOUSLY.

There being no further business, the meeting was adjourned at 5:01 p.m. by Chairman Miller.

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Michael McLean, Vice-Chairman	*Michael Bowdoin, Secretary*