

**SEMINOLE COUNTY PORT AUTHORITY  
MINUTES OF THE REGULAR BOARD MEETING  
FEBRUARY 21, 2024**

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 February 21, 2024.

The Chairman called the meeting to order at 4:00 p.m. with the following Directors constituting a quorum: Matthew Criswell, Chairman; Dana McBroom, Vice-Chair; Bill Spivey, Secretary; Michael Caraway, Treasurer; Cliff Miller, Member; Amy Guilfoyle, Member; and Steve Powell, Member.

Members Absent: Harry Ellis, Member; and Andria Herr, BCC Member.

Staff present: Andrew Van Gaale, Administrator; and Jennifer Sykes, Business Office Manager.

Also present: Darren Elkind, SCOPA Attorney; Rob Kimelman, Greene, Dycus & Co., CPA; and Timothy Kipp, Doug's Alignment.

An invocation was given by Matthew Criswell followed by the pledge to the Flag.

The Chair opened the floor for corrections or additions to the minutes of the last meeting held on January 17, 2024. None were presented.

**MOTION WAS MADE BY DANA MCBROOM, SECONDED BY CLIFF MILLER TO APPROVE THE MINUTES OF THE JANUARY 17, 2024, BOARD MEETING.**

**MOTION CARRIED UNANIMOUSLY.**

The Administrator presented the Balance Sheet and Budget Statement for the month of January 2024. He reported that revenues for the month of January were over budget in the amount of \$31,759. The revenues for the year-to-date are over budget in the amount of \$103,316. The expenses for the month of January are under budget in the amount of \$90,823. The expenses for the year-to-date are over budget in the amount of \$20,065. Occupancy in January dropped to 99.6%. The Administrator explained that the vacancy has been released. The Administrator directed the board's attention to the monthly LGIP statements reporting strong returns with FL Prime at 5.5% and FL SAFE at 5.394% for the month of January. He then opened the floor for questions. Steve Powell inquired about the expenses being over budget. The Administrator reminded the board that the budget process begins six months prior to the beginning of the fiscal year. Therefore, it is a prediction and often the capital improvement project timelines don't always fall within the month predicted. The Chairman concurred stating that the year-to-date expenses is

the better indicator because the Port cannot overspend the total annual budget. There were no other questions on the January financial statements.

The Administrator then presented the Outstanding Bills for February. Item #2, the \$612.34 payment to the Orlando Sentinel, represents legal advertising for the upcoming 1601 Dolgner Place roof bid. Item #7, the \$3,265.00 payment to CPH, Inc., represents consulting services on the 1500 Dolgner Place redevelopment project. Item #18, the \$5,105.00 payment to Exact Plumbing, Inc., represents five different service calls. Matthew Criswell asked about the nature of all the service calls. The Administrator explained that in addition to the common clogged toilet calls, there was a broken water main at 1470 Kastner Place, and someone backed in to the irrigation pump on Dolgner Place. Item #22, the \$11,300.00 payment to MGC Roofing, represents skylight replacement for five different units. Item #23, the \$13,493.75 payment to Florida Sealcoating, Inc., represents sealcoating the north half of Dolgner as well as the Authority parking lot. The Administrator then presented the standard first of the month bills for March.

**MOTION WAS MADE BY DANA MCBROOM, SECONDED BY CLIFF MILLER, TO APPROVE THE FEBRUARY 21<sup>ST</sup> AND MARCH 1<sup>ST</sup> BILLS AS PRESENTED. 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. He reported that there was no change with the F4W Strike Team collection. He reported that three tenants, G&C Welding, Transmission Specialties, and Ricardo Zayas, still owed for the month of February.

## **NEW BUSINESS**

Fiscal year 2022-2023 audited financial statements – The Chairman welcomed Rob Kimelman with Green, Dycus & Co, CPA. He reminded the board that he presented draft statements in November while awaiting the State’s actuarial figures for the employee pension plan. He explained that he had received those numbers and wanted to review the final statements for approval prior to filing them with the State Auditor’s Office. He noted that he had received feedback from Bill Spivey just prior to the meeting today. Mr. Kimelman stated that the feedback was mostly verbiage based and did not create any changes to the financials. He stated he would review it in detail and make any necessary changes and forward that to the Administrator and Treasurer. Dana McBroom agreed with Mr. Kimelman stating that she had reviewed the comments herself and that they were not substantial to the financial statements. Mr. Kimelman directed the board’s attention to the net pension liability on page 14, explaining that this represented the GASB68 actuarial numbers received from the State. The liability rose from 408,179 the prior year to 487,690 for the year under review. The Administrator explained that the Port

Authority has already paid into the retirement system, this liability represents what it would be if the Florida Retirement System ceased. Mr. Kimelman stated that the Port Authority still has a healthy financial position referring to the total assets on page 13 valued at \$13,454,871. Mr. Kimelman pointed out the comment added on page 30, disclosing that a board member of the Authority is also a trustee of FL SAFE. A short discussion was held.

**MOTION WAS MADE BY DANA MCBROOM, SECONDED BY STEVE POWELL, TO APPROVE THE FISCAL YEAR 2022-2023 AUDITED FINANCIAL STATEMENTS BE TRANSMITTED TO SEMINOLE COUNTY AND THE STATE AUDITOR WITH THE RECOMMENDED CLERICAL CHANGES MADE.**

**MOTION CARRIED UNANIMOUSLY.**

Industrial Market Review Committee Recommendation- The Administrator explained that with the changes and growth in the Central Florida Market, the rental rates have surpassed us, and our expenses are increasing. As a result, the board approved full MAI appraisals of all the Port properties. The appraisals show that the Port leases are currently 50-100% under market. The appraisals are based on actual comps and give triple net and full-service price ranges. He explained that with the low number of vacancies and strong demand the board wanted to find an equitable approach to bring the Authority's leases in line with the market. Bill Spivey assisted staff in compiling the data and developing a metric to adjust for the Authority's hybrid lease structure and came up with a phased approach to bring the leases to market rate. The Administrator stated that the sub-committee then met, reviewed the data, and have a recommendation for the board.

Matthew Criswell explained that the sub-committee met to evaluate the data. He explained that the Authority had a long run of low maintenance costs, but that has changed. He commented that the Port is no longer operating under the premise of an incubator, outside of the partnership with Seminole State College. Therefore, the leases needed to be brought to market value. He thanked Bill Spivey for the detailed work on the pivot table and asked him to present the data to the board.

Bill Spivey explained that he and the staff worked on gathering the data of what we have. The next step, since the appraisals were triple net, the current rates had to be adjusted to property taxes, maintenance, operating costs, etc. to create an accurate comparison to the triple net value in the appraisals. The subcommittee and staff felt like using the lowest end of the triple net range provided by the appraisal should be the target. Then the impact on the tenants was looked at in two different ways, the percentage of increase and actual dollar value of the increase. On the percent change basis, three ranges were established 0-49%, 50-74%, and 75%+. Then breaking them into thirds by the amount of increase. Looking at those analysis an effective demarcation was set to determine which leases to increase over three, four and five years. The goal was to lessen the impact on tenants while bringing the leases up to market value. It was determined that it was best

to begin implementation corresponding with the new fiscal year. Therefore, if they are due for an increase in March they will get that increase, but also receive an increase October 1<sup>st</sup>, 2024. After these increases are phased in, the regular lease renewals would then be adjusted annually for CPI. It was acknowledged that there is the possibility at the end of the five-year phased approach the Authority could still be grossly under market, however, making even greater adjustments would be detrimental to the tenant's business. The Administrator explained that after the five years, a new rate study would be warranted.

Bill Spivey pointed out that if adopted, the pivot table provides a revenue study for budget purposes. He recommended staff perform a comparable expense analysis with a five-year capital improvement plan. The data gained would be beneficial in many ways including evaluating the financing for the new buildings at 1500 Dolgner Place.

Steve Powell inquired about the occupancy threshold and cost of turnover. Bill Spivey explained that if the phased approach is adopted, occupancy could drop as low as 89% and maintain revenue through the second year. The Administrator confirmed that there is almost always a cost in turnover when tenants vacate. Those costs include general repair and cleanup and often a month of lost revenue. Bill Spivey also stated that the committee discussed and recommends allowing staff the ability to negotiate the rates on leaseholds over 10,000 square feet with 3-5% escalators. Discussion ensued.

The Chair invited Timothy Kipp, the principle of Doug's Alignment and a long-term tenant of the Authority to address the board prior to a vote. Mr. Kipp thanked staff for their quick response to maintenance issues or questions. He explained that he's been at the Port since 2011, taking over the business in 2015 and leases 8,000 square feet and a storage lot. He stated that the Port is a tight knit community, and he talks to other business owners often, most of whom are also residents of Seminole County. He explained that everyone appreciates that we have a clean, well-maintained place to run our business with management that takes care of issues. He continued explaining that while they also appreciate the low lease rates, costs are skyrocketing noting the rising cost of minimum wage, liability insurance, parts, and fuel. He stated that just like the Authority every business operates on a budget, commenting that using a five-year plan is what has allowed him to plan and ultimately stay in business for as long as he has. He asked the board to remember that the tenants like himself are the ones that have supported the Port all these years, paying rent through hurricanes, inflation, rising interest rates, and down economies. Mr. Kipp asked the board to keep in mind that as business owners we have planned for the five percent every other year increase. If that changes, please provide the information and time for the owners to be able to plan and budget accordingly. He explained that he's already had to increase his rates due to rising costs of parts and labor, a rental rate increase will like cause him to have to raise his rates again. The board thanked Mr. Kipp for his contribution to the discussion.

**MOTION WAS MADE BY BILL SPIVEY, SECONDED BY DANA MCBROOM, TO ADOPT THE SUBCOMMITTEE'S RECOMMENDED PHASED APPROACH GRANTING STAFF THE ABILITY TO NEGOTIATE RATES WITH TENANTS OCCUPYING 10,000 OR MORE OF COVERED SQUARE FEET.**

**MOTION PASSED UNANIMOUSLY.**

Leases – The Administrator asked to present the new lease listed in number one separately from the lease renewals listed in two through four.

1. New Lease – Summit Exhibit, LLC; 1980 Dolgner Place, Suite 1020; 1-year Lease; Lease term Feb. 1, 2024 – Jan. 31, 2025; at the market rate of \$1,500.00/month (1,500 sq.ft. warehouse w/ office @ a rate of \$12.00/sq.ft./yr.) Personal guarantee.

**MOTION WAS MADE BY DANA MCBROOM, SECONDED BY CLIFF MILLER TO APPROVE THE NEW LEASE WITH SUMMIT EXHIBIT, LLC, AS PRESENTED.**

**MOTION CARRIED UNANIMOUSLY.**

The Administrator explained that leases two through four are existing tenants renewing on the new lease format with the rates based on the committee's phased approach.

2. Lease– Acme Industrial Surplus, LLC; 1461 Kastner Place, Suites 117-129 (8,000 sq.ft. warehouse w/ yard); 1-year Lease Addendum; term Mar. 1, 2024-Feb. 28, 2025; at the current rate of \$3,706.33/mo. (\$5.56/sq.ft./yr.) with an increase on Oct. 1, 2024, to \$4,517.80/mo. (\$6.78/sq.ft./yr.) Personal guarantee.
3. Lease – Boutinot USA, Inc.; 1450 Kastner Place, Suite 100 (1,050 sq.ft. office w/ 450 sq.ft. warehouse); 1-year Lease Addendum; term Mar. 1, 2024-Feb. 28, 2025; at the current rate of \$1,041.86/mo. (\$8.33/sq.ft./yr.) with an increase at Oct. 1, 2024 to \$1,171.43/mo. (\$9.37/sq.ft./yr.) Personal guarantee waived at lease initiation, tenant has maintained good standing.
4. Lease– Grace Missions, Inc.; 1513 Dolgner Place (2,000 sq.ft. warehouse) 1-year Lease Addendum; term Mar. 1, 2024-Feb. 28, 2025; with the budgeted 5% rate increase to \$1,038.90/mo. (\$6.23/sq.ft./yr.) with an increase on Oct. 1, 2024, to \$1,1186.86/mo. (\$7.12/sq.ft./yr.) Personal guarantee.

**MOTION WAS MADE BY DANA MCBROOM, SECONDED BY MICHAEL CARAWAY TO APPROVE LEASES TWO THROUGH FOUR, AS PRESENTED.**

**MOTION CARRIED UNANIMOUSLY.**

**ATTORNEY'S REPORT**

Mr. Elkind updated the board on the negotiations with LaMesa RVs. He explained that they are planning to vacate the Port and are currently under a month-to-month status. Bill Spivey asked if the phased rate approach just adopted should be presented to LaMesa for consideration. Discussion was had and the consensus was to authorize Mr. Elkind to present the phased rate plan to LaMesa RV. The Administrator stated that should LaMesa leave, there are existing tenants that have multiple units and interested in consolidating. Matthew Criswell inquired about the length of notice required to LaMesa. Mr. Elkind stated that due to their month-to-month status fifteen days prior to the end of the month is required.

**ADMINISTRATOR’S REPORT**

The Administrator updated the board that the County is requiring two separate permits for the first two buildings on the 1500 Dolgner Place site. The first round of comments is expected soon. He also reported that the 1601 Dolgner Place roof project is back out to bid with the bid opening scheduled for March 15<sup>th</sup>.

There being no further business, the meeting was adjourned at 5:58 p.m. by Chairman Criswell.

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Matthew Criswell, Chairman

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Bill Spivey, Secretary