

**SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
DECEMBER 15, 2021**

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 December 15, 2021.

Chairwoman Dana McBroom called the meeting to order at 4:03 p.m. with the following Directors constituting a quorum: Dana McBroom, Chairwoman; Susan Sherman, Vice-Chairwoman; Bill Spivey, Secretary; Michael Caraway, Treasurer; Matthew Criswell, Member; Cliff Miller, Member; Amy Guilfoyle, Member; and Andria Herr, BCC Member.

Members Absent: Harry Ellis, Member.

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

Also, present: Steve Coover, SCOPA Attorney.

An invocation was given by Cliff Miller followed by the pledge to the Flag.

The Chair opened the floor for corrections or additions to the minutes of the November 17, 2021, meeting. None were presented.

MOTION WAS MADE BY MATTHEW CRISWELL, SECONDED BY SUSAN SHERMAN TO APPROVE THE MINUTES OF THE NOVEMBER 17, 2021, BOARD MEETING, AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Administrator presented the Balance Sheet and Budget Statement for the month of November 2021. The Administrator reported that revenues for November were over budget by \$24,566 and the year-to-date revenues were over budget by \$47,934. Expenditures for November were under budget by \$82,065 and under budget by \$202,573 for the year to date. The Administrator reported that the occupancy for November remained strong at 99.9%. Matthew Criswell informed the Board that we should be prepared for massive material delays as we move forward with the redevelopment projects. He stated that it is becoming common to get 10% or more increases on material costs as well as the shipment delays. Bill Spivey inquired about the Notes with zero balances listed on the balance sheet. Dana McBroom responded that they were old promissory note accounts that have been written off and can be made inactive. There were no other questions or comments on the November 2021 financial statements.

The Administrator presented the Outstanding Bills list for December 15th and January 1st. He noted item #7, the \$12,983.00 payment to Green, Dycus & Co. P.A., which represents 75% of the annual audit billing. Item #6, the \$18,155.75 payment to CPH, Inc., which represents payments on the 1500 Dolgner Place redevelopment and Phase 3 of the Stormwater Improvement Project. Item #17, the \$3,556.18 payment to MGC Roofing & Construction, represents new skylights at 1980 Dolgner Place. Item #19, the \$2,200.00 payment to Brightview Landscape Services, represents miscellaneous landscape clean-up. Finally, the Administrator pointed out the standard first of the month bills for January 1st. The Chair opened the floor for questions, comments, or a motion to approve.

MOTION WAS MADE BY SUSAN SHERMAN, SECONDED BY MATTHEW CRISWELL TO APPROVE THE DECEMBER 15TH AND JANUARY 1ST 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 explaining that all four tenants are current only owing for December. He informed the Board that Concrete Sculpting has contacted the office expressing a desire to vacate due to supply difficulties. Driftwood Arts has promised payment this week. Filtration Direct has a small balance and F4W Strike Team owes for December. There were no questions on the aged receivables.

ATTORNEY'S REPORT

SCOPA Attorney Steve Coover explained that he reviewed the Seminole State College lease as requested at the last meeting. The current lease is from 2017 and expires September 30, 2022, with a rate of \$3,280.00 per month. He stated that the tenant has unlimited one-year renewal options, and the Board has the right to raise the rent to market rates. Dana McBroom asked if the lease was at market value and if not how much below market was the current rate. The Administrator confirmed that it is under the average market value and recommended discussing with the upcoming Leasing Policy Review Committee report. Cliff Miller directed staff to notify them as soon as possible so they can budget accordingly.

ADMINISTRATOR'S REPORT

The Administrator informed the Board that he had received an update from Boat Tree Marina. They attended a recent boat show and are planning to have phase one of the docks completed by spring. They are planning to invest in lighting for their parking lot and parking easement under the powerlines. Marinas intends to have a finalized capital improvement budget by the end of the first quarter of 2022 that they will share with SCOPA.

The Administrator reported that the 1500 Dolgner Place site redevelopment is in permitting. St. Johns Water Management District requested permission to inspect the site for the permit modification approval.

The Administrator explained that he is working diligently with CPH to get the full depth reclamation pavement project for the north end of Dolgner under way. They are seeking to piggyback on unit pricing with a current State or County contract. The surveying and core samples and specifications are complete. Bill Spivey asked if the Dolgner Place paving will be intersecting with the new construction. The Administrator explained that it would not but noted the Orange Boulevard project surveying was completed. The surveying gave a better picture of the property the County would be taking along the front of the Port to widen the road. The Administrator also reported that he had not heard back from Mr. Barfield, the surveyors, or the appraisers yet on the amount of the taking. Matthew Criswell inquired if the Administrator anticipated compensation for the taking. The Administrator explained that the Port should be compensated via new fencing or wall, entry way signage and landscaping. Commissioner Herr noted that the County has clearly defined specifications for the types of fencing they will install. The Administrator explained that the Orange Boulevard project would require removal of the brick columns and decorative fencing along with the signage that currently fronts the Port entrance and SCOPA would be entitled to compensation or replacement of those items. However, he explained he would like to see a comprehensive plan for lighting and signage for the entire Port that could incorporate not only the Orange Boulevard entrances, but also the new site development.

OLD BUSINESS

There was no old business to discuss.

NEW BUSINESS

Leasing Policy Review Committee Report – Matthew Criswell explained that the Administrator supplied a synopsis of the local market per square foot pricing. He explained that Jennifer Sykes compiled the data of the current SCOPA leases separating out the large leases and land leases leaving the average units at \$7.08 per square foot. He noted that the market data for Seminole County is \$7.09 per square foot for manufacturing and \$7.38 for warehousing and distribution. He stated that Orange County's warehousing and distribution is much higher, but he suspects that Amazon's distribution facilities are skewing those numbers. He stated that there are 83 Amazon buildings over 100,000 square feet in the Orlando (MCO) area. He reported that the Administrator spoke with neighboring leasing agents who disclosed that they implement annual 2% increases whereas SCOPA currently applies a 5% increase every other year. Mr. Criswell explained that the Committee proposes that only new leases should be written with annual increase of 2 ½% and revisit the issue after the first quarter of 2022. He explained that current customers who just received a rate increase will not be

expecting another increase. With inflation rising and interest rates expected to follow, increasing tenant rates two years in a row could create increased vacancy rates. The Administrator noted that in reviewing the inflation rates over the last ten years, it averages around 2%. Therefore, to react to the current 6% CPI and change the leasing policy on long term customers in older buildings without any added value may create vacancies which could negate the added income. He explained that revisiting the issue at the end of the first quarter would coincide with the budget season and allow for policy changes to be included with the next fiscal year budget. Michael Caraway expressed concerns that changing to annual increases may be counter intuitive due to the initial change from 5% to 2 ½% and offered to create a spreadsheet for review at the next discussion.

MOTION WAS MADE BY MATTHEW CRISWELL, SECONDED BY CLIFF MILLER TO AMEND THE LEASING POLICY TO 2 ½% RATE INCREASES ANNUALLY ON NEW TENANTS STARTING IN JANUARY 2022.

MOTION CARRIED UNANIMOUSLY.

LEASES

The Administrator presented the following Leases Agreements approval:

1. Lease Renewal – Divine Designs, LLC; 1980 Dolgner Place, Suite 1016; 1-year Lease Addendum; term Jan.1, 2022 – Dec. 31, 2022; at the current rate of \$900.00/month (1,500 sq.ft. warehouse @ a rate of \$7.20/sq.ft./yr.) Personal guarantee.
2. Lease Renewal –J. Dalton Enterprises, Inc.; 1980 Dolgner Place, Suite 1008; 1-year Lease Addendum; term Jan.1, 2022 – Dec. 31, 2022; at the current rate of \$1,653.75/month (2,712 sq.ft. warehouse w/ 288 sq.ft. office at the rate \$6.62/sq.ft./yr.) Personal guarantee.
3. Lease Renewal – J.L. Pandolfi Painting Contracting, Inc.; 1900 Dolgner Place; 1-year Lease Addendum; term Jan.1, 2022 – Dec. 31, 2022; with a 5% rate increase to \$1,012.92/month (1,212 sq.ft. warehouse w/ 288 sq.ft. office @ a rate of \$8.10/sq.ft./yr.) Personal guarantee.
4. Lease Renewal – Rust-Off, Inc.; 1471 Kastner Place; 1-year Lease Addendum; term Jan.1, 2022 – Dec. 31, 2022; with a 5% rate increase to \$1,063.57/month (2,000 sq.ft. warehouse @ a rate of \$6.38/sq.ft./yr.) Personal guarantee.
5. Lease Renewal – Thomas Vesce; 1600 Dolgner Place; 6-year Lease Addendum; term. Jan. 1, 2022 – Dec. 31, 2027; at the rate of \$663.67/month with option for rate increases every two years (0.866 acres @ a rate of \$9,196.35/ac./yr.).

Matthew Criswell noted for the Board that the above list of leases does not include the property taxes that the tenants pay. He explained that going forward, staff will include that amount so that the Board has a more accurate picture of how the rates compare with the market.

MOTION WAS MADE BY CLIFF MILLER, SECONDED BY SUSAN SHERMAN TO APPROVE THE LIST OF LEASES, AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

There being no further business, the meeting was adjourned at 4:47 p.m. by the Chair.

Dana McBroom, Chairwoman

Bill Spivey, Secretary