

**SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
JUNE 15, 2022**

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 June 15, 2022.

Chairwoman Dana McBroom called the meeting to order at 4:01 p.m. with the following Directors constituting a quorum: Dana McBroom, Chairwoman; Susan Sherman, Vice-Chair; Bill Spivey, Secretary; Michael Caraway, Treasurer; Cliff Miller, Member; Amy Guilfoyle, Member; Harry Ellis, Member; and Andria Herr, BCC Member.

Members Absent: Matthew Criswell, Member.

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

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 May 18, 2022, meeting.

MOTION WAS MADE BY CLIFF MILLER, SECONDED BY MICHAEL CARAWAY TO APPROVE THE MINUTES OF THE MAY 18, 2022, BOARD MEETING, AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Administrator presented the Balance Sheet and Budget Statement for the month of May 2022. The Administrator reported that revenues for May were over budget by \$24,801 and over budget by \$199,101 for the year-to-date. Expenditures for May were under budget by \$91,941 and remain underbudget by \$880,131 for the year-to-date. He noted that there is \$250,000 of capital improvement funds committed to the Dolgner Place paving project and the 1500 Dolgner Redevelopment Project should be under contract before the end of the fiscal year. The Administrator reported that the occupancy for May maintained at 99.9%. He informed the board that staff were receiving numerous calls from Orlando Sanford Airport tenants who are being required to vacate due to FAA policies. Apparently, the FAA is regulating that the hangers can only be leased to aviation related industries. There were no questions or comments on the May 2022 financial statements.

The Administrator presented the Outstanding Bills list for June 15th and July 1st. He noted item #16, the \$4,088.10 payment to DH Pace, Inc., represents replacement of a rollup door at 1551 Dolgner. Item #19, the \$3,460.00 payment to HydroTech Solutions, LLC, represents the pressure washing of five buildings and sidewalks. Item #21, the \$6,720.00

payment to Dick Joyce Well Drilling, Inc., represents the capping of a four inch well at 1500 Dolgner Place as required by St. Johns Water Management District (SJWMD). The Administrator then pointed out the standard first of the month bills for July. Cliff Miller inquired if capping the well made any noticeable difference in the ground conditions of the site. The Administrator explained that the well only had a small leak and was located within a ditch, therefore, there were no noticeable changes to site conditions. There were no other questions about the outstanding bills to be paid.

MOTION WAS MADE BY HARRY ELLIS, SECONDED BY CLIFF MILLER TO APPROVE THE JUNE 15th and JULY 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 with only Driftwood Arts and Designs, LLC, and Ricardo Zayas having outstanding balances. The Administrator explained that staff was in contact with both tenants. Mr. Zayas has promised to make a payment today via credit card. The principle of Driftwood Arts has been unable to stay current and, with the current market, a three-day notice may soon be warranted. Cliff Miller asked what size unit Driftwood occupied and would we take one of the airport tenants. The Administrator stated that it was a 2,000 square foot warehouse and that most likely existing tenants would take it. He explained that TEM Systems was vacating at the end of the month and Genstar, who occupies the space next door, is waiting to lease the additional space. Commissioner Herr asked the Administrator how he intends to set the market price for the new leases with existing tenants. The Administrator explained that with the Port's low turnover, most of the tenant base was in occupancy prior to the rapid rise in market rates. He pointed out that prior to the recent revision, the Port's leasing policy, written for the purpose of business incubation, allowed for a five percent increase every other year. Commissioner Herr pointed out that nothing else in the market is increasing at only three or five percent and, therefore, the revenue structure is not keeping up with market demands. She pointed out that expenses are going up with the market and if revenues don't it will be detrimental in the long-term. Harry Ellis stated that there is value in working with long-term tenants who have remained in good standing. He pointed out renting to an existing tenant for \$8.80 per square foot rather than current industrial average of \$9.00 will compound, but you also don't have the risk or administrative overhead that comes with vetting a new tenant like credit checks, the lost month of occupancy, or the risk of losing a good tenant that's outgrown their space. The Administrator added that the advertised current industrial average of \$9.00 per square foot is new construction, whereas the Port is leasing thirty-year-old metal warehouses. He also noted that public leases have the cost of property taxes built in, whereas, at the Port the tenant is billed directly for the property taxes of their leasehold. After some discussion, it was determined that the new leases will be set at current market rates for raw industrial space, taking property taxes into account.

ATTORNEY'S REPORT

SCOPA Attorney Steve Coover was not in attendance. The Administrator informed the board that Mr. Coover spoke to the Seminole County Real Estate Division regarding the DOT's offer to purchase SCOPA property needed for the Ultimate I-4 Project. The County representative affirmed that they were coordinating with DOT regarding the Interstate 4 and Orange Boulevard projects along with the drainage easement issues. The Administrator explained that he had contacted David Johnson who is reviewing the DOT appraisal and would provide feedback to ensure SCOPA gets fair market value pricing for the land. Also, regarding the DOT purchase, the Administrator informed the board that the fencing contractor looked at the project and affirmed the value included in the DOT offer was sufficient to do the refencing that would be needed. The Administrator reported that a maintenance agreement for the property being sold to DOT and the adjacent drainage ditch still needs to be established.

ADMINISTRATOR'S REPORT

1500 Dolgner Place Redevelopment – The Administrator reported that staff met with the architects to begin designing the buildings taking into consideration material availability and cost. After looking at the economics of tilt-up concrete construction, staff instructed the architect to proceed with a split block and metal construction. However, the intent is to grow with the market and expand our clientele base by not building more of the same old metal boxes. The Administrator reported that the SJWMD permit has been issued and we are only waiting on Seminole County to issue the final permit. CPH has been instructed to proceed with preparation of the bid package. The preliminary project estimates are \$1.1 million to get the site pad ready including parking, drainage, and utilities. The estimate was prepared using DOT pricing and the bid will be conducted on a lump sum basis. He stated that the plan is to get the contract awarded within this fiscal year.

The Administrator reminded the board that 2021 Financial Disclosures are due to the Supervisor of Elections by July 1st.

OLD BUSINESS

There was no old business presented.

NEW BUSINESS

LEASES

The Administrator presented the following Leases Agreements approval:

1. Lease Renewal – Artik Enterprises, Inc.; 4421 Schilke Way, Suite 116 & 120; 1-year Lease Addendum; term July 1, 2022-June 30, 2023; at the budgeted rate of \$1,323.00/mo. (4,000 sq.ft. warehouse @ a rate of \$4.29/sq.ft./yr.) Personal guarantee.
2. Lease Renewal – Automotive Life Experts, LLC; 1421 & 1425 Dolgner Place; 1-year Lease Addendum; term July 1, 2022-June 30, 2023; with the budgeted 5% rate increase to \$1,653.75/mo. (3,000 sq.ft. warehouse @ a rate of \$7.23/sq.ft./yr.) Personal guarantee.
3. Lease Renewal – Brand’O Guitar Company; 1910 Dolgner Place; 1-year Lease Addendum; term July 1, 2022-June 30, 2023; at the budgeted rate of \$1,323.00/mo. (3,000/sq.ft. offices @ a rate of \$5.73) Personal guarantee.
4. Lease Renewal – Filtration Direct, Inc.; 1539 Dolgner Place; -year Lease Addendum; term July 1, 2022-June 30, 2023, with an existing 90-day termination clause; at the budgeted rate of \$972.40/mo. (2,000 sq.ft. warehouse @ a rate of \$6.14/sq.ft./mo.) Personal guarantee.
5. Lease Renewal – HydroTech Solutions, LLC & Riken Construction & Design, LLC; 1450 Kastner Place, Suites 112 & 116; 1-year Lease Addendum; term July 1, 2022-June 30, 2023; at the budgeted rate of \$1,433.25/mo. (3,000 sq.ft. warehouse @ a rate of \$6.27/sq.ft./yr.) Personal guarantees.
6. Lease Renewal – Maintenance Management Group, Inc.; 1471 Kastner Place, Suite 109; 1-year Lease Addendum; term July 1, 2022-June 30, 2023; at the budgeted rate of \$972.41/mo. (1,856 sq. ft. warehouse w/ 144 sq.ft. office @ a blended rate of \$6.07/sq.ft./yr.) Personal guarantee.
7. Lease Renewal – Rampart Gun Works, Inc.; 1450 Kastner Place, Suite 108; 1-year Lease Addendum; term July 1, 2022-June 30, 2023; at the budgeted rate of \$840.00/mo. (1,212 sq. ft. warehouse w/ 288 sq.ft. office @ a rate of \$7.14/sq.ft./yr.) Personal guarantee.
8. Lease Renewal – TCI Contracting, LLC; 1471 Kastner Place, Suite 113 & 117; 1-year Lease Addendum; term July 1, 2022-June 30, 2023; at the budgeted rate of \$1,470.00/mo. (3,712 sq.ft. warehouse w/ 288 sq.ft. office @ a rate of \$4.64/sq.ft./yr.) Corporate guarantee.
9. Lease Renewal – TCI Contracting, LLC; 1980 Dolgner Place, Suites 1052, 1060 & 1068; 1-year Lease Addendum; term July 1, 2022-June 30, 2023; at the budgeted rate of \$4,341.10/mo. (6,542 sq.ft. warehouse w/ 958 sq.ft. office @ a rate of \$7.45/sq.ft./yr.) Corporate guarantee.

Dana McBroom asked if both tenants on item number five personally guaranteed the lease. The Administrator affirmed that the principals of HydroTech Solutions and Riken

Construction have both signed the personal guarantee. He explained that due to the legal difficulties that occur should they default, staff no longer takes multiple tenants in one unit. This lease is the last one like this and is a from the time when we didn't have the demand and waiting list we do today.

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

MOTION CARRIED UNANIMOUSLY.

Fiscal Year 2022/2023 Draft Budget – The Administrator presented memorandum # 2344 explaining that based on Commissioner Herr's input at the last meeting the salary increase included in the proposed budget was dropped from 10% to 6%. He explained that after speaking with the Chair, the surplus fund contribution included in the budget remains at \$300,000. However, if additional surplus is identified at year end the board can vote to contribute more than budgeted as has been done a time or two in the past. Commissioner Herr advised the board that the current discussion at the County is giving an increase now and then another increase later of 3% and 3% or 4% and 3%. The Administrator asked if that would be the equivalent of 7% to which she explained due to the compounding affect it would equal out to more than 7%. She said she will keep the SCOPA board posted, but that if SCOPA included 7% it would be aligned with the County. Harry Ellis asked what the board was prepared to do when inflation hits 11% because staff is already getting a negative balance on their salaries. He asked why the budget couldn't be prepared with funds available to be able to make salary adjustments later, if warranted, because it is not fair to any employee to have essentially a negative salary adjustment in comparison to inflation. He continued saying just because we budget 11% it does not mean the board has to award the full 11%, and it will prevent a budget adjustment later if inflation continues to rise as predicted. Then board can make salary adjustments appropriately based on performance and CPI. Commissioner Herr explained that in government accounting you pay what you budget and invited the accountants present to elaborate. Dana McBroom agreed with Commissioner Herr stating that whatever goes to the State and is approved is what you pay. She explained that if SCOPA sends the budget to the County Commissioners with 10%, they may not approve it and the SCOPA board will have to revise and resubmit. Harry Ellis expressed that he did not agree with going to any employee with a negative inflation ratio because you are essentially paying them less than you agreed to pay them last year. Bill Spivey commented that inflation is over 8% so even at 7% staff will be making less. He stated that what has been discussed is a good compromise in an effort to get this budget passed. The Chair reminded the board that as Commissioner Herr expressed at the May meeting, she will not support a SCOPA budget with 10% when the rest of the County is getting 7%, therefore, the odds that the budget will pass at the County level is slim. Harry Ellis commented that he did not think it was necessarily right for the rest of the County employees either to which the Commissioner asked if he would support the necessary a millage increase to do more.

Mr. Ellis reiterated that it was his opinion that it was wrong to go to an employee during an inflation year like we are experiencing, as gas and everything is increasing, with a negative salary increase. He explained that at 7% staff are not even receiving a cost-of-living increase. Mr. Ellis expressed that with CPI estimated at 11% by the end of the year the board should be able to be flexible or budget knowing that the cost of living is going to be higher. He pointed out that SCOPA has the cash flow to sustain it, that staff have done a great job and they should not be going into next year with a negative cost of living. Commissioner Herr explained that the SCOPA board can do that but that she would have to vote against the budget and report that she voted against the budget. The Chair explained while the other board members agree when our BCC representative votes no, the budget is not likely to pass, and the board will be right back at this discussion. Dana McBroom continued saying that by doing so SCOPA is sending a budget to the County knowing it won't likely pass. Harry Ellis said he was not comfortable voting for staff to receive a negative index explaining that not giving employees at least a cost-of-living increase is wrong. He stated that you're giving them negative equity in the job that they do because we are not even discussing performance increases this is just a cost-of-living discussion. Mr. Ellis stated that he could not vote for the budget the way it sits without cost-of-living increases for staff. Commissioner Herr pointed out that this was the reason for the previous discussion about increasing the revenue side of the house. The Administrator noted that during the 2021/2022 fiscal year staff negotiated and saved \$40,000 on insurance cost which more than covers the \$25,000 cost of the salary increases under discussion. Mr. Ellis added that the budget also includes \$300,000 or \$400,000 in surplus funds for the County General Fund. Commissioner Herr explained that the budget is dipping into reserves to get to the \$400,000. She also pointed out that the original budget proposed included a 10% salary increase and a \$300,000 surplus fund contribution which is a 25% reduction to the County over the prior year.

Susan Sherman commented that staff salaries are not at the levels recommended in the County's 2022 Pay Grade study. Commissioner Herr disagreed informing the board that she went to HR and had them pull the directors and their span of responsibility to compared it to where SCOPA is, and it is not far off. Susan Sherman asked if the board could see that information because the 2022 Seagal Waters Consulting salary study shows SCOPA staff not even at the median income. Commissioner Herr stated that it must be compared to a director with a similar span of control because not even all the directors make the same salaries. She said that she could bring the information for the board to look at it but cautioned staff about being the ones out there getting the higher 10% increase.

The Chair asked for input from the other board members so that the budget could be put to a vote. Cliff Miller commented that it was his opinion that trying to pass the budget with the higher cost-of-living increase would be like trying to chase a windmill and it end up right back here. Mr. Miller also asked Commissioner Herr what percentage of the County's populous was retired pointing out that they get no increases from the federal

government and their investments, if they have them, are falling. He concluded that he felt the economy was not too far from a depression so he would vote for the 7% cost-of-living increase. Amy Guilfoyle stated that with the Commissioner voting against anything higher, the 7% was probably the best choice. Michael Caraway commented that he understands and agrees with Harry Ellis' point of view but while SCOPA operates more like a business it is still a government entity. Susan Sherman interjected that without the support of the County Commission the budget is just going to be kicked back. Dana McBroom expressed her opinion that she would be comfortable with sending the budget to the County with the 10% salary increase and letting them kick it back if they so choose so that the SCOPA board feels they have done justice for our staff. However, she also saw value in lowering it to 7% to stay in line with the County and to ensure that the budget passes. She continued asking for everyone's opinion before putting it to vote and going with the majority.

The Administrator inquired if there was a way to do a mid-year salary adjustment. Harry Ellis stated that it would be his preference to budget for the ability to do that if needed. Commissioner Herr explained that a budget adjustment could be done if the financials looked particularly good. Michael Caraway asked what type of reaction the County would have if SCOPA made a mid-year adjustment. Commissioner Herr replied that she was not sure but would go back and look into how that scenario would work. Harry Ellis expressed his opinion that a mid-year adjustment would have a higher probability of rejection than the case of two staff members that the board thinks is under paid with a cost-of-living increase which basically flatlines them. Michael Caraway disagreed expressing that a mid-year increase would eliminate the comparison with all the other County constitutional offices. Susan Sherman asked if the board had ever done mid-year increases before. Cliff Miller and Dana McBroom replied, no. Bill Spivey explained that he was just as apprehensive at the last meeting about lowering the cost-of-living increases expressing that in his opinion staff deserve it. However, he believes the 7% is a good compromise noting that inflation is only going to rise, and the board is not going to be able to keep up with it. He apologized to staff explaining that in this economy it is going to be difficult for most companies to give real cost-of-living increases. He explained that today's decision by the FOMC to raise interest rates by 75 is desperation and they are going to have to keep doing it because of where the economy is, therefore, he would vote for the safe route of 7%.

Dana McBroom clarified that the proposed budget included a \$300,000 surplus fund transfer to the Seminole County General Fund with the understanding that if SCOPA is able at the end of the year they will give more. Bill Spivey complimented staff on the quality and detail included in the proposed budget. Susan Sherman explained that she participated on the budget committee and voted for the 10% in an effort to bring staff up to market value. However, she would vote for the conservative 7% increase to get the budget passed. She continued pointing out that staff have been getting only 3% increases in recent years so at least this budget is better and hopefully next year salaries can be increased a little more. Harry Ellis asked how long staff was getting 3% annual increases

and the Administrator replied it had been the standard for some time. Harry Ellis pointed out that SCOPA salaries were not keeping up with the cost-of-living. Commissioner Herr stated that she did not disagree with the concept of 10% but when someone takes a position as a government employee, they do so knowing that because they are pensioned with benefits, they give up the notion of those type of salary increases.

The Chair opened the floor for a motion reiterating that the budget revision outlined in memorandum #2344 included a 6% salary increase and a \$300,000 surplus fund contribution to the Seminole County General Fund but it could be changed.

MOTION WAS MADE BY SUSAN SHERMAN, SECONDED BY CLIFF MILLER, TO ADOPT THE FISCAL YEAR 2022/2023 BUDGET AS PRESENTED WITH THE EXCEPTION OF CHANGING THE SALARY INCREASE TO 7% OVER THE PRIOR YEAR ALONG WITH THE CORRESPONDING PAYROLL TAXES.

MOTION CARRIED, WITH HARRY ELLIS OPPOSING.

The Chair acknowledged that it is a tough discussion for all and thanked the members for their thoughtful input. The Administrator thanked the board and stated that staff would submit the budget to the County as required by July 15th. He asked that when the salary discussion was revisited, and when comparing spans of control, that it be considered that SCOPA is a unique entity and staff have very broad responsibilities. He explained that only two dedicated, highly qualified staff members run every aspect of the operation with the facility well maintained, bills paid, aged receivables kept low, occupancy kept high while managing capital improvement projects. The Commissioner stated that her comments were not performance related. She suggested that next year compensation discussions be held prior to the budget committee meeting, and she committed to having salaries reviewed in depth. She reported that State employees were only receiving a 5.43% increase. Harry Ellis noted that information assumes they are getting paid at the rate their duties demand. Commissioner Herr explained that salary studies have not been done on most of the State positions. Harry Ellis explained that if SCOPA is already undervaluing staff, when there is only two of them, while bringing \$300,000 to \$400,000 to the County, and running off a \$208,000 payroll there is no reason why staff are not getting paid at market rate and getting a cost-of-living increase every year. Commissioner Herr said that the premise that staff is paid under market rate needs to be vetted better than was done. Dana McBroom concluded that if after the Commissioner gets the salaries reviewed and if they are far off the board can revisit the discussion.

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

Dana McBroom, Chairwoman

Bill Spivey, Secretary