

**SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
MAY 17, 2023**

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, 2023.

Chairman Criswell called the meeting to order at 4:03 p.m. with the following Directors constituting a quorum: Matthew Criswell, Chairman; Michael Caraway, Treasurer; Bill Spivey, Secretary; Dana McBroom, Member; and Amy Guilfoyle, Member.

Members Absent: Cliff Miller, Member; Harry Ellis, Member; Susan Sherman, Vice-Chair; and Andria Herr, BCC Member.

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

Also present: Steve Coover, SCOPA Attorney.

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

Chairman Criswell opened the floor for corrections or additions to the minutes of the April 19, 2023.

MOTION WAS MADE BY DANA MCBROOM, SECONDED BY BILL SPIVEY, TO APPROVE THE MINUTES OF THE APRIL 19, 2023, BOARD MEETING.

MOTION CARRIED UNANIMOUSLY.

OLD BUSINESS

The Chairman reminded the members that at the April 19, 2023, meeting Bill Spivey made a motion, which was seconded by Cliff Miller, to approve the Greene, Dycus & Co. Engagement Addendum dated February 23, 2023. That motion was tabled. Mr. Coover explained that without Mr. Miller present to rescind his second the motion is back on the floor for vote.

THE CHAIRMAN CALLED FOR A VOTE ON THE APRIL 19, 2023, MOTION MADE BY BILL SPIVEY, SECONDED BY CLIFF MILLER, TO APPROVE THE GREENE, DYCUS & CO., FEBRUARY 23, 2023, ENGAGEMENT ADDENDUM.

THE MOTION FAILED UNANIMOUSLY.

The Administrator presented the amended Greene, Dycus & Co., Engagement Letter dated April 20, 2023. He explained that Mr. Kimelman revised the letter to include the not to exceed amounts requested at the last board meeting. The Administrator reminded the board that the addendum contains two items. The first item is procedures relative to SCOPA's recently adopted Investment Policy with a not to exceed amount of \$3,000 for the first year and not to exceed \$1,000 for recurring years. He reminded the members that these procedures are governmental accounting and auditing requirements. The Administrator explained that the second item on the addendum is in response to the inquiry about what was needed to remove the repeating comment on the annual audit report. This item, if approved, would include hiring a third-party accountant, Tom Reilly, to assist with the preparation and drafting of the audited financial statements at a cost not to exceed \$4,000 in the first year and \$3,000 in recurring years. Michael Caraway asked Jennifer Sykes, the SCOPA Business Office Manager, if this was something she needed. Mrs. Sykes responded that she did not. She explained that at the February meeting, when reviewing the final fiscal year 2021-2022 audit there was a discussion about what would be required to remove the recurring comment regarding insufficient internal controls. Also, at the February meeting, it was pointed out that the monthly financial statements historically were a cash-accrual hybrid and the accruals done at the end of each fiscal year. Jennifer explained that she has already converted the monthly financial statements to full accrual with Mr. Kimelman's assistance. Therefore, Mr. Kimelman would be submitting an invoice for a few hours to assist in that change. The annual budget includes miscellaneous accounting services which should cover that expense. Bill Spivey explained that SCOPA's annual audit has a repeat comment each year since 2010. He expressed his opinion that the issue should be addressed so that the comment can be eliminated. The Administrator explained that the comment is addressed, the compensating factor is that the board reviews and approves all expenditures. He stated that the deficiency is because the Port does not have a separate finance department, therefore, it is addressed through having the board actively involved by having two signatures on all checks and approving every expenditure. Michael Caraway inquired if the proposed measures really removed the deficiency. Dana McBroom stated it would if Tom Reilly reviewed the bank statements and closed the books monthly. Matthew Criswell asked Bill Spivey if he was concerned about liability. Bill Spivey explained that it was his opinion that, as a board member, a redundant deficiency on the audited financial statements should be addressed. Dana McBroom stated that from an accounting standpoint the comment does not bother her. She stated that she would not be voting to approve that portion of the addendum because she feels it is a waste of money. Mrs. McBroom explained that from an accounting point of view, the comment is not a concern because they are a staff of two without a real way to separate duties. The only way around that is to bring in someone else for additional separation of duties. She explained that it in the past SCOPA audits included a different footnote. That is why the Board now reviews and signs everything monthly to address the concern and the footnote was changed. She explained that what is included now is more like a response showing that the deficiency in separation of duties has been addressed and mitigated through

these measures. Bill Spivey asked if the deficiency has been addressed can the audit comment be removed. Dana McBroom explained that it cannot be because with a staff of two there is not sufficient separation of duties. The same person writing the checks is reconciling the accounts. However, the audit includes the ways in which we mitigate the deficiencies by Jennifer not being a check signer, the board reviewing the monthly financial statements, and having two board member signatures on checks. The Administrator commented that while there may be a procedural deficiency, there has never been a negative audit finding or a penny out of place. Matthew Criswell asked if Greene & Dycus was going to do the monthly reconciliation. Dana McBroom explained that they cannot do it and maintain independence in their audit, so they are proposing using Tom Reilly. Bill Spivey noted that the added accounting costs proposed are considerably less than hiring another staff member. Stating that it would be another person to help with the reconciling, help Jennifer, and make sure things are done for the audit process. Dana McBroom explained that it does not help with the audit process, it only gets rid of the footnote and Jennifer has not had any problem taking care of what is needed for the audit.

The Administrator reminded the board that the first item on the addendum is required due to the Investment Policy and recommended the board vote on each item independently. The Chairman called for a motion on the second item on the Greene & Dycus, CO., April 20, 2023, Engagement Addendum as relates to the monthly closing of books and financial statement presentation. No motion was presented.

The Chairman called for a motion on the first item on the Greene & Dycus, CO., April 20, 2023, Engagement Addendum as relates to the investment procedures.

MOTION WAS MADE BY DANA MCBROOM, SECONDED BY AMY GUILFOYLE, TO APPROVE ITEM #1 OF THE GREENE, DYCUS & CO., APRIL 20, 2023, ENGAGEMENT ADDENDUM RELATIVE TO THE INVESTMENT PROCEEDURES NOT TO EXCEED \$3,000 THE FIRST YEAR AND NOT TO EXCEED \$1,000 IN THE RECURRING YEARS.

MOTION CARRIED UNANIMOUSLY.

The Administrator presented the Balance Sheet and Budget Statement for the month of April 2023. Revenues for the month of April were over budget by \$37,261. The Administrator noted that the increased revenues are due to the increased interest of about \$12,500 through the LGIPs. He also explained that the budget included a 15% provision for vacancy which is not being realized. Revenues for the year-to-date are over budget by \$454,351. Expenses for the month of April were over budget by \$111,196 and under budget by \$807,916 for the year-to-date. The Administrator reported that occupancy had remained at 100%. Matthew Criswell asked about the low expenses for March. Jennifer Sykes explained that the board meeting was cancelled and only the necessary recurring bills were paid. The Administrator explained that with monthly draws on the capital improvement projects expenses were going to quickly catch up to the

budget. The Administrator pointed out the LGIP account statements included for review with the monthly financial statements. There were no other questions on the April financial statements.

The Administrator then presented the Outstanding Bills for May and checks due on June 1st explaining several items. Item #11, the \$12,706.14 payment to Wiginton Fire Systems, represents the replacement of the eight-inch backflow for the fire system at 1601 Dolgner Place. Item #17, the \$6,442.46 payment to Florida Sealcoating, represents sealcoating and striping on Schilke Way and the Dolgner Place intersection. Item #18, the \$7,200.00 payment to G&G of Central Florida, represents the cleaning up and desilting of the ditches along Kastner Place. Matthew Criswell asked if that was going to be a recurring expense. The Administrator responded affirmatively explaining that while it takes on water from Orange Boulevard it is the Port's responsibility just like the roads. Item #19, the \$10,335.00 payment to All County Fence, represents the cost to remove and replace a portion of the fence along the 1500 Dolgner Place redevelopment site. The Administrator explained that it was approximately 300 feet of fencing that fell about five feet outside the survey line and was in the contractor's way. Item #20, the \$587,071.02 payment to Cathcart Construction Company, represents the second draw on the 1500 Dolgner Place site redevelopment. The Administrator encouraged the board to drive by the site to see the rapid progress and Matthew Criswell recommended checking out the restaurant remodel as well. The Administrator then presented the standard first of the month checks for June. Matthew Criswell asked if the landscaping would be going out to bid soon. The Administrator explained that he was planning to get some aerial photographs taken in order to clearly identify all areas needing to be maintained in the bid for the landscape contract.

MOTION WAS MADE BY DANA MCBROOM, SECONDED BY BILL SPIVEY TO APPROVE THE MAY 17TH AND JUNE 1ST BILLS AS PRESENTED. THE LIST OF BILLS APPROVED TO BE PAID IS ATTACHED AND MADE A PART OF THESE MINUTES.

MOTION CARRIED UNANIMOUSLY.

Matthew Criswell asked if there had been any surprises on the 1500 Dolgner Place redevelopment project. The Administrator stated that Cathcart has not proposed any change orders yet. However, the project includes tapping into the ten-inch water main that runs along Dolgner Place. The County replaced the main water line a few years ago but the old, cast-iron pipe was left and is in the way. Therefore, Cathcart did have to go around it and tap into the back side. He explained that so far, the biggest challenges have been old utilities in the way and the fence issue that was outside of their contract. He stated that the pipe is installed, they are running conduit, and moving along. He reported that the fill material is meeting all the testing requirements and the engineers are comfortable with the compaction. The Administrator stated that he planned to have it tested again before the job is closed out.

The Administrator presented the Aged Receivables List to the Board for review with three tenants having outstanding rents. He explained that we are already in the process of repossessing the leasehold from F4W Strike Team, Inc. Paul Newman made a partial payment and Rhoades Construction owes for May. Bill Spivey asked if the security deposit had been applied on F4W and the Administrator stated that would be applied against their final bill. Matthew Criswell asked if the company was still operating out of the unit. The Administrator explained that there has not been signs of operation for a long time. He inspected the unit which was practically empty, and the power is off. SCOPA Attorney, Steve Coover, explained that they started a distress for rent to capture all the assets. Then the Administrator reported that there was nothing of value, so we revamped the suit to possession and damages. He estimated that the judge would sign off soon and the Port would have possession back. Then the board will have to decide whether to pursue the guarantors for the monies owed. The Administrator reported that two existing tenants, both in good standing, want to expand their operations and take over the space.

NEW BUSINESS

Leases – The Administrator presented the following leases for approval:

1. Lease Renewal –Acme Industrial Surplus, LLC; 1461 Kastner Place, Suite 101; 1-year Lease Addendum; term June 1, 2023 – May 31, 2024; with a 5% rate increase to \$3,307.50/mo. (8,000 sq.ft. warehouse w/ lot @ a rate of \$5.28/sq.ft./yr.) Personal guarantee
2. Lease Renewal –Aqua Cops Water Systems, Inc.; 1980 Dolgner Place, Suite 1032; 1-year Lease Addendum; term June 1, 2023 – May 31, 2024; with a 5% rate increase to \$1,050.00-mo. (1,500 sq.ft. warehouse @ a rate of \$8.93/sq.ft./yr.) Personal guarantee.
3. Lease Renewal –Florida Sealcoating, LLC; 1511 Kastner Place lot; 1-year Lease Addendum; term June 1, 2023 – May 31, 2024; with a 5% rate increase to \$992.25/mo. (0.40 acres @ a rate of \$29,767.50/ac./yr.) Personal guarantee.
4. Lease Renewal –Freeport Fountains, LLC; 1450 Kastner Place, Suite 120; 1-year Lease Addendum; term June 1, 2023 – May 31, 2024, with existing 60-day termination clause; at the budgeted rate of \$636.70/mo. (1,212 sq.ft. warehouse w/ 288 sq.ft. office @ a rate of \$5.73/sq.ft./yr.) Personal guarantee.
5. Lease Renewal –Kevin B. Hays Fire Consulting, LLC; 1470 Kastner Place, Suite 112; 1-year Lease Addendum; term June 1, 2023 – May 31, 2024; with a 5% rate increase to \$1,786.80/mo. (2,907 sq.ft. warehouse @ a rate of \$8.16/sq.ft./yr.) Personal guarantee.

6. Lease Renewal –Transmission Specialties, Inc.; 1521 Dolgner Place; 1-year Lease Addendum; term June 1, 2023 – May 31, 2024; with a 5% rate increase to \$1,021.03/mo. (2,000 sq.ft. warehouse @ a rate of \$6.42/sq.ft./yr.) Personal guarantee.
7. Lease Renewal – Ultimate Woodworks, Inc.; 1551 & 1555 Dolgner Place; 1-year Lease Addendum; term June 1, 2023 – May 31, 2024; with a 5% rate increase to \$1,677.40/mo. (4,000 sq.ft. warehouse @ a rate of \$5.33/sq.ft./yr.) Personal guarantee.
8. Lease Renewal – Daniel L. Wurl; 1450 Kastner Place, Suites 124 & 128; 1-year Lease Addendum; term June 1, 2023 – May 31, 2024, with existing 45-day termination clause; with a 5% rate increase to \$2,060.30/mo. (2,328 sq.ft. warehouse w/ 672 sq.ft. office @ a rate of \$8.95/sq.ft./yr.)

MOTION WAS MADE BY DANA MCBROOM, SECONDED BY MICHAEL CARAWAY, TO APPROVE THE LEASES AS PRESENTED.

MOTION CARRIED UNANIMOUSLY.

The Administrator also explained that once the new attorney is selected, Steve Coover suggests that we review and possibly revamp our lease to make it easier to get possession back and increase rates up to market values. Matthew Criswell asked how many tenants are still here from the time of the previous Administrator. Andrew estimated fifty to sixty percent were here when he took over.

Fiscal Year 2023-2024 Proposed Budget – The Administrator explained that the budget committee met on May 9th to review and recommend the draft budget. He presented the draft fiscal year 2023-2024 budget totaling \$5,285,986. The budget includes a revenue increase of \$190,500, or 9.5%, over the prior year. This is attributed to the escalating lease rates, low vacancies, and the implementation of an Investment Policy. Expenses increased to \$3,213,577, a 15.5% increase over the prior year. This increase is in part a result of rising construction costs for planned capital improvements and higher insurance premiums. The budget includes capital improvement funding of \$2,050,000 for the construction of two 6,000 square foot industrial warehouses and port re-paving projects. The budgeted revenue reflects increased returns from participating in LGIPs totaling approximately \$116,292 for the year. The Administrator pointed out that the budgeted expenses include additional costs for replacing the Port Authority attorney and a 5% salary increase for the Authority's two employees. He reported that the salary increase is in line with CPI and the State of Florida's approved salary increase effective July 1, 2023. Matthew Criswell suggested including reference to Mr. Coover's tenure with the Port as an explanation of the anticipated increased cost. Finally, the budget includes \$900,000 in

capital improvement reserves for future development and a surplus fund transfer of \$150,000 to the Seminole County General Fund. Bill Spivey suggested that the budget memo also include the restricted funds in the form of prepaid rents and security deposits.

The Administrator presented the cash flow analysis for the last six months of the current fiscal year, 2022-2023. He pointed out that the capital improvements have been separated from operating expenses to give a better picture of the cash flow. The projected total cash carried forward, after the \$300,000 contribution to the Seminole County General Fund, is \$3,098,629. The Administrator then presented the projected operational cash balance explaining that after accounting for the prepaid rents and security deposits in the amount of \$249,580, the three-month operating and catastrophic reserves in the amount of \$629,516, the capital improvement reserves of \$1,500,000, and the \$300,000 contribution to the Seminole County General Fund, the projected operating cash balance is \$695,049.

The Administrator then presented the budgeted revenues for fiscal year 2023-2024. In comparison to the prior fiscal year some items of note included: an interest increase of 1,581%, building lease revenue increase of 2.7%, and land lease revenue increase of 3.6%. Due to the consistent occupancy, the provision for vacancy was decreased to 10%. While total operational revenues are increasing by 9.5% over the prior fiscal year, the cash carried forward is decreasing by 5.2% due to the extensive capital improvement projects. Bill Spivey asked staff to include a footnote explaining the sales of fixed assets for fiscal year 2022-2023.

The Administrator presented the budgeted expenses for fiscal year 2023-2024. He explained that the budget includes a 24.2% increase in capital improvement expenditures for the construction of two buildings at the 1500 Dolgner Place redevelopment site and pavement improvements. The addition of two new buildings along with market changes resulted in a 27.8% increase in insurance costs. The upcoming retirement of long-standing SCOPA attorney, Steve Coover, along with the capital improvement projects result in a 11.3% budget increase for professional consultants. General operating expenses are decreased by 39.7% over the prior year which included the purchase of a new Port vehicle. The total 2023-2024 budgeted expenditures are 15.5% over the prior fiscal year.

The Administrator directed the board's attention to the cash flow analysis for 2023-2024. The projected revenues, general operating expenses, and capital improvement expenses for each month and the \$150,000 surplus fund transfer to Seminole County General Fund are taken into consideration to establish a projected total cash balance of \$1,922,429 for September 30, 2024. Taking into consideration the restricted funds in the amount of \$212,310, the three-month operational and catastrophic reserves in the amount of \$658,580, and the capital improvement reserves in the amount of \$900,00 the projected operating cash balance is \$151,538 for September 30, 2024. The Administrator pointed out the appendixes which include detailed charts and data for all revenues and expenses. He also thanked Bill Spivey for the detailed investment and interest analysis he provided

which is included in appendix 3. Finally, the Administrator reviewed the budget comparison between fiscal years 2022-2023 and 2023-2024 in appendix five. Dana McBroom noted that the 2022-2023 numbers include the actual revenues and expenses for the first six months and the projected revenues and expenses for the last six months.

The Chairman opened the floor to any questions or comments on the draft fiscal year 2023-2024 budget. Dana McBroom stated that she did not feel there was a high enough cash balance to declare any funds surplus. She stated that the board has a fiscal responsibility to the Port first. Michael Caraway asked if the buildings would be completed and occupied by the next budget cycle. The Administrator confirmed that they would be complete and generating revenue. Dana McBroom pointed out that the third and largest building will need to be constructed. The Administrator reminded the board that the County Commission has been pretty clear that they expect a return on their investment. Bill Spivey asked what investment the County had in the Port. Steve Coover commented that they donated land and pari-mutuel funds. Michael Caraway commented that the SCOPA board has been telling the Commissioner that this day was coming when we would be spending our capital improvement reserves. Steve Coover stated that the SCOPA board must declare the funds to be surplus and the Port's legislation dictates that all surplus funds are to be contributed to the County's General Fund. Discussion ensued. The Administrator reminded the board that the budget is due to Seminole County by July 15th and the public hearing scheduled before August 31st. He stated that the budget vote could be postponed until the June 21st meeting if the members so desired.

MOTION WAS MADE BY BILL SPIVEY, SECONDED BY MICHAEL CARAWAY, TO APPROVE AND TRANSMIT TO SEMINOLE COUNTY THE PROPOSED FISCAL YEAR 2023-2024 BUDGET TOTALING \$5,285,986 WITH THE DISCUSSED CHANGES.

THE MOTION CARRIED WITH DANA MCBROOM OPPOSED.

Attendance Policy - Dana McBroom stated that the Port needs an attendance policy. Matthew Criswell commented that the City of Winter Springs has a policy that a board member is only allowed three unexcused absences. Jennifer Sykes explained that she researched all the SCOPA policies and called the County office to see if they had an attendance policy for their appointees, but none was found. Discussion ensued. Steve Coover asked the board if they wanted him to research and present a policy for adoption. It was the consensus of the members present to authorize Mr. Coover to create an attendance policy for review and adoption.

ATTORNEY'S REPORT

Steve Coover presented copies of the annual Administrator's Evaluation summary reporting that Andrew Van Gaale received a score of 4.45 out of 5. The Administrator thanked the members for their continued confidence. Bill Spivey asked for clarification on difference between items five and eight on the evaluation questionnaire. The

Administrator agreed that the form is dated and should be updated. Matthew Criswell suggested that the Administrator call the Sherriff's office or Port Canaveral for a copy of their internal review that could be modified for use at SCOPA.

ADMINISTRATOR'S REPORT

The Administrator reported that the Invitation to Negotiate for legal services is under way after being advertised twice in the Orlando Sentinel and posted on VendorLink. Currently six central Florida firms have downloaded the packet. Questions are due by Friday, May 19th, and submittals due on June 2nd. The Administrator reminded the members that the Legal Services Selection Committee consists of Dana McBroom, Matthew Criswell, Bill Spivey, and Cliff Miller. After a short discussion, it was the consensus that staff would distribute copies of the legal service proposals received to the committee members prior to the committee meeting. The committee will select one for recommendation to the board at the next regular meeting. Steve Coover reminded the committee members that they cannot discuss the applicants outside of the public meeting to maintain compliance with Florida Sunshine Laws. Dana McBroom asked Mr. Coover if he would assist in the selection process, and he agreed to do so.

The Administrator reported that he recently met with CPH engineers and the specifications for the 1601 Dolgner Place re-roof are being completed with the hopes to go out to bid soon. The 1500 Dolgner Place building designs were also reviewed, and office layouts selected. The next step will be electric and utility service design.

There being no further business, the meeting was adjourned at 5:31 p.m. by Matthew Criswell.

Matthew Criswell, Chairman

Bill Spivey, Secretary