

**SEMINOLE COUNTY PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
JULY 19, 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 July 19, 2023.

The Chairman called the meeting to order at 4:00 p.m. with the following Directors constituting a quorum: Matthew Criswell, Chairman; Bill Spivey, Secretary; Cliff Miller, Member; Dana McBroom, Member; Harry Ellis, Member; and Andria Herr, BCC Member.

Members Absent: Michael Caraway, Treasurer; and Amy Guilfoyle, Member.

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

Also present: Steve Coover, SCOPA Attorney; Andrew Mai, Esq.; and Darren Elkind, Esq.

An invocation was given by Dana McBroom followed by the pledge to the Flag.

The Chair welcomed the guests and asked them to introduce themselves. He then opened the floor for corrections or additions to the minutes of the June 21, 2023.

MOTION WAS MADE BY HARRY ELLIS, SECONDED BY COMMISSIONER HERR TO APPROVE THE MINUTES OF THE JUNE 21, 2023, BOARD MEETING.

MOTION CARRIED UNANIMOUSLY.

The Administrator presented the Balance Sheet and Budget Statement for the month of June 2023. Revenues for the month of June were over budget by \$37,798. Revenues for the year-to-date are over budget by \$529,272. Expenses for the month of June were over budget by \$5,683, but remain under budget by \$351,792 for the year-to-date. The Administrator reported that occupancy remained at 100%. There were no questions on the June 2023 financial statements.

The Administrator then presented the Outstanding Bills for July and August 1st explaining several items. Item #7, the \$19,906.00 payment to CPH, represents consulting engineering work on the 1500 Dolgner Place redevelopment site and the 1601 Dolgner Place re-roof project. Item #13, the \$20,295.00 payment to Public Risk Management, represents the quarterly insurance premium. Item #23, The \$86,568.75 payment to Cathcart Construction, represents the fourth draw on the 1500 Dolgner Place redevelopment contract. Item #27, the \$28,627.00 payment to Alan Jay Fleet Sales, represents the payment for the new Port fleet vehicle. The Administrator then pointed out the standard first of the month bills for August and invited questions on the bills to

be paid. Matthew Criswell asked if there had been any problems with Cathcart Contruction. The Administrator explained that there were no issues with the contractor. He explained that while a complete plan set was submitted for the site development permit, several additional permits have been required. The retaining wall required an additional permit, but is now complete. The electrical permit was just acquired so the contractor can begin trenching for the electrical components. Once trenching is complete the parking lot base can be laid. He estimated that the project was 70-80% complete and informed the board he would be getting aerial photographs via drone in the near future.

MOTION WAS MADE BY DANA MCBROOM, SECONDED BY COMMISSIONER HERR TO APPROVE THE JULY 19TH AND AUGUST 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. He explained that he met the Deputy Sherrif on site, cleared the F4W leasehold, regained possession, and changed the locks on July 12th. He stated that there were two vehicles along with miscellaneous tools and equipment left within the unit. Therefore, he is working with SCOPA Attorney, Steve Coover, on the proper methods for public sale in an attempt to recapture some of the debt. Steve Coover explained that the abandoned property statute allows the tenant to redeem the property left for the cost of storage. He stated that the tenant has to be notified and, after the specified time, the property can be advertised for public sale.

The Administrator stated that the principal of GC Welding stopped by the office requesting additional time to bring their account current. They have a new contract with Orlando International Airport that will be starting soon. The Administrator explained that he is requiring that they make monthly payments even if not in full. He explained that Genstar's small balance is from the increased deposit with their renewal last month. The Administrator stated that Dazzling Detailing's lease is expiring at the end of the month, and he recommended that the lease not be renewed. Matthew Criswell asked what the owner was saying and if the business was active. The Administrator explained that the principal has been unresponsive to all effort to contact him, but his employees are still actively working out of the lot. Steve Coover explained that if the lessee is in default when the lease matures the Port can terminate the lease. Ricardo Zayas is current with only July outstanding and has promised payment at the end of the week.

OLD BUSINESS

No old business was presented.

NEW BUSINESS

1601 Dolgner Place Roof Replacement Bid Results – The Administrator presented memorandum #2363 explaining that the bids came in extremely high. He stated that the engineer's estimate when the budget was created last year was \$400,000. The low bid came in at \$805,800 with the second bid at \$1,713,000. The Administrator reminded the board that one budget adjustment had already been approved this year and next year's budget was already submitted to the County Commission for approval on August 22nd. The Administrator stated that he does not recommend another budget adjustment at this time. The Administrator explained that the bids are good for 90 days and he would like to explore other options. He stated that if none of the other options are viable, the board could do another budget adjustment with the cash carried forward early next fiscal year and still award the bid to the lowest bidder. Matthew Criswell provided his expert opinion that we should notify the contractors that we aren't proceeding with the project at this time and rebid in a few months letting the state associate broadcast it also. The Administrator agreed.

The Administrator reiterated that predicting the surplus funds in advance is difficult especially in the current market with the projects the Port needs to complete. Dana McBroom stated that this is a good example of why SCOPA needs to budget the surplus funds low, even if the County doesn't agree, because we can always give more if it's available at the end of the year. The Administrator noted that the fiscal year 2023/2024 budget, already submitted for approval by the County Commission next month, includes a \$150,000 surplus fund transfer. However, that budget also includes capital improvement project budgets based on the engineer's estimates in this very unpredictable and volatile market.

Matthew Criswell asked if there was a reason to rush the re-roof project. The Administrator explained that there were leaks which he would investigate repairing. He explained that while it is a triple net lease, it is the original roof, and the building was built in 1972. He continued stating that the skylights had already been replaced along with roof over the office building.

Harry Ellis asked if the Administrator had a reserve study or a maintenance plan with all the planned projects and money allocated. The Administrator explained that we have the capital improvement reserve and the five-year capital improvement plan both of which are detailed in the budget annually. Mr. Ellis asked why the board is not hiring someone to do an analysis like homeowner's associations do to have the latest value and costs. Matthew Criswell explained that the budget committee could do that, but often it's fourteen or sixteen months out and the costs can change drastically in that time period as we're seeing now. Mr. Ellis stated that there should be a plan and a budget so the money's there when needed. Matthew Criswell disagreed giving the example that no roofer is going to tell you how much time you have left on a metal roof in Florida. Dana

McBroom pointed out that in governmental accounting you can only budget for one year at a time and unfortunately that budget is prepared six months in advance. She explained that when the budget was prepared the roof cost was \$400,000, but the market has drastically changed. The Administrator confirmed that engineer's estimates were used when preparing the budget in April of 2022 and for next year's budget.

MOTION WAS MADE BY COMMISSIONER HERR, SECONDED BY CLIFF MILLER TO REJECT THE BIDS ON THE 1601 DOLGNER PLACE RE-ROOF AND PUT THE PROJECT ON HOLD.

MOTION CARRIED UNANIMOUSLY.

Leases – The Administrator presented the following seven leases. He reminded the board that in December the Landlord Waiver Policy was created requiring three month's security deposit. He explained that the lessee in item #7, Daysprings Development, has requested a landlord waiver that Steve Coover reviewed and edited the document and lessee has paid the three month's security deposit upfront. He reviewed the leases #1-7.

1. Lease Renewal – Kevin B. Hays Fire Consulting, LLC; 1470 Kastner Place, Suite 124; 1-year Lease Addendum; term 9/1/23-8/31/24; with the scheduled 5% increase to \$2,205.00/mo. (4,020 sq. ft. warehouse w/ 480 sq. ft. office @ a rate of \$6.44/sq.ft./yr.) Personal guarantees.
2. Lease Renewal – La Mesa RV Center, Inc. (Florida); 1430 & 1440 Dolgner Place; 1-year Lease Addendum; term 9/1/23-8/31/24; with the scheduled 5% increase to \$7,293.04 (11,500 sq.ft. warehouse w/ 1,000 sq.ft. office @ a rate of \$7.65/sq.ft./yr.) Personal guarantee.
3. Lease Renewal – Network Electric Systems, Inc.; 1958 Dolgner Place; 1-year Lease Addendum; term 9/1/23-8/31/24; with the scheduled 5% increase to \$1,093.95/mo. (1,212 sq.ft. warehouse w/ 288 sq.ft. office @ a rate of \$9.35/sq.ft./yr.) Personal guarantee.
4. Lease Renewal – New Price, Inc.; 1928,1932 & 1954 Dolgner Place; 1-year Lease Addendum; term 9/1/23-8/31/24; at the budgeted rate of \$2,362.50/mo. (4,500 sq.ft. warehouse @ a rate of \$6.91/sq.ft./yr.) Personal guarantee.
5. Lease Renewal – ProlinQ, Inc.; 1417 Dolgner Place; 1-year Lease Addendum; term 9/1/23-8/31/24; at the budgeted rate of \$918.75/mo. (1,204 sq.ft. warehouse w/ 192 sq.ft. office @ a rate of \$8.54/sq.ft./yr.) Personal guarantee
6. Lease Renewal – Rhoades Construction Services, LLC; 1970 Dolgner Place; 1-year Lease Addendum; term 9/1/23-8/31/24; with the scheduled 5% increase to \$1,620.68/mo. (3,000 sq.ft. warehouse @ a rate of \$7.09/sq.ft./yr.) Personal guarantee.

The Administrator opened the floor for questions on the leases. Matthew Criswell asked when the three-month deposit for item #7 would be released. The Administrator said not until they left, or the landlord waiver was released by the bank. Bill Spivey inquired if the bank would make the rental payments in the event the tenant defaulted. Steve Coover stated that they would under the terms of the landlord waiver which was required for their SBA loan. Commissioner Herr asked if the old lease is being terminated why the new rental rate was only increased by 5%. Staff explained, and Steve Coover confirmed, that the CFLSS five-year lease was assignable. Staff felt it was cleaner to do the termination and by doing so they were able to apply the initial 5% increase and get the tenant under the new leasing policy of 2.5% per year. Commissioner Herr pointed out that the board has to consider how to more quickly get the Port leases up to market rates. Steve Coover suggested that the Port needs a new leasing policy, along with the lease language reviewed and updated, because currently they are all assignable. The Administrator pointed out that the building in question was built in 1978, with shared bathrooms at the end of the building, and inadequate parking. Unfortunately, the market studies readily available include mostly new construction, so it is not an accurate comparison. Commissioner Herr stated that better comparisons are needed. The Administrator explained that the comparisons were added by staff at the request of the board, but they must remember this is an old industrial park not new, tilt wall construction. He pointed out that the leases on the new buildings on the 1500 Doglner Place site, along with any other new leases, would be in line with the current market rates. Steve Coover stated that the Port was an incubator for the last forty years and just transitioned out of that in the last few years. Commissioner Herr commented that the board can't continue to operate like an incubator when most of the tenants have been here for a long time now.

Commissioner Herr stated that the trajectory of lease rates must start increasing more quickly. She stated the board needs a strategy to accomplish that because while the new buildings will help. The Administrator stated that the board needs to consider updating the mission, the leasing policy, and the leases themselves. Matthew Criswell stated that there is no one in the area that is really comparable. Dana McBroom pointed out that there are two scenarios. The first is new leases which need to be started at the market rate regardless of previous rates. She stated the second situation is existing tenants renewing and asked if there was anything that could be done to go above the agreed 5% bi-annually. The Administrator explained that the lease allows for both parties to hire appraisers, then if the parties can't agree on the rate, they share the cost of a third appraisal to determine the price. The Administrator said he would get estimates on hiring an appraiser for a global appraisal of the Port leases. The Commissioner agreed a market study would be beneficial and the Administrator stated he would report back next month.

MOTION WAS MADE BY DANA MCBROOM, SECONDED BY CLIFF MILLER TO APPROVE THE LEASES AS PRESENTED AND THE LANDLORD WAIVER FOR DAYSPRING DEVELOPMENTS, LLC.

MOTION CARRIED UNANIMOUSLY.

ATTORNEY'S REPORT

Mr. Coover stated that he had nothing additional to report.

ADMINISTRATOR'S REPORT

The Administrator reported that the 1500 Dolgner Place site redevelopment was moving along nicely. He estimated it at approximately 70%-80% complete and the 90% architectural plans were expected soon.

The Administrator reminded the board that the public hearing for the fiscal year 2023-2024 budget was scheduled and advertised for August 22nd at 1:30pm in Commission chambers. He invited the board to attend.

The Administrator updated that he completed his required eight hours of investment education at the recent GFOA conference. He reminded the Chairman that he too was required to complete eight hours of training. The Chairman asked for the available classes to be forwarded to him.

Legal Services presentations – The Chairman reported that three responses were received on the Invitation for Negotiation for legal services. The sub-committee consisting of Matthew Criswell, Bill Spivey, Dana McBroom, and Cliff Miller met and reviewed all three. He explained that Lee Iopollo, with the Iopollo Law Firm, submitted his response ten minutes late, but the committee reviewed it anyway. The committee then invited Andrew Mai and Darren Elkind to present to the board. He then asked Andrew Mai to join the board at the table. Darren Elkind excused himself.

Andrew Mai, Esq. with Fishback Dominick, LLP introduced himself, he gave a summary of his background and experience then answered questions. The board thanked Mr. Mai for his time, and he excused himself.

Darren Elkind, Esq. with Paul, Elkind, Branz & Paul, LLP introduced himself, he gave a summary of his background and experience then answered questions. The board thanked Mr. Elkind for his time, and he excused himself.

While the board felt both candidates were well qualified, it was the consensus of the board to pursue negotiations with Mr. Elkind.

MOTION WAS MADE BY DANA MCBROOM, SECONDED BY BILL SPIVEY TO WAIVE THE LATE FILING BY IOPOLLO LAW FIRM AND INCLUDE IT IN THE EVALUATION.

MOTION CARRIED UNANIMOUSLY

MOTION WAS MADE BY COMMISSIONER HERR, SECONDED BY DANA MCBROOM TO AUTHORIZE THE ADMINISTRATOR TO NEGOTIATE LEGAL SERVICES WITH DARREN ELKIND, ESQ. OF PAUL, ELKIND, BRANZ AND PAUL, LLP.

MOTION CARRIED UNANIMOUSLY

Bill Spivey asked about the attendance policy. Steve Coover stated that he checked and there is nothing on the County level. He stated that there was something on the State level, but it was geared toward elected officials and not applicable. He suggested asking the County Commission to create a rule for appointed boards. Commissioner Herr stated that the appointees can unappoint a board member at any time. Therefore, she suggested that the Administrator notify the appointee of attendance problems explaining what's been done to rectify it and ask them to address it.

The Administrator stated that the resolution for Susan Sherman would be presented in August. He also informed the board that he has followed up with Commissioner Zembower on appointing a replacement and hopes to be notified soon.

Bill Spivey suggested looking into a master redevelopment plan. He explained that a lot has changed with all the new development in the area, the Orange Boulevard improvements, and the potential for a trail spur into the Port. Cliff Miller stated that the Port has come a long way, he explained that no one doubts the potential, but it all takes money. He stated it didn't seem prudent to spend money on that until the board figures out how to pay for and complete the current development. Harry Ellis stated that he agreed with Bill that the plan would assist the board in planning and saving for future expenses. Bill Spivey explained that when discussing whether or not to renew a lot lease, because we want to develop the site down the road, a master plan would help the board understand and plan for that. He stated without a master plan on what buildings need replaced, an effective maintenance plan can't be established. Commissioner Herr agreed stating that is purpose of getting an assessment done. Matthew Criswell disagreed stating it was his opinion that you shouldn't tear down a metal building. Bill Spivey stated that a master plan might provide clarity as the board tries to address the County's expectations, budget accordingly, while maintaining and growing the asset. Cliff Miller stated that it shouldn't be overlooked that, aside from the surplus fund contributions, the Port is consistently providing for the County through jobs and tax generation that it never gets credit for.

The Administrator stated he would investigate the cost to engage a professional appraiser on the lease values noting that if it is over \$25,000 the job will have to go out for public bid. Harry Ellis stated that the value of the buildings needs to be considered also when deciding on replacing roofs at \$800,000. Commissioner Herr stated first the board needs an assessment of the true value of the current leases and then the maintenance schedule on the current properties. Cliff Miller stated that for the board's purpose the Property Appraiser's valuations should suffice. Dana McBroom stated that the Administrator has the maintenance schedule. She pointed out that historically the Port was in a good position. However, with the recent master drainage improvement project and now the redevelopment, coinciding with the sudden increase in construction costs, that position has changed. Commissioner Herr stated that she does not expect costs to go down and that the board needs to plan as if this market is the new normal.

There being no further business, the meeting was adjourned at 6:00 p.m. by Matthew Criswell.

Matthew Criswell, Chairman

Bill Spivey, Secretary