



Port of Fernandina

## OCEAN HIGHWAY & PORT AUTHORITY

Miriam R. Hill – Secretary/Treasurer - Commissioner, District 1  
Danny Fullwood – Chairman, District 2  
Scott Hanna – District 3  
Carrol Franklin – Commissioner, District 4  
Mike Cole – Vice Chairman, District 5

### Special Meeting Minutes

August 23, 2021

The Ocean Highway and Port Authority of Nassau County held its Special Meeting on Monday, August 23, 2021 at the John Drew Tax Collector, 86130 License Road, Fernandina Beach, FL 32034.

The meeting was called to order at 1:00 PM by Chairman Fullwood.

The invocation was given and the Pledge of Allegiance was led by Vice Chairman Cole. Roll call was conducted by Rossana Hebron. All Commissioners were present with Commissioner Hanna joining via Zoom and Commissioner Franklin via FaceTime. Also in attendance were Patrick Krechowski, Port Attorney; Pierre LaPorte, Port Accountant; and Chris Ragucci, Port Operator.

#### Public Comments:

- Chip Ross; 210 N 3<sup>rd</sup> Street, Fernandina Beach, FL 32034

On August 23, 2021, Mr. Ross submitted his inquiry via email. It reads as follows: **“Please explain why the insurance premiums paid on OPHA’s behalf by Worldwide are reflected in Worldwide’s audited statement for the fiscal years 2018, 2019 and 2020 as a “receivable” but not indicated on OPHA’s audited statements for the same years.”**

Mr. Ross was in attendance to present his query to the Board. Chairman Fullwood explained the Board will respond either via email or at the next meeting.

#### 1. Budget 2021-2022

A copy of the budget (version 3) is included in the meeting packet accessible via OHPA’s website.

Mr. LaPorte stated the budget is set for approval with just a few changes. The cost-of-living increase is at 5.4% but the budget is set at 4%, increasing the income by \$3,000. The Florida Municipal Insurance Trust (FMIT) recently submitted an invoice of \$12,065.00. Hence, the budget will reflect those adjustments. Per Mr. LaPorte, OHPA has enough money in the reserve to fund

this budget as it is presented.

Commissioner Hill inquired about the PILOT payment line item that was set at \$0.00. Mr. LaPorte explained there are perceived funds in the audited financial statements as accounts receivable (from WWT) and payable (to the City of Fernandina Beach) of \$100,000. She thought the last two years were not in contention and questioned why OHPA has not received payments from WWT. Chairman Fullwood explained OHPA may request WWT for reimbursement after payment to the City. Vice Chairman Cole recommended that OHPA is in litigation with the City on this matter and to refrain from further discussion.

Furthermore, the miscellaneous revenue line item is for the \$2,000 bonding conduit fee for the year. It does not include other additional revenue that Commissioner Hill thought should be added as another line item on the budget. Mr. LaPorte concurred. As for the Commissioners salaries, Commissioner Hill motioned the salaries should be reduced to \$1,500 per month with funding from the on-going operations of the Port as opposed to the one-time funding from the state or the relief fund. Recurring cost should be matched with recurring revenues. Commissioner Hanna agreed with that suggestion. Commissioner Franklin disagreed and stated the salaries should remain at \$2,000 per month. A poll vote was taken regarding reduction of Commissioners salaries to \$1,500 per month, results are as follows:

**Commissioner Hill - YES**  
**Commissioner Hanna – YES**  
**Commissioner Franklin – NO**  
**Vice Chairman Cole – NO**  
**Chairman Fullwood – NO**

**The motion failed by a vote of 3 to 2. The salaries will remain at \$2,000 per month by majority vote.**

Vice Chairman Cole requested the above-mentioned subject should be put to rest. Chairman Fullwood affirmed it is dismissed from further discussion for the remainder of the year.

Commissioner Hill continued with the reconciliation of OHPA's accounts with WWT's accounts where there are public records via EMMA showing two conflicting audits. She questioned if there should be a budgeted fund for a third-party auditor to reconcile the two audits. Mr. LaPorte explained there are two separate and distinct audits. His opinion, the only way the two audits may be reconciled is to ask WWT's auditor to submit a verification of their financial statements to OHPA. It is unprecedented. Chairman Fullwood asked Mr. LaPorte to check with OHPA's auditors, Mauldin & Jenkins, if there are any other way to reconcile the two separate and distinct audits.

As for the Customs House, Customs and Boarder complained about the cleaning service. They claimed the janitorial company has not provided services for three months. OHPA has paid in full all the invoices submitted by the Commercial Building Maintenance, Inc. thus far. Chairman Fullwood received a lower bid from another janitorial company for once-a-week service. The Board will consider changing janitorial service company.

In sum, the budget will be presented in its amended and final form for approval at the next monthly meeting.

## **2. Annual Audit Engagement Letter**

There were two letters submitted by Mauldin & Jenkins (M&J), included in the meeting packet. The first is for the examination of OHPA's compliance with Section 218.415 of the Florida Statutes with regards to its investment of public funds ending in September 30, 2021. The second is to audit OHPA's financial statements of the ending fiscal year 2021. Mr. LaPorte reported the engagement letter is standard and ordinary with terms and conditions. The fee is \$25,800 with a potential additional fee of \$4,000 each for the federal and state programs. The audit is scheduled for this coming November.

The acquisition of the two cranes, the warehouse, and docks are slated for audit to confirm the terms of the federal grants were followed. There is a fee for said audits and in past years, were paid by the Port Operator. This is the reason for the exclusion from the budget.

The Board concurred OHPA receives expert and professional services from Mauldin & Jenkins. Mr. LaPorte will check the renewal date. If the Board decides to not renew the contract with M&J, Mr. LaPorte explained OHPA needs to post a bid starting January/February at the latest to have an auditor in place by September 2022.

**The Board unanimously voted in favor of signing the engagement letters.**

## **3. Memorandum of Understanding (MOU) with the City of Fernandina Beach (Sewer line)**

Mr. Krechowski reiterated the City will replace the sewer line running into the Port starting in September. The agreement is that OHPA will allow the City to do the repairs and pay for the services, estimated at approximately \$7,700. Subsequently, OHPA will acknowledge the abandonment of the North Front Street right of way and is responsible for that area going forward. OHPA will employ its own engineer of choice to examine the work.

There were minor changes pertaining to the indemnity language from the initial draft. The changes were acceptable to Tammy Bach, City Attorney, per Mr. Krechowski.

**The Board unanimously voted in favor to approve and sign the Memorandum of Understanding as amended.**

**4. FSTED/Grant G0L06**

Chairman Fulwood called on Mr. Ragucci for discussion. He reported he reviewed Grant G0L06, North dock ramp and pilings, with his engineers and FDOT. Rather than rushing to spend the balance, approximately \$195,402, of the grant by the end of the year at its expiration, FDOT recommended to submit to FSTED a request to reallocate the remainder of the funds to G1938 that has a similar scope, pier rehab and maintenance dredging. He will prepare a letter for Vice Chairman Cole to submit at the FSTED meeting in Panama City.

**5. RS&H Scope of Work**

Chairman Fullwood explained with the advent of the ARPA grant, Covid Relief Fund, OHPA will be able to compensate RS&H's original fee estimate and retain specifically the public engagements element of the Scope of Work.

Mr. Krechowski explained OHPA will have to submit a request for reimbursement against ARPA grant for paid projects retroactively from March 2021 and expected projects moving forward. Mr. LaPorte added ARPA grant is for economic recovery. OHPA needs to spend the money then submit for reimbursement with narrative and receipts per the grant requirement. OHPA may submit receipts from March 3<sup>rd</sup> and 90 days forward. Once OHPA receives funds, it may use the funds for other additional expense. He asked who will compose the narrative for the reimbursements as required by the grant parameters.

Commissioner Hill asked why would OHPA spend monies for the Master Plan local match from ARPA grant when the local match relating to the Master Plan/Port of Fernandina was committed by WWT. Chairman Fullwood explained there are two matches, FDOT and local. Grant G1L14 amount is \$118,000 with a 50:50 match. Mr. Ragucci declared WWT is not committed to pay the local match contrary to the Board's consensus and explained bond capital improvement monies cannot be used for a business study or plan. He added there are no paperwork in place that officially designate WWT to pay the local match. Commissioner Hill argued the Strategic Master Plan is required in order for OHPA to apply and receive additional grants. The SeaCIP (5-year improvement plan) grant application submitted by Mr. Ragucci includes the Scope of Work and the qualifications of RS&H in lieu of OHPA's Strategic Master Plan as a required exhibit to attach. She continued that Mr. Ragucci actually referenced that fact so that he could apply for more funds. Mr. Ragucci clarified the only reference he made in the 5-year capital improvement plan was the fact

that OHPA was in the midst of an RFP to secure a Master Plan update. He reminded that OHPA still has a legally sufficient Master Plan with 4 to 5 years left on the Florida statutes. Furthermore, the comment regarding grants dependent on the Master Plan update is false. Laura DiBella, previous Port Director, applied for the grant approximately two and a half years ago.

Commissioner Hill motioned to request Mr. Krechowski prepare a demand letter that the matching payments be provided by WWT justified by Mr. Ragucci's comments at public meetings in support of the application, consideration of his work on the application, drafting the documents on the application, and his response to the RFQ, that the match payment was committed by Mr. Ragucci (WWT) multiple times. Additionally, Commissioner Hill reminded that Mr. Ragucci did not support any award for a Crawford Diamond project that would connect it to Jax Port. He would only support those projects specifically for the Port of Fernandina. Commissioner Hanna agreed.

Furthermore, Commissioner Hanna recollected from previous meetings Mr. Ragucci committed to the local match for the Master Plan project. Mr. LaPorte added in WWT's defense that WWT has paid \$3.5 million in matches.

**The Board voted unanimously in favor of the motion for Mr. Krechowski to prepare a demand letter requesting match payments from WWT.**

### **Discussion**

Mr. LaPorte offered his comments for further discussions of the ARPA grant. He reiterated the grant funds cannot be kept in reserve. The grant allows reimbursements for expenses incurred starting March 3<sup>rd</sup>, 2021 and 90 days forward. The grant requires a narrative for each expense that supports and defines the purpose of the grant. The narrative must verify an expense either contributed or contributes to the economic recovery of the Port. Mr. LaPorte asked the Board for guidance on planning the expenditures with the grant funds keeping in mind that the funds cannot be in reserves.

Commissioner Hill suggested she, along with Mrs. Hebron, will compose a verbiage for a Port Director. Mr. LaPorte explained the funds may not support a Port Director's salary without putting the funds in reserves. He will continue to study the grant requirements and parameters. Chairman Fullwood disagreed with Mr. LaPorte's interpretation of the grant parameters and stated FDOT representatives are also unsure with the parameters. Mr. Krechowski received a similar reply from FDOT when he spoke with representatives. FDOT advised they will research the grant requirements more in depth and will provide updates upon receipt of clarification. Mr. Krechowski recommended the Board confirm with FDOT before composing a plan for the grant funds. He offered his assistance with any narratives needed.

Mr. LaPorte continued to explain the application for reimbursement must be accompanied with reports and narratives requesting funds and defining plans for funds. He requested a confirmation from the Board as to who will generate the application and narratives. He explained the ARPA grant instructions are conflicting. Chairman Fullwood read some portions of the instructions as follow: (Covid Relief Fund Information\_2021)

### **How much can we invoice?**

#### **First invoice**

- Up to 50 percent of the allocated amount.
- Cost incurred from March 3, 2021, through the date of spending plan transmittal.
- Cost for 90 days working capital, measured from date of spending plan transmittal.
- Cost included in approved spending plan.

#### **Subsequent invoices (if 90-day spending plan is achieved)**

- Up to 50 percent of the allocated amount.
- Any cost which exceed the approved 90-day spending plan amount.
- Cost for 90 days working capital, measured from date of spending plan transmittal.

#### **Subsequent invoices (if 90-day spending plan is not achieved)**

- Cost reimbursement for eligible cost.

#### **Allowable Cost, Examples**

Allowable costs do not have to be COVID-19 related; however, sub-recipients will have to report how program funds are used to respond to negative economic impacts and lay the foundation for a strong and equitable recovery.

## **Categories**

- Capital Expenditures (Facility Expansions or Upgrades)
- Operating Expenses
- Other: Job Training; Cash Transfers to Employees; Survivor Benefits; Biological Incident, Physical and Operational Changes; Vaccination, Testing and Tracing; Business Planning; Rehiring Cost; Personal Protective Equipment; Reopening Plans

## **Unallowable Cost, Examples**

### **Explicit**

- Reserves: Direct contributions to rainy day funds and similar financial reserves.
- Debt service: Payment of interest or principal on outstanding debt instruments.
- Non-federal match: Funds are subject to pre-existing limitations provided in other Federal statutes and regulations and may not be used as non-Federal match for other Federal programs whose statute or regulations bar the use of Federal funds to meet matching requirements.
- Previously reimbursed: Cost that have previously been reimbursed or subsidized from other non-subrecipient sources are unallowable costs.
- Travel cost: Travel cost are unallowable cost.

Mr. LaPorte continued to explain if OHPA fails to spend the grant funds, any balance will be returned. Chairman Fullwood suggested using some of the funds to hire a Port Director. Mr. LaPorte replied the grant may not sustain the salary for a new head count to OHPA staff for the subsequent years without setting up a reserve. Commissioner Hill asked if hiring a grant administrator would be feasible and what percentage. Mr. LaPorte answered 6% of the amount of the grant. The challenge, he adds, is finding a candidate to hire presently. He advocated for OHPA to capture the full value of the grant while it is available.

Chairman Fullwood moved the discussion to the Scope of Work submitted by RS&H. He recommended the Board revert to the original Scope of Work submitted on June 17, 2021. Mr. LaPorte confirmed the Relief fund allows for payment of state grants matching amount. Therefore, OHPA may use the fund to pay RS&H to compose a new Master Plan.

Commissioner Hill argued she cannot support a budget that funds a project that was committed by a third party (WWT). Chairman Fullwood explained the Board needs to move forward with the Master Plan to include in the 2021-2022 Budget regardless if WWT succumbs to pay the match on the project. Furthermore, he explained the new Master Plan will benefit OHPA and Nassau County as well as the Port.

Moreover, Justin Cole, Project Manager/RS&H, confirmed RS&H will invoice incrementally for each month of work completed with a Net 30 payment term.

Vice Chairman Cole motioned to approve the original Scope of Work (June 17, 2021) submitted by RS&H. Commissioner Hanna second the motion with the understanding that all elements (i.e., West side and Crawford Diamond, community involvement, etc.) for the Master Plan will be included.

**The motion passed by a vote of 4 to 1 with Commissioner Hill opposing.**

Mr. Cole verified he will submit a clean version of the original Scope of Work to Mr. Krechowski for signature.

**Adjourn**

**With no other questions brought before the Board, the meeting was adjourned at 2:17 PM.**

  
\_\_\_\_\_  
Danny Fullwood, Chairman

9/8/2021  
\_\_\_\_\_  
Date