



OCEAN HIGHWAY & PORT AUTHORITY
NASSAU COUNTY

County Commission Chambers
James M. Page Government Complex
96136 Nassau Place, Yulee FL 32097

AGENDA

Wednesday, June 10, 2020

6:00 PM

Pursuant to Executive Order No. 20-69, issued by the Office of Governor Ron DeSantis on March 20, 2020, municipalities may conduct meetings of their governing boards without having a quorum of its members present physically or at any specific location, and utilizing communications media technology such as telephonic or video conferencing, as provided by Section 120.54(5)(b)2, Florida Statutes.

6:00 PM – Meeting Called to Order – Chairman

Invocation

Pledge of Allegiance

Roll Call: Robert Sturgess, District 1; Danny Fullwood, District 2, Scott Hanna, District 3; Carrol Franklin, District 4; Mike Cole, District 5

- Comments - Audience (Comments emailed prior to the meeting)

1. Approval of Minutes

- May 13, 2020 Monthly Meeting Minutes

2. Consent Items

- Mauldin & Jenkins Progress Billing (final) - \$16,400
- Right Whale Sponsorship 2020 Renewal - \$1,000

3. Report by Pierre LaPorte, Port Accountant

- Financial Report – May 2020

4. Report by Jeb Branham, Port Attorney

5. Port Director Report

6. Port of Fernandina Report

- Tonnage Report – May 2020

7. Unfinished Business

- Update on Past Due Amounts Due to TranSystems

8. New Business

- Ocean Highway & Port Authority Polo Shirts
- Business Journal Article – June 2020
- Approval of modification of certain language in the Bond Documents relating to the acquisition of certain types of assets by the Borrower (Worldwide Terminals Fernandina) – Exhibit D

Committee Reports

- Port Security – Commissioner Fullwood
- Customs House – Commissioner Franklin
- Army Corp of Engineers – Commissioner Sturgess
- Economic Development – Commissioner Cole
- Emergency Management – Commissioner Franklin
- Technical Coordinating Committee – Commissioner Hanna
- TPO – Commissioner Cole
- Nassau Chamber East Side – Commissioner Sturgess
- Nassau Chamber West Side – Commissioner Cole

9. Administrative Office Manager Report

10. Other items to be brought by Commissioners

11. Adjourn



Minutes

Ocean Highway & Port Authority

Robert Sturgess – Commissioner, District 1
Danny Fullwood – Chairman, Commissioner, District 2
Scott Hanna – Secretary/Treasurer, Commissioner, District 3
Carroll Franklin –, District 4
Mike Cole – Vice Chairman – District 5

Monthly Meeting Minutes

May 13, 2020

The Ocean Highway and Port Authority of Nassau County held its Monthly Meeting on Wednesday, May 13, 2020 via video conference.

The video conference meeting was called to order at 6:00 PM by Chairman Danny Fullwood.

The invocation was given and Pledge of Allegiance was led by Commissioner Cole. Roll call was conducted by Ms. Barbara Amergian. All Commissioners were present. Also in attendance via the video conference meeting was Jeb Branham, Port Attorney; Pierre LaPorte, Port Accountant; Chris Ragucci, Port Director/Port Operator.

Commissioner Franklin made the motion to accept the April 8, 2020 monthly meeting minutes. Motion seconded by Commissioner Hanna. The motion was approved unanimously with no discussion.

Commissioner Franklin made the motion to approve the consent item – Mauldin & Jenkins first billing for the annual audit in the amount of \$12,900. Motion seconded by Commissioner Hanna. The motion was approved unanimously with no discussion.

Pierre LaPorte, Port Accountant, presented his monthly report to the Board. He noted that was a final rent payment from GSA for the Custom's House of \$1,459.49.

Jeb Branham, Port Attorney, presented his monthly report to the Board. The Interlocal Agreement with the City of Fernandina Beach is ready to move forward. Mr. Ragucci, Port Director/Operator, asked that the distance and width of the channel be reflected in the agreement (100' to the west.) Mr. Branham updated the Board on the mediation dates with the City of Fernandina Beach. He asked the Board to reserve date between July 15 – 17 for a potential mediation date. There will be a mutually agreed upon meeting site for the mediation and he will advise when that is secured.

Chris Ragucci, Port Director, presented his monthly report to the Board. Mr. Ragucci reported that he is attending monthly Port Director meetings. He informed the Board that the Port had lost revenues of approximately \$5 million in calendar year 2020 due to COVID19. Currently the Port is docking a 700' luxury cruise ship for two months due to the shortage is docking space as all cruise ships are currently in port due to the pandemic. The FSTED funding cycle is open with a deadline of June 24, 2020 for capital need requests.

Mr. Ragucci presented the Port Operator and tonnage report. He informed the Board that a new customer had been secured – SCA from Sweden. The ship will be doing seven-week

rotations with up to 15,000 tons per discharge of wood pulp. The monthly tonnage report reported increases in all areas for the month of April.

Unfinished Business

Mr. Ragucci also presented the Board with a proposal to bring Worldwide Terminals current with past due quarterly payments, currently in arrears \$188,756.25 through June 30,2020. The elements of the proposal were:

1. OHPA agrees to accept immediate payment of **\$175,000.00** as payment in full for all quarterly payments currently outstanding under the Operating Agreement. The outstanding amount, through June 30th is **\$188,756.25**. We will be taking care of all outstanding quarterly payments and in effect pre-paying the month of June.
2. In recognition that the \$5,000 monthly payment into the "Maintenance Fund" is purely for the purpose of funding maintenance projects and OHPA's local matching share of Capital Projects contributed to by the State of Florida, OHPA will recognize that the currently outstanding months totaling \$55,000, along with the remaining months through December 31st of this year will be not be considered due, but will be allocated toward the Fender Project and the Dredging project. This is entirely consistent with the purposes of this fund as set forth in the Operating Agreement and with the customary way projects have been handled making use of this fund to cover OHPA's local share for projects.
3. The Chairman and Secretary will be authorized to execute the appropriate Resolution to codify the above, and will issue to Worldwide a **Certificate of Good Standing** in connection with the Operating Agreement **through June 30, 2020**.

Discussion followed regarding Item 1 of the proposal and the loss of OHPA revenues in the amount of \$13,756. Commissioner Franklin pointed out that in addition to the loss, OHPA also incurred attorney fees in the amount of \$6,160 to an effort collect the past due fees. Commissioner Cole asked if the \$13,756 difference could be recouped at a later date and Mr. Ragucci informed him that he had no authority to authorize the payment of the additional money owed.

Commissioner Cole made the motion to accept the \$175,000 in lieu of \$188,756.25 to bring Worldwide Terminals' quarterly payments current through June 30, 2020. Commissioner Hanna seconded the motion. The Board was polled for their vote:

**Commissioner Franklin: NO
Commissioner Hanna: YES
Commissioner Cole: YES
Commissioner Sturgess: YES
Commissioner Fullwood: YES**

The motion passed with a majority vote.

There was discussion regarding Item 2 of Mr. Ragucci's proposal.

Commissioner Hanna made the motion to offset the past due maintenance fees of \$55,000 with the local match paid by Worldwide for the dredging project and the fender

project in the amount of \$127,069.10 through December 31, 2020. Commissioner Cole seconded the motion. The Board was polled for their vote:

Commissioner Franklin: NO
Commissioner Hanna: YES
Commissioner Cole: YES
Commissioner Sturgess: YES
Commissioner Fullwood: YES

The motion passed with a majority vote.

There was discussion regarding Item 3 of the proposal. Mr. Ragucci and Attorney Branham will work to agree on language in the Certificate of Good Standing. A wire transfer in the amount of \$175,000 will be wired to the Ocean Highway & Port Authority operating account when the language has been agreed upon. The Certificate of Good Standing will be approved by the Board at the June, 2020 monthly meeting.

Chairman Fullwood called for a five-minute recess at 7:35 PM. The meeting resumed at 7:43 PM.

Regarding the agenda item Monies Owed to TranSystems, Mr. Ragucci reported that he was not able to work out the past due terms last month with TranSystems but has begun dialogue with TranSystems attorney Trevor Arnold.

Committee Reports:

- Port Security – Commissioner Fullwood – Nothing new to report
- Customs House – Commissioner Franklin – Nothing new to report. Commissioner Franklin reminded the Board that there will no longer be rental income from GSA. The lease for the Customs House building was signed and returned.
- Army Corp of Engineers – Commissioner Sturgess – Nothing new to report.
- Economic Development – Commissioner Cole – Nothing new to report.
- Emergency Management – Commissioner Franklin – There was information on beaches reopening.
- Technical Coordinating Committee – Commissioner Hanna – The TCC has a video conference meeting last week. Nothing new to report.
- TPO – Commissioner Cole – Commissioner Cole – The TPO will be holding a meeting on Thursday, May 14, 2020.
- Nassau Chamber East Side – Commissioner Sturgess – there was no meeting held but the Chamber continues to work with Nassau County businesses during the pandemic.
- Nassau Chamber West Side – Commissioner Cole- Nothing new to report.

The Administrative Office Manager's report was included in the Board's meeting packet and there were no additional questions.

In other business to come before the Commissioners:

Commission Sturgess asked for guidance from Port Attorney Branham regarding a protentional conflict of interest regarding Miriam Hill, who is running for Port Commissioner in District 1, and who also works for the City of Fernandina.

Commissioner Cole made the motion for Port Attorney Jeb Branham to seek guidance on whether the former Port Attorney is ethically able to run for Board seat on the Ocean Highway & Port Authority Commission. Motion was seconded by Commissioner Hanna. Motion passed unanimously.

Meeting was adjourned at 8:04 PM.

Danny Fullwood
Chairman



Consent Items

MAULDIN & JENKINS

1401 Manatee Avenue West, Suite 1200 • Bradenton, Florida 34205 • Telephone (941) 747-4483 • www.mjcpa.com

Online Payments Available www.mjcpa.com

**Ocean Highway and Port Authority of Nassau County
Barb Amerigan, Office Manager
86130 License Road - Suite 9
Fernandina Beach, FL 32034**

**Invoice No. 1208629
05/11/2020
Client No. 07009237.000**

PLEASE DETACH HERE AND RETURN UPPER PORTION
WITH YOUR REMITTANCE

PAYMENT IS DUE UPON
RECEIPT OF INVOICE

AMOUNT ENCLOSED \$ _____

PROFESSIONAL SERVICES RENDERED AS FOLLOWS:

Progress billing number 2 (Final) regarding the annual financial and compliance audit of the Ocean Highway and Port Authority as of and for the year ended September 30, 2019. Billing includes fees for the performance of required State single audit.

Progress Bill		\$ 16,400.00
	Prior Balance	<u>12,900.00</u>
	Total Amount Due	<u>\$ 29,300.00</u>

WE APPRECIATE YOUR BUSINESS!

Sponsor Form

2020 Right Whale Festival

www.rightwhalefestival.com

November 7 & 8, 2020

Main Beach, Fernandina Beach, Florida



The Right Whale Festival celebrates the annual return of endangered North Atlantic right whales to the warm coastal water off northeast Florida and Georgia, where they give birth to and nurse their young. With just over 400 North Atlantic right whales remaining, it's critical we protect each remaining whale. The Right Whale Festival brings together non-profit organizations, artists, musicians, marine mammal scientists, as well as state and federal agencies with the common goal to raise awareness for this critically endangered species and promote ways to protect them from extinction. With your support, the Right Whale Festival will continue to raise awareness about these critically endangered whales, their habitat, and conservation needs.

Sponsor Levels

(Please choose the level or dollar amount you would like to sponsor. Please see attached for level benefits.)

- Right Whale - \$25,000
- Shark - \$10,000
- Manatee - \$5,000
- Dolphin - \$2,500
- Sea Turtle - \$1,000
- Friend of Festival - \$500
- Other: _____

To become a sponsor, please return this form to rightwhalefestival@gmail.com or mail to the address below:

Right Whale Festival
c/o Clearwater Marine Aquarium Research Institute
249 Windward Passage
Clearwater, Florida 33767

Note: Only commitments prior to 09/1/2020 will be ensured inclusion on marketing incentives. Please send a digital logo to rightwhalefestival@gmail.com as high resolution JPEG, Ai, or EPS format.

Company/Organization Information

Company Name:	
Contact Name:	
Address:	
City/State:	
ZipCode:	
Phone:	
Email:	
Website:	

Payment

We will not be taking payments at this time. When the Planning Committee has determined there is no reason to cancel the festival, invoices will be sent to sponsors. We expect this to happen on or around August 1st.

**THANK YOU
FOR YOUR
SUPPORT!**

SPONSORSHIP OPPORTUNITIES

Right Whale \$25,000
 Shark \$10,000
 Manatee \$5,000
 Dolphin \$2,500
 Sea Turtle \$1,000
 Friend of Festival \$500

	Right Whale	Shark	Manatee	Dolphin	Sea Turtle	Friend of Festival
PreFestival Dinner						
Onstage Recognition Banners						
Recognition during Radio Ads						
Logo on Festival Video						
Logo on Print and Web Ads						
Full-color Logo on Events Signs						
Recognition in Opening Address						
Framed Poster Signed by Artist						
Exhibit Booth Space <small>(tent, table, chairs)</small>						
Gift from a Festival Exhibitor	(20)	(10)	(5)	(3)		
Festival T-shirts	(20)	(10)	(5)	(3)		
Onstage Shout-out						
Logo on Festival T-shirts						
Complimentary Event Registration						
Logo on Festival Poster						
Logo and Link on Festival Website						

*Only for commitments by September 1.

See additional descriptions on the following page.

Pre-Festival Dinner with Partners and Scientists: Enjoy a dinner with festival partners and right whale scientists the night before the festival at a restaurant in Fernandina Beach, Florida.
10 people per organization

Onstage Recognition Banners: The large banners will be devoted to recognizing 1 organization per banner for their contribution to the festival.

Recognition during Radio Ads: Sponsor organization will be mentioned on radio advertisements on iHeart radio stations.

Recognition in Opening Address: Recognition of your organization by emcee and/or a representative of your organization may address the festival attendees.

Logo included in Annual Festival Video: A professional video will be produced during the festival and promoted through social media both to recap the current year's festival and promote the following year's festival.

Logo on Print and Web Ads: Organization's logo will appear on print ads in local newspapers and magazines, as well as on web ads on local websites. **Only for commitments by September 1.*

Full-Color Logo on Event Signs: Organization's logo will be included on banners throughout the festival grounds.

Framed Festival Poster Signed by the Artist: 11x17 framed annual festival poster signed by the artist.

Exhibit Booth Space (with Tent, Table & Chairs): 10x10 tent space, tables) and chairs upon request.

Gift from a Festival Exhibitor: An ocean-themed or right whale piece of art, jewelry, clothing, book etc. from one our amazing exhibitors.

Festival T-shirts: Specified number of full-color festival t-shirts; sizes can be provided in advance to customize your order.

Onstage Shout-out: Recognition by emcee on stage during the festival.

Logo on festival T-shirts: Organization's logo included on the back of the annual festival t-shirt.

Complimentary Event Registration: No charge for exhibitors selling items.

Logo included on Festival Poster: Organization's logo will be include on annual festival poster; 2000+ posted throughout the community.

Logo and Link on Festival Website: Organization logo included on www.rightwhalefestival.com sponsor page.



Attorney Report

Jeb T. Branham, Esq.
419 3rd Street North
Jacksonville Beach, FL 32250

Invoice submitted to:
Ocean Highway and Port Authority

June 3, 2020

Invoice # 13077

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
5/6/2020 Telephone conference with C. Franklin regarding cruise ship docking; telephone conference with W. Sansbury regarding audit; email to W. Sansbury regarding audit;	0.50 200.00/hr	100.00
5/8/2020 Telephone conference with R. Sturgess regarding election;	0.10 200.00/hr	20.00
5/11/2020 Telephone conference with R. Sturgess regarding election; telephone conference with T. Bach and C. Alvarez regarding mediation; email to T. Bach regarding cruise ship;	1.10 200.00/hr	220.00
5/13/2020 Emails with J. Stanton regarding presentation at meeting; telephone conference with D. Fullwood regarding election; prepare for and telephonically attend regular monthly meeting;	2.90 200.00/hr	580.00
5/14/2020 Telephone conference with C. Franklin regarding election; telephone conference with D. Fullwood regarding meeting;	0.30 200.00/hr	60.00
5/15/2020 Telephone conference with S. Hanna regarding mediation; email to C. Alvarez and T. Bach regarding mediation; telephone conference with D. Fullwood regarding mediation;	0.30 200.00/hr	60.00
5/19/2020 Prepare certificate of good standing; email to C. Ragucci regarding certificate of good standing; email to B. Amergian and P. LaPorte regarding auditing costs;	0.60 200.00/hr	120.00
5/27/2020 Email to C. Ragucci regarding certificate of good standing; email to C. Franklin regarding certificate of good standing;	0.10 200.00/hr	20.00

	<u>Hrs/Rate</u>	<u>Amount</u>
5/28/2020 Telephone conference with D. Fullwood regarding WTF payments; telephone conference with B. Amergian regarding WTF payments; telephone conference with C. Ragucci regarding WTF payments; revise certificate of good standing; telephone conference with R. Sturgess regarding election; emails with D. Fullwood and S. Hanna regarding WTF payments; emails with C. Ragucci regarding WTF payment;	1.50 200.00/hr	300.00
5/29/2020 Telephone conference with D. Fullwood regarding payments; telephone conference with T. Arnold regarding TranSystems demands; emails with C. Ragucci regarding payment; emails with B. Amergian regarding payment;	0.80 200.00/hr	160.00
6/1/2020 Telephone conference with C. Ragucci regarding special meeting; telephone conferences with D. Fullwood regarding special meeting; research emergency meetings; email to C. Ragucci regarding emergency meetings;	1.00 200.00/hr	200.00
6/2/2020 Telephone conferences with D. Fullwood regarding special meetings; emails to D. Fullwood and C. Ragucci regarding special meetings;	0.70 200.00/hr	140.00
For professional services rendered	<hr/> 9.90	<hr/> \$1,980.00
Previous balance		\$6,620.00
Accounts receivable transactions		
5/21/2020 Payment - thank you. Check No. 2317		(\$6,620.00)
6/3/2020 Credit		(\$80.00)
Total payments and adjustments		<hr/> (\$6,700.00)
Balance due		<hr/> <hr/> \$1,900.00

JEB T. BRANHAM, P.A.

Jeb T. Branham
419 3rd Street North
Jacksonville Beach, Florida 32250
Tel: (904) 339-0500; Fax: (904) 339-0501
jeb@jebbranham.com
www.jebbranham.com

June 2020

Below are updates on the near-term legal issues:

1. We have scheduled the mediation for the dispute resolutions proceedings to resolve the dispute with Fernandina Beach regarding the end date for the PILOT payments for July 15 at the Fernandina Beach golf club.
2. The interlocal agreement with the City of Fernandina Beach to assume financial liability associated with the westward channel realignment has been transmitted to the City. We have not heard anything back from the to date.



New Business

After a \$6.7 million loss in 2019, Port of Fernandina sees turnaround in 2020

<https://www.bizjournals.com/jacksonville/news/2020/06/03/port-of-fernandina-sees-major-losses-in-2019.html>



By [Ellen Schneider](#) – Reporter, Jacksonville Business Journal
5 hours ago

After an almost 10% drop in operating income, a steep climb in depreciation and writing off millions it was owed by the Fernandina Port Authority, the operator of the port saw the \$6.8 million it posted in net income in 2018 swing to a \$6.7 million loss in 2019.

About half of Worldwide Terminals' loss was attributed to writing off about \$3.6 million owed to it by Port Authority, a debt that it acquired when it purchased Nassau Terminals for \$4.3 million in 2018. The authority, officially known as the Ocean Highway Port Authority, owed the operating company for payments that Nassau had made in advance that the authority was supposed to pay back.

"No amounts had been repaid on those advances in the previous three years," the company said in filings with the Municipal Securities Rulemaking Board.

The port was also battered by seeing volumes drop by more than 80,000 metric tons as a result of the U.S. deciding to start a trade war with China. "Between steel, plywood and woodpulp, Worldwide estimates that approximately 30 vessel calls were lost in 2019 due to extraneous factors outside of management's control," the company said.

Tariffs imposed on international trade resulted in declines for steel imports from Spain, as well as plywood from Asia — representing between six and a dozen vessel calls for the year.

Kraft Liner Board, the port's biggest exporter to the West Coast of South America, saw volume declines so steep that it didn't export anything at all during one month over the summer.

That lowered revenue from terminal operations from \$6.9 million to \$6.3 million for the year. Combined with an increase in operating expenses — including depreciation and amortization climbing from \$565,657 in 2018 to \$1.2 million in 2019 — operating income went from a gain of \$260,708 to a loss of \$1.7 million.

Worldwide Terminals CEO Christopher Ragucci argued that reality is not as dismal as the numbers make it look.

"In light of all those difficult macro forces beyond our control, the net reporting loss before figuring in depreciation and amortization was only \$500,000," he said. "We don't like any losses, but it's nowhere near as bad as it looks today."

Despite the rough 2019, Ragucci said that 2020 is looking up. They have been insulated from major impacts from the coronavirus pandemic, Ragucci said, because of the diversified nature of the port's trade; none of the company's 50 full-time employees have been laid off.

"We'll be in positive territory, and we're actually surviving Covid better than some of our much larger ports, and I think that's mainly attributable to our diversification between the breakbulk and the containers," Ragucci said.

Despite these headwinds, Ragucci emphasized that the port is in a "turnaround situation."

"It takes time to get the facility back on people's radar screens, in terms of commercial viability," he said. "Which a lot of that was accomplished in 2019, with marketing. The dredging project was essentially completed in 2019, so that's increased our capability."

Also increased: Worldwide's cash on hand, jumping from \$963,793 to \$13.3 million, due in part to a May bond issuance. That, Ragucci said, has left them in a position to invest capital back into the port to modernize and make it more attractive.

"There's no reason for anyone to panic," he said. "We're stable, and we're in solid financial shape going forward."

Loan Agreement Amendment

EXHIBIT D

DESCRIPTION OF THE PROJECT

The project consists of financing or refinancing the following capital improvements, equipment and other related purposes, with such existing and future capital improvements and equipment being located Port of Fernandina, 315 N. 2nd Street, Fernandina Beach, Florida 32034 (the "Site"):

(a) Financing or refinancing certain port facility capital improvements and equipment, including without limitation, constructing approximately 78,000 square feet of new warehouse space to be located at the Site, dredging and deepening of the berths at the port facility to 40 feet, and acquiring additional cargo handling equipment, other equipment necessary for the operation of the port facility or other real property located near the Site necessary for the operation of the port facility. In addition, the Series 2019A bonds to be issued to finance this capital improvement will also fund the Series 2019A Debt Service Reserve Account for the Series 2019A Bonds, a Series 2019A Capitalized Interest Account for the Series 2019A Bonds, and certain costs of issuance related to the Series 2019A Bonds.

(b) Refinancing certain prior port facility capital improvements and equipment which constitute port facilities within the meaning of the Act and are located at the Site. In addition, the Series 2019B bonds to be issued to refinance the capital improvements and equipment will also fund a Series 2019B Debt Service Reserve Account for the Series 2019B Bonds, a Series 2019B Capitalized Interest Account for the Series 2019B Bonds, certain costs of issuance related to such Series 2019B Bonds, a Working Capital Account, an Operating Reserve Fund, a Capital Reserve Fund, a Rolling Coverage Fund and a Repair and Replacement Fund.

Bond Indenture Amendments

Definition of Capital Reserve Requirement in Section 1.1 to confirm that the required funding level is \$0 after completion of the Project:

"Capital Reserve Requirement" means an amount equal to \$1,000,000.00; provided, however, on and after the Completion Date, an amount equal to \$0.00.

Change in Section 5.10 to eliminate the one year holding period for funds in the Capital Reserve Fund after completion of the Project:

Section 5.10 Capital Reserve Fund.

(a) There shall be deposited into the Capital Reserve Fund (i) the proceeds of the Series 2019B Bonds deposited into the Capital Reserve Fund pursuant to Section 5.2 hereof in an amount equal to the Capital Reserve Requirement, (ii) money transferred from the Revenue

Fund pursuant to Section 5.5(h) hereof, and (iii) any other money received by the Trustee with directions from such party to deposit the same into the Capital Reserve Fund.

(b) The balance in the Capital Reserve Fund shall be maintained in an amount equal to the Capital Reserve Requirement. If the aggregate account balance deposited into the Capital Reserve Fund falls below the Capital Reserve Requirement, the Trustee shall, beginning on or before the end of the month in which such deficiency occurs and continuing monthly thereafter until no deficiency exists, deposit available amounts in the Revenue Fund into the Capital Reserve Fund until such account balance equals the Capital Reserve Requirement.

(c) At any time prior to the ^{60 day}~~one year anniversary of the~~ Completion Date, the Trustee shall transfer amounts on deposit in the Capital Reserve Fund to the Series 2019A Subaccount of the Bond Proceeds Account of the Project Fund in order to pay for the Costs of the Project to the extent that amounts deposited in such Series 2019A Bond Proceeds Subaccount are insufficient to pay for the Costs of the Project. In addition, amounts on deposit in the Capital Reserve Fund shall be used to make the payments required pursuant to Section 5.5(c) or (d) hereof after the transfer of any amounts from the Surplus Fund, the applicable Series Debt Service Reserve Account, the Repair and Replacement Fund and the Rolling Coverage Fund pursuant to Section 5.7(e) hereof, if the amounts on deposit in the Revenue Fund are insufficient therefor.

(d) Promptly following the ^{60 day}~~one year anniversary of the~~ Completion Date, the Trustee shall transfer the amounts on deposit in the Capital Reserve Fund to the Revenue Fund.



Unfinished Business



TranSystems

2400 Pershing Road
Suite 400
Kansas City, MO 64108
Tel 816 329 8600
Fax 816 329 8601

www.transystems.com

VIA REGULAR AND OVERNIGHT MAIL

March 26, 2020

Danny Fullwood, Chairman
Ocean Highway and Port Authority
of Nassau County Florida
86130 License Road, Suite 9
Fernandia Beach, FL 32034

RE: Past Due Balances Owed to TranSystems

Dear Chairman Fullwood:

As you might be aware, TranSystems Corporation (TranSystems) provides consulting engineering services to the Ocean Highway and Port Authority (OHPA) pursuant to a June 29, 2019 Professional Services Continuing Contract. Currently TranSystems has two separate projects with OHPA issued under separate task orders, both of which have become seriously delinquent. A brief summary of the two projects is as follows:

P309180095 - Pier Access Bridge Inspection and Design: Following an initial structural inspection and analysis of the main wharf, the project was later amended to include a load analysis for the new mobile harbor crane, another load analysis to determine the adequacy of the wharf's capacity to secure larger vessels and the preparation of design and bid documents for wharf repairs and additions and the demolition, removal and replacement of a reinforced concrete transition apron between the wharf and cargo yard. After completing the bid solicitation, accepting a single bid and repeatedly attempting to value engineer the project to meet OHPA's budget, TranSystems was informed by the OHPA Port Director, Christopher Ragucci, that OHPA did not have sufficient funds to complete the Project or pay TranSystems for the work performed. This project is funded at 75% by FDOT under an FSTED grant from the state. Only 25% of the cost is the responsibility of the local sponsor – OHPA.

P309190040 – Warehouse Design Criteria Package: In August of 2019 TranSystems entered into a contract with OHPA to prepare a design-criteria package for a new 29,000 s.f. forest products warehouse to be located adjacent to the Nassau Terminals wharf on the main marine terminal. TranSystems completed the design criteria package in January, and provided the design criteria package, project specifications and instructions to bidders in a request for proposals to two qualified contractors for competitive proposals. To locate the warehouse building where OHPA directed would require an expensive pile-foundation design, and after receiving bids for the work, and Mr. Ragucci has inquired about investigating a new site for the Warehouse on a site off the main terminal that the OHPA does not currently own. Mr.



Ragucci has conditioned payment for work completed thus far by TranSystems since September 2019 on a modification of the original contract by TranSystems, committing to develop a new design criteria package and solicit proposals from qualified contractors for the development of a new warehouse on the property off the terminal, south of the existing warehouse complex and to the east of the rail line on a piece of private property not currently owned by the Port Authority. This project is funded at 37% by FDOT under an FSTED grant from the state. The remaining 63% is to come from the local sponsor and would be paid from Worldwide Terminals' municipal bond funds.

Following the last payment from OHPA in July 2019 for an April 2019 invoice, TranSystems has been continuing work on both Projects, now under the direction of Mr. Ragucci since his being appointed by OHPA's Board to be their Port Director on December 11, 2019. Despite assurances by Mr. Ragucci and offers to make partial payments of the amounts outstanding, Mr. Ragucci has failed to take any meaningful measures to pay the delinquent balances. The current outstanding balances owed for the projects is as follows:

Project	Description	Total Fee	Paid to Date	Outstanding balance
P309180095	Pier Access Bridge Inspection Design	\$ 246,121	\$ 117,321	\$ 96,663
P309190040	Warehouse Design Criteria Package	\$137,834	\$.00	\$ 87,999
				\$ 184,662

In accordance with section 5.5 of the agreement between TranSystems and OHPA, effectively immediately TranSystems is suspending all further services with OHPA and withholding any further deliverables until all amounts outstanding have been paid in full, including all expenses and charges. Further, all outstanding balances owed will be assessed interest at a rate of 1.5% per month. In the event we are required to proceed with collection on this matter, in accordance with the agreement we will pursue all attorney's fees and costs associated with our collection efforts. A summary of the outstanding invoices is attached.

Given our failed efforts to date to resolve the outstanding amounts owed TranSystems with Mr. Ragucci, we are directing this to your attention and request you share with the other OHPA Commissioners. We will also copy your counsel, Mr. Branham. Please contact me directly if you wish to discuss resolving this matter in an amicable fashion.

Sincerely,

Michael J. Cavanaugh
Senior Vice President and
General Counsel
816 329-8605
mjcavanaugh@transystems.com

cc: Jeb Branham, Esq.
enclosure(s)

OHPA INVOICE SUMMARY

Project - P309180095: Pier Access Bridge Inspection and Design

This project's budget under contract with OHPA is \$246,121.21. This project has been invoiced five times as follows:

<u>Invoice Number</u>	<u>Date</u>	<u>Invoice Amount</u>	<u>Receipt Amount</u>	<u>Date Paid</u>
1	12/21/18	\$50,942.74	\$50,942.74	2/12/19
2	01/15/19	\$37,416.10	\$37,416.10	3/11/19
3	04/26/19	\$28,962.53	\$28,962.53	7/16/19
4	12/27/19	\$91,323.03	\$00.00	60 days over
5	01/30/20	\$5,340.21	\$00.00	30 days over

Project - P309190040: Warehouse Design Criteria Package

The contract (Task Order) for this effort was executed on August 30, 2019 for a fee of \$137,834 to be invoiced monthly during project progress. TranSystems has invoiced OHPA – Worldwide three times as follows:

<u>Invoice Number</u>	<u>Date</u>	<u>Invoice Amount</u>	<u>Receipt Amount</u>	<u>Date Paid</u>
1	11/08/19	\$11,227.71	\$00.00	(110 days)
2	12/27/19	\$13,024.82	\$00.00	(62 days)
3	1/31/20	\$63,746.36	\$00.00	(30 days)



Administrative Office Manager Report

ADMINISTRATIVE OFFICE MANAGER'S REPORT

June 2020

Hours Worked May - 80

- Attended and completed meeting minutes for the April meeting
- Worked with Joanne Dionne at Coursun and Stam on Quickbooks entries and recategorizing
- Invoices paid and entered into QuickBooks
- Payroll entered into QuickBooks
- Agenda for June meeting
- Responded to all emails and corresponding documents/letters
- Website Updates

Public Records Request Received in April – 2

- Miriam Hill – Audio recording of May 13, 2020 Board Meeting and Meeting Minutes from July, August, and September 2019.
- City Attorney's Office – Audio recording of May 13, 2020 Board Meeting