

OCEAN HIGHWAY & PORT AUTHORITY



Port of Fernandina

Miriam R. Hill – Vice Chairperson, District 1
Danny Fullwood – Chairman, District 2
Justin Taylor – Secretary/Treasurer, District 3
Ray Nelson – Commissioner, District 4
Mike Cole – Commissioner, District 5

Monthly Meeting Minutes

June 14, 2023

The Ocean Highway and Port Authority of Nassau County held its Monthly Meeting on Wednesday, June 14, 2023 at the Nassau County Commission Chambers, James S. Page Government Complex, 96135 Nassau Place, Yulee, FL 32097.

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

The invocation was given by Commissioner Cole. The Pledge of Allegiance was led by Commissioner Taylor. Roll call was conducted by Rossana Hebron, Administrative Office Manager. All Commissioners were present. Also in attendance were David Kaufman, Port Executive Director; Pierre LaPorte, Port Accountant; and Butch Gilbert, Port Operator. Patrick Krechowski, Port Attorney, was absent.

1. **Comments** - Audience (Comments submitted prior to the meeting)

- Chip Ross; 210 N 3rd St., Fernandina Beach
Mr. Ross cited the Florida Special District handbook/October 2022/Financial Emergency conditions, in part:

All local governmental entities, which includes special districts, are subject to review and oversight by the Governor if any one of the following conditions occurs:

Failure to pay uncontested claims from creditors within 90 days after the claim is presented, as a result of a lack of funds...

He explained according to OHPA's financial statements, it has not paid its Attorney more than 90 days after presenting the bills. He continued to cite the handbook, in part:

Actions Required When a Financial Emergency Condition Occurs, or Will Occur If any one of the above conditions occur, or will occur if action is not taken to assist the special district, the special district must:

- *Notify the Governor's Office of the Chief Inspector General*
- *Notify the Joint Legislative Auditing Committee*

He inquired if OHPA has made such notifications per the aforementioned requirements.

Chairman Fullwood thanked Mr. Ross and replied he is not prepared to provide an answer without Mr. Krechowski, Port Attorney, present. He deferred to Mr. LaPorte, Port Accountant, when OHPA last paid its Attorney. Mr. LaPorte explained OHPA just processed a payment of about \$35K for the legal fees. The payments are not up to date; however, the Chairman explained payment terms were arranged with the Port Attorney.

2. Approval of Minutes

a. May 10, 2023 Monthly Meeting

Vice Chairperson Hill motioned to approve the May 10th minutes. Commissioner Cole second the motion.

Discussion: Vice Chairperson Hill suggested to change the language on page 2, paragraph 3, to reflect that Mr. Krechowski prepared the statement for the Chairman on behalf of the Board. The Chairman agreed.

Vice Chairperson Hill revised her initial motion to approve the May 10th minutes as amended.

The Board voted unanimously in favor of the motion.

b. May 24, 2023 Shade Meeting

Commissioner Taylor motioned to approve the May 24th minutes. Commissioner Nelson second the motion.

There were no discussions.

The Board voted unanimously in favor of the motion.

3. Port Attorney Report

Mr. Krechowski was absent. He submitted a written report included in the meeting packet. There were no discussions or inquiries. The Chairman directed the Board to contact Mr. Krechowski individually if there were questions.

4. Port Accountant Report

a. Financial report – May 2023

Mr. LaPorte submitted a copy of the financial report included in the meeting packet. He reported OHPA received funds for the quarterly fee from the Operator and reimbursement for the Master Plan. There will be a last payment for the completion of the Master Plan.

Additionally, Mr. LaPorte reported as funds becomes available, payments were processed for the Port Attorney. He noted the Board needs to consider how they want to receive the Customs House report moving forward, considering the Port

Operator pays for all the Customs House expenses. There were no unusual activities to report.

Discussion: To respond to Mr. Ross' inquiry (Public Comment) regarding Special District financial reporting, Vice Chairperson Hill inquired if, in the past, OHPA certified to the State regarding its financial situation and how that applies to its current financial situation. Mr. LaPorte explained 5 to 6 years ago, OHPA was in a financial emergency. The equity was negative because of depreciation and the like. Subsequently, OHPA had to substantiate to the Florida Auditor General that the emergency was under control. Eventually, Worldwide Terminals retired \$10M of debt on the balance sheet that relieved the financial emergency. Currently, OHPA is not in a financial emergency in that its equity is positive. As for the outstanding attorney's fees, the Port Attorney agreed to a payment plan. It was decided to use the ARPA reimbursements to pay for the Master Plan first. The Port Attorney is aware of this payment term. Hence, there is no state of emergency currently. However, Mr. LaPorte emphasized there is a limit when OHPA can no longer afford to pay for the legal fees. OHPA must avoid crossing that threshold. Chairman Fullwood added OHPA would not be in such legal financial distress if two government entities did not litigate.

b. **ARPA reimbursement update**
Discussed above.

c. **Budget FY 2023-2024**

Mr. LaPorte distributed copies of the proposed budget version 2. The main line-items revised were the Peck Center rent and increased Harbor Admin and Bunkering fees. He adjusted the inflation rate (CPI) to 4%. The rent for the Peck Center will increase in the next fiscal year according to the CPI. A budget workshop is scheduled later in June. The Chairman directed the Board to review the draft and provide suggestions/questions at the workshop.

Mr. Kaufman explained the forecasted amounts for the Harbor Admin and Bunkering fee are rough estimates. He requested the Port Operator review and provide a more accurate account in time for the budget workshop.

5. **Port Executive Director Report**

Mr. Kaufman apologized for not submitting a written report because of busy schedule. He provided updates on the following matters:

- Real Estate RFP
- City's approval of the Port District Road designation
- Resiliency Plan

Mr. Kaufman hopes to apply for federal grant. Under the Federal Protect Act, if OHPA's plan aligns with State and City plans, the matching requirement is 93% federal and 7% local. Local includes the State, OHPA, Port Operator, West Rock, railroad, and other participating agencies. A joint workshop is being considered between the City commission and OHPA's in July.

- Presentation at the Chamber Island Council
- Request to speak to the Leadership Nassau class

- Out of town from Thursday through Monday (available via phone)
- Mr. Kaufman and Mr. Gilbert are considering allowing field trips at the Port for interested schools as part of an outreach. Commissioner Nelson added Worldwide Terminals allowed such Port tours in the past to graduating classes from the local schools. It was successful. Chairman Fullwood directed Mr. Gilbert to create a tour plan with safety procedures in consideration.

6. Port of Fernandina Report (Operator)

a. Tonnage report – May 2023

Mr. Gilbert submitted a written report included in the meeting packet. He reported May 2023 tonnage was up from last month, 17,925 total. He introduced Matt McPhail, Senior Commercial Developer. Together, they are considering and pursuing opportunities. Mr. Gilbert reported the acquisition of Dupuy, supplier of coffee beans, tea, and sugar. Supplies will go out via truck and railway.

Additionally, Mr. Gilbert is in contact with the City regarding parking behind the warehouses. He does not have information as to when the City will vote on the matter.

7. Old Business

a. OHPA Financials/ARPA funds

Vice Chairperson Hill requested this item be added to the agenda in response to the financial email sent by Mr. LaPorte regarding ARPA funds committed to paying legal fees. Mr. LaPorte explained OHPA receives approximately \$11K per month from ARPA to pay for legal fees. However, the legal fees exceed that amount every month. There is approximately \$303K left in ARPA. It expires December 2024. He explained his email was sent to put the Board and the Port Attorney on notice that at some point there will be no funds to pay for legal fees after the ARPA funds are expended. Subsequently, only the quarterly fixed fee funding is available to pay for operations. OHPA receives FMIT reimbursements for a specific matter. Those funds are used to pay for legal fees when received and have a threshold per year. Mr. LaPorte also explained OHPA can only submit the wages of the Commissioners for ARPA reimbursements. There are sufficient ARPA funds to pay for the Port Executive Director's salary until it is exhausted. There are no reserves or excess funds in the bank accounts. Chairman Fullwood suggested to continue discussions in length at the budget workshop later in the month. Vice Chairperson Hill reminded OHPA cannot auto-renew the Port Executives Director's contract without discussing sufficient funding. Mr. LaPorte also reported Mr. Kaufman is aware after the ARPA fund is depleted, OHPA cannot pay for his position. His contract auto-renews on August 21st. There is a 60-day requirement for OHPA to provide notice to the Port Executive Director. Vice Chairperson Hill wanted to confirm there will be no auto-renewal of said contract.

b. Customs and Border Protection-CBP (facility)

Commissioner Nelson reported the CBP complained about the no-action on OHPA's part in response to their facility request. He read the lease agreement, in

part, that *after the expiration of this term, the lease will automatically renew on a year-to-year basis upon the anniversary of the Commencement date each year thereafter for three additional years but not beyond April 19, 2024.* He added there are no more extensions left. Current CBP facility does not meet CBP's requirements. He asked the Board if OHPA intends to search for a new facility or renegotiate the current one. There were plans with the cruise business to build a multi-purpose facility that would house CBP but that was voted out of the Master Plan. Mr. Kaufman explained to pursue federal grant funding for a facility would take some doing, special procreation, with the Congressional delegation and probably the State. Commissioner Nelson suggested be up front with CBP ahead of time. He fears if CBP leaves, they might discontinue to designate Port of Fernandina as a port of entry. The Chairman directed Mr. Kaufman and Mr. Gilbert to schedule a meeting with CBP.

8. New Business

a. Security contract (Amendment)

Mr. Kaufman recommended the Board approve an amendment to the current Allied Universal contract. Commissioner Nelson added there will be an hourly increase in pay by \$4.00 for the Site Supervisor. Savage Services agreed to the appointment of the Site Supervisor and the pay increase.

Vice Chairperson Hill motioned to approve the amendment to the contract. Commissioner Nelson second the motion.

Discussion: Vice Chairperson Hill acknowledged the positive contributions the Port Operator brought to the Port. It is evident with Port staff and the community.

The Board voted unanimously in favor of the motion.

b. Peck Center office space (Lease agreement update)

Mr. Kaufman presented a lease agreement with the City to rent an office space at the Peck Center. It is a 3-month agreement to align with the City's fiscal year and renews annually. Subsequently, the lease agreement will be presented to the City Commission for approval.

Commissioner Taylor suggested the Board consider holding its meetings at the Peck auditorium. He motioned to approve the lease agreement. Commissioner Nelson second the motion.

The Board voted unanimously in favor of the motion.

c. Business Opportunities (Port Director report)

Vice Chairperson Hill reminded she asked for a business plan/future revenue report from the Port Director at the last meeting. Mr. Kaufman explained his search for business opportunities continues and is on-going. One specific opportunity is the potential sale of OHPA real estate. There are conversations in progress regarding the use of property along the waterfront. Additionally, there

are preliminary opportunity negotiations that are not yet ready for public disclosure.

Vice Chairperson Hill reminded the Board when Mr. Kaufman was hired, he was tasked to find additional revenue. She acknowledged all his efforts thus far. However, past revenue ideas were non-viable. Time had been spent for the better part of the year trying to establish a sustainable business model, and OHPA has yet to see any revenue aside from the Harbor administration and bunkering fees. Mr. Kaufman explained the business opportunities are works in progress. It takes time to come to fruition. Vice Chairperson Hill remarked the Board has yet to see a business plan to address OHPA's revenue needs, especially to fund the Port Director position, since it was requested from a month ago. She suggested it is responsible practice to have a plan that will move OHPA from its current status to the next level. Commissioner Taylor agreed and suggested to search for opportunities outside the Port. Mr. Kaufman offered to discuss the opportunities he is working on offline, individually with the Board. Commissioner Nelson reminded the Port Operator just introduced Mr. McPhail as the Senior Commercial Developer. It seems redundant to have a Port Director on OHPA's side and a Commercial Developer on the Port's side. The Board asked for more tangible results rather than reports of business conversations. Chairman Fullwood defended Mr. Kaufman and conveyed he is diligently at work in search of outside opportunities. OHPA's finances will dictate whether his position will be sustainable at the end of the ARPA funding. Mr. LaPorte asked the Board to consider what it expects from its Port Director besides the revenue matter. Commissioner Cole added Mr. Kaufman represents OHPA in the Florida Ports Council and attends many meetings specifically at the Transportation Planning Organization-TPO. The Chairman directed Mr. Kaufman to provide a list of all the contacts he has had to demonstrate his efforts in the past year. The matter will be discussed at the Budget workshop, June 28th, 3PM, at the Florida State College, Jacksonville.

9. Committee Reports

Commissioner Nelson provided a written report for his committee reports.

- **Port Security** – Commissioner Nelson
New Site Supervisor is in place.
No other issues reported at this time of this report.
- **FDOT** – Commissioner Fullwood
Daniel Hubbard is leaving FDOT to Boston.
- **Customs House and Port Facilities** – Commissioner Nelson
CBP Port Facility Office:
Commissioner Nelson met with CBP Port Director Steve Parrott to discuss the requirements of the current contract for the CBP office. Mr. Parrott provided him a copy of the contract between OHPA and CBP that covers the requirements for CBP. In looking at the contract, all of the extensions have been used with nothing done to meet the contractual requirements. Mr. Parrott stated that the current CBP office facility does not meet any of the CBP requirements. This will require

further attention by the OHPA Board of Commissioners. Mr. Parrott stated that a contractor was selected to complete the final stage of connecting the new IT equipment that was previously installed. Scheduling to be determined by the contractor. No further issues were noted with the office at the time of the aforementioned discussion.

Tug Boat (Fort Clinch):

The Tug Captain and crew completed the major deficiencies that were noted in the survey completed by (TBS Marine Safety and Compliance). There are still several minor issues that still remain to be corrected by the Captain and crew. The Drop-Dead Deadline to have the Haul Out inspection and All documentation completed is Thursday, August 31, 2023.

Liebherr Container Crane # 9:

Savage Services Maintenance crew continues to work on the spreader electrical issues.

Liebherr Container Crane # 10:

No issues reported at the time of this report.

Liebherr Mobile Harbour Crane:

No issues reported at the time of this report.

OHPA Yard Trucks:

Trucks # 619, 620, 621, 622, 623 and 624. All trucks are in service and with no issues reported at the time of this report.

Warehouse # 3 (Corrosion) / Rail Dock Canopy (Storm Damage):

Estimates should have been sent to OHPA for Commissioners review.

Note: Copy of the CBP Contract given to Rossana Hebron at the conclusion of the 6/14/2023 meeting.

- **Army Corp of Engineers** – Commissioner Fullwood
Dredging was completed.
- **Economic Development** – Commissioner Cole
The recent business contract for a space at the Crawford Diamond fell through.
- **Emergency Management** – Commissioner Cole
Nothing to report.
- **Technical Coordinating Committee (TCC)** – Commissioner Taylor
Nothing to report except there are funds available for conversion to alternative fuel. Mr. Gilbert will review.
- **Transportation Planning Organization (TPO)** – Commissioner Cole

Nothing to report. Vice Chairperson noted there is a new Jaxport representative, Suzie Wu. Also, Jaxport announced two new investments in the port.

FDOT group was present at the meeting to introduce Target Zero Outreach focused on distracted drivers and behavior modification among young people to promote safe driving. Vice Chairperson Hill will share the contact information for the group.

- **Nassau Chamber of Commerce**– Commissioner Hill
Vice Chairperson Hill requested Regina Duncan’s presentation to the upcoming August meeting.
There is a Business After Hours event at First Port City bank tonight at 4:30 PM.
- **City of Fernandina Beach** – Commissioner Fullwood
PILOT matter discussion is in progress. Mr. Krechowski will update accordingly.
- **Community Outreach** – All Commissioners per District
Commissioner Taylor noted the school district recently held an entrepreneur camp for middle school students where they presented business plans.

10. Administrative Office Manager Report

Mrs. Hebron submitted a written report included in the meeting packet. She reminded the Board the budget workshop is June 28th at the FSCJ campus at 3PM. She will process the \$20 payment for custodial fee. Also, the facility requires a crowd manager for the workshop, and Mrs. Hebron will assume the role for OHPA.

Additionally, Mrs. Hebron noted OHPA received a credit of \$5201 from the legal fees for the invoices paid thus far (February to September 2022) that reflects the corrected payrate of \$350 per hour.

Mrs. Hebron addressed the agenda posting complaint from last meeting. Per Mr. Krechowski, the Florida Statute 120.525 and 120.52 do not apply to OHPA because of the definition of an “agency”. Thus, OHPA is not required to post its agenda 7 days prior to the meetings. She will try; however, to post as early as possible as a courtesy to the public.

She asked the Board to submit their items to include in the Port Operator’s anniversary report.

Finally, as an update on the change of OHPA meeting time from 6 PM to 5 PM, BOCC denied that request because the Chamber is not available.

11. Other items to be brought by Commissioners

a. Legal invoices

Chairman Fullwood reminded OHPA is charged a fee for every time a Commissioner requests counsel from the Port Attorney. He cautioned the Board to use discretion to limit the cost of the Attorney’s services. Vice Chairperson Hill suggested advance planning on the Commissioners’ part to mitigate the cost. For

example, Mr. Krechowski charged \$900 to prepare a statement for the Chairman at the last meeting. She noted Balch & Bingham might allow a blanket discount on the unpaid invoices. She asked for the Board's consensus for a specific number to request for a discount. She suggested 15% off the outstanding invoices and emphasized OHPA needs to pay the invoices on time. The Board will discuss at the Budget workshop.

Adjourn

With no other questions brought before the Board, the meeting was adjourned at 8:00 PM.



Miriam Hill, Vice Chairwoman

7/20/2023

Date