

OCEAN HIGHWAY & PORT AUTHORITY



Miriam R. Hill – Vice Chairwoman, 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

September 13, 2023

The Ocean Highway and Port Authority of Nassau County held its Monthly Meeting on Wednesday, September 13, 2023 at the Peck Center, Willie Mae Ashley Auditorium, 516 S 10th Street, Fernandina Beach, Florida 32034.

The meeting was called to order at 6:03 PM by Chairman Fullwood.

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

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

The following list of speakers all reside in Fernandina Beach, Florida.

- Elise Pearlstine (as proxy for Tammi Kosack); she read a prepared statement from Ms. Kosack.
- Gary Klopp
- Joyce Tuten
- Dick Kunkle
- Bob Virtue; withdrew his turn to speak
- Lou Tharin
- Catherine Tharin
- Daniel Griebel, KW Commercial

The predominant topic discussed by the above speakers pertained to the sale of the OHPA properties. While the public evoked that the sale of OHPA properties is not financially sustainable to pay for operating expenses, they appealed to the Board to consider alternatives and placing restrictions on said sale. Alternatives include: sell one parcel; plant buffer along Dade Street to mitigate truck impact; develop MU-1 parcel into passive public greenspace; preferred experienced local builder/developer to collaborate with the Historic District Council and the City; and restore historic platting of SE Dade/N 3rd Street lot to hold only two homes.

Some of the suggested deed restrictions were: 50-ft minimum width for detached single family home; lots and new builds to be consistent with the existent homes; zoning of parcels to remain as MU-1 and R-2 respectively; additional vegetative buffers on Dade Street; and protection beyond existing Land Development Code of existing trees and hedges.

The public emphasized iron-clad assurances enacted via formal deed restrictions placed on the parcels and encouraged the Chairman to continue to publicly state that OHPA will put deed restrictions on the lots.

2. Approval of Minutes

a. August 9, 2023 Monthly meeting

Vice Chairwoman Hill requested to revise page 4, paragraph 5, the de-restrict to deed restrict. Mrs. Hebron confirmed. No other revisions were suggested.

Vice Chairwoman Hill motioned to approve the August 9th meeting minutes as amended. Commissioner Cole second the motion.

The Board voted unanimously in favor of the motion.

3. Consent items

- a. Peck Center office (new lease rate)**
- b. Nassau County Chamber of Commerce (new membership rate)**
- c. Tech systems (audio/visual for meetings)**

Commissioner Cole motioned to approve the Consent items (3a and b). Vice Chairwoman Hill second the motion.

The Board voted unanimously in favor of the motion.

4. Port Attorney Report

Mr. Krechowski submitted a written report included in the meeting packet. Some updates beyond what was in his report include:

- still no decision in the Gulf Breeze case that is on point with the OHPA and Property Appraiser case;
- still no response from the Port Operator pertaining to the OHPA demand for indemnity;
- received counter subsequent to the written report pertaining to the PILOT case.

There were no questions for the Port Attorney.

5. Port Accountant Report

Vice Chairwoman Hill requested to return to item #3 of the agenda to discuss the tech systems (A/V equipment for the meetings) before proceeding with the Port Accountant report. The Chairman granted her request.

Vice Chairwoman Hill emphasized the importance of having efficient equipment for the public meetings.

She motioned to approve adding the tech systems for consideration in the budgetary discussions. Commissioner Taylor second the motion.

The Board voted unanimously in favor of the motion.

a. Financial report – August 2023

Mr. LaPorte submitted a written report included in the meeting packet. He reported receiving the ARPA reimbursement for June-August payroll and the final reimbursement for the completion of the Master Plan. In addition, he reported payments from Zions Bank for the bank trustee annual fee income from June 1, 2020-June 1, 2023, \$6K total.

There were no unusual activities for the expenses, Customs House, and account balances reports.

There were no questions for the Port Accountant.

b. ARPA reimbursement update

Discussed above.

6. Port Executive Director Report

Mr. Kaufman submitted a written report included in the meeting packet. Several items in his report were part of the agenda to be discussed in the latter part of the meeting.

He reported continued efforts for the Resiliency Plan with a projected completed end of October-early November 2023. Subsequent joint meeting with the City is warranted upon completion of the plan. He has a meeting with the Interim City Manager and Grant Administrator at the Terminal tomorrow.

He continues to coordinate with the Economic Development representatives, the town of Callahan, and the County School board regarding industrial development opportunity in the west Nassau County.

He maintains communications with MARAD administrators and reported the Operator is in communications with MARAD regarding the coastal service and the Fort Clinch tugboat.

Finally, he provided information, with coordination with Commissioner Cole at the Emergency Operations Center and with FDOT and Governor's office regarding efforts and post-storm events.

There were no questions for the Port Executive Director.

7. Port of Fernandina Report (Operator)

a. Tonnage report – August 2023

Mr. Gilbert submitted a written report included in the meeting packet. He reported August was a slow month tracking the ebbs and flow of the business. On the positive, the Port's largest customer increased production and was evident on total rail cars. That is expected to trend upwards as will September numbers.

Commissioner Taylor asked if August is typically the month of down trend. Mr. Gilbert explained business will recover in September with more calls to come in.

Vice Chairwoman Hill reminded that OHPA is considering the installation of two fabric warehouses and inquired if the market patterns can substantiate such project. Mr. Gilbert explained the increase in throughput justifies the need for the warehouses.

Mr. Gilbert announced he is stepping down as Port Director. He accepted another position within the company. This meeting was his last. Greg Haehl will replace Mr. Gilbert.

Commissioner Taylor wished Mr. Gilbert the best and thanked him for all his efforts of improving relations with the community.

Vice Chairwoman Hill echoed that sentiment. She acknowledged all his work at the Port and wished him well.

Chairman Fullwood thanked Mr. Gilbert as well for his diligence and honesty. He looks forward to meeting Mr. Haehl. He also stated the public appreciates Mr. Gilbert.

8. Old Business

Note the Chairman did not follow the order of the agenda for discussions.

a. Customs and Border Protection facility

Mr. Kaufman reported he expects a joint meeting with Director Bradshaw, Customs and Border Protection, in October. Director Bradshaw indicated operating out of Jacksonville is not a viable option. Therefore, the options are either upgrade the existing Customs House or build a new structure adjacent to the property. He suggested OHPA utilize a professional architect, one who is familiar with land development regulations of the City

and Historic District. There is an opportunity to fund that effort from the FSTED Council of approximately \$140K. He requested an allocation of \$25K with a 75:25 match. He asked Savage to provide the 25% portion. He made a good case and believes OHPA's chances are strong. Subsequently, provide a report to Director Bradshaw on procuring the funds and post an RFQ for the project.

Chairman Fullwood suggested adding to the existing Customs House structure following the guidelines and requirements. This is less expensive than the alternative. OHPA will consult with an architect for design and cost guidance. Also, follow the Historic District's building requirements.

Vice Chairwoman Hill thanked Mr. Kauffman for pursuing the matter specifically identifying the source of funding for the project. She explained the CBP submitted a long and expensive "wish list" but Director Bradshaw acknowledged they are willing to be flexible and work with OHPA, the community, and the Historic District. She also reminded that the federal government has supremacy in this regard. Thus, the CBP's needs must be met for national security reasons. Vice Chairwoman Hill proposed the Board consider moving the Customs House to another location and make it a true historic structure.

Chairman Fullwood stated he had discussions with Director Bradshaw and the people in the Customs House. He reported they do not want to move. He believes the public will not approve of another facility in the neighborhood and proposed keeping the current location of the Customs House. He confessed he cannot share CBP's requirements for security purposes.

Vice Chairwoman Hill requested that Mr. Kaufman clarify that the funding/commitment to the Customs House project is not connected to the cruise ship revenues for the most part. Mr. Kaufman explained as part of addressing the Customs House matter and OHPA's interest to have an office space, the cruise business was introduced as an option for revenue to pay for the operating cost of the building. The Customs House was in favor of the plan; however, the cruise business was ultimately removed from the Master Plan. Subsequently, the need to find other options to pay for the building was reintroduced. Mr. Kaufman emphasized the idea of a cruise terminal was only a potential solution but OHPA's commitment was not based on that idea.

There were no further questions or discussions.

b. Real Estate RFP

Chairman Fullwood reiterated that at the last meeting, the Board voted to sell all three parcels. The next action is to hire a broker to handle the sale of the properties.

Chairman Fullwood motioned to hire John Hillman of Cabana Lane Realty to represent OHPA in the sale of the properties. Commissioner Cole second the motion.

Discussions:

Commissioner Taylor suggested to review the deed restrictions. He wanted to ensure Mr. Hillman, if approved, follows the guidelines of the sale.

Mr. Krechowski added that all details/guidelines/restrictions/expectations will be set forth in the listing agreement between OHPA and the chosen broker.

Commissioner Cole emphasized the deed restrictions include lot requirement, historic guidelines, single family units, and all will be addressed.

Vice Chairwoman Hill thanked the Board for discussing and considering the deed restrictions for the properties. She acknowledged the public's input on the matter. Nevertheless, she restated that she does not support the sale of OHPA properties to fund operations. She explained OHPA's quarterly source of revenue is fixed. In the history of OHPA, it failed to establish a director at the salary it is paying. With the ARPA funding, the Board saw the opportunity to finally hire a director. She reminded that at the June meeting, Mr. Kaufman was given notice that his contract will not be renewed. OHPA does not have the source of revenue to continue to fund the director position. She encouraged the Board to listen and consider what the public requested and to follow OHPA's Charter. That is what the Board is supposed to do.

Chairman Fullwood explained the Board has not made any decisions on how the proceeds will be spent. There are options he and the director are currently researching. For example, purchasing property at Crawford Diamond, a place that is expected to grow before long.

Commissioner Taylor clarified he opposes selling all three properties. He explained that as Board, they are expected to protect the interest of the community.

Mr. Krechowski emphasized that any offer received will have to come before the Board and be approved or rejected by the Board. Also, any listing agreement will have to come before the Board for approval.

Commissioner Nelson clarified to go on record that he supports selling one property only. To sell all the properties is a bad idea.

The Board voted 4 to 1 in favor of the motion with Vice Chairwoman Hill dissenting.

c. OHPA Budget FY 2023-24

Mr. LaPorte submitted version 5 of the budget included in the meeting packet.

The Chairman reminded the Board the budget has to be approved by next meeting.

Mr. LaPorte stated the last changes on the budget were the Administrator's salary and the Workers Compensation insurance. There will be issues when the ARPA funds expire, July/August 2024. There will be no funds to pay for the director's salary or legal fees.

Mr. Krechowski inquired, in this current budget, when can OHPA pay its legal fees. Currently, there is approximately \$75K outstanding balance. He asked because if there is a predictable time when the legal fees will be paid, there is consideration of discounting the outstanding balance.

Vice Chairwoman Hill reminded that OHPA contributed \$10K to the Nassau County Economic Development Board in return for Laura DiBella serving as Port Director. She wondered if that would qualify for the ARPA reimbursement. Mr. LaPorte explained ARPA will only reimburse the wages of the Board and its staff per month including the Port Director's salary. However, when ARPA runs out, that position is not sustainable. Vice Chairwoman Hill emphasized OHPA needs a business plan to assist in making decisions on the budget. Something that the Board has yet to receive from Mr. Kaufman even after multiple requests. As the Port's accountant, Mr. LaPorte emphasized he does not agree selling the assets/properties to fund ongoing expenses. The ARPA funds gave OHPA the opportunity to go beyond its means. However, it will expire, and there are no other viable options to pay for the director's position thereafter. In addition, the Board will have to decide how to fund the ongoing legal fees when ARPA expires.

Vice Chairwoman Hill asked both the Chairman and Commissioner Cole if they know of any potential investments that the Port can make with the ARPA funds. Both answered none except perhaps building a warehouse somewhere and leasing it. Commissioner Cole explained until the water and sewer are completed at Crawford Diamond, there are no options.

Mr. LaPorte explained there are \$150K left in the ARPA funds with \$75K of that allocated to pay the outstanding legal fees. Chairman Fullwood added OHPA needs to sell the properties to build something. Vice Chairwoman Hill suggested moving the Customs House to one of the properties instead of selling. She emphasized the Board needs to leave a legacy of financial stability for the future Commission. She repeated that Mr. LaPorte does not recommend selling the properties to fund ongoing operations. Chairman Fullwood suggested adding a few more square footages to the existing building following the exact requirements of CBP.

Commissioner Nelson repeated the ARPA fund is good through December 2024. For the Board to rely on the ARPA is not a good idea because the government can take it away at any time. Currently, real estate is not strong. The Board needs to cut where it can. He supported increasing the Administrator's salary, money well spent. He asked what the Florida Ports Council (FPC) does for OHPA. Mr. Kaufman explained the FPC lobbies for state funding on behalf of the state ports as well as regulatory programs and environmental legislation. Part of that system is the FSTED where the ports receive state grants. For example, the funding for the fabric warehouse and possibly the Customs House comes from that grant. Commissioner Nelson admitted he is willing to cut his pay but the Chairman said he is not willing to do the same.

Vice Chairwoman Hill motioned to pay \$30K to the Executive Director to represent the Port on the FPC, to serve as its liaison, in lieu of his current salary. Commissioner Nelson second the motion for discussion.

Discussions:

Commissioner Nelson confirmed the abovementioned change in salary would pay for the legal fees. Mr. LaPorte explained by eliminating the Port Director position, \$100K will go back to the government.

Commissioner Taylor confirmed the job description and the salary will change and OHPA will have the funds to pay legal fees. Mr. LaPorte confirmed that Mr. Kaufman's position will be similar to a consultant.

The Board voted 3 to 2 in favor of the motion with Chairman Fullwood and Commissioner Cole dissenting.

Vice Chairwoman Hill motioned should Mr. Kaufman declines the offer that the Board will appoint Chairman Fullwood to act as liaison for the Port at the FPC. He cannot be paid the \$30K as part of the Board. Commissioner Taylor second the motion.

The Board voted 3 to 2 in favor of the motion with Chairman Fullwood and Commissioner Cole dissenting.

The Chairman declined the offer.

Vice Chairwoman Hill motioned should Mr. Kaufman declines the offer that the Board will nominate Commissioner Cole to act as liaison for the Port at the FPC.

Commissioner Cole requested an answer from Mr. Kaufman.

Mr. Kaufman stated it was the first time he heard the proposal and was not prepared to discuss. He explained upon his hiring, a 3-year contract was

executed with the understanding the position would be funded by ARPA funds. There was enough funding to fund the position for 3 years, with the understanding that in that period, the goal was to find a revenue stream to continue the position. If unsuccessful, the position would be eliminated. He added there is language in the agreement that ARPA would essentially be put in a box for that purpose, to pay for the position, and not be used for other purpose. He believes the director position is much greater than just representing at the FPC. The latter should be filled with another individual. He declined to provide an answer and requested more time to consider.

Chairman Fullwood tabled any further discussions about the budget until the next meeting.

d. Covered Storage facility

Mr. Kaufman submitted a written Board submission proposal included in the meeting packet.

Mr. Kaufman reported the Operator proposed to install two fabric warehouses, each approximately 25,000 square feet in size, in two separate phases. The warehouses will be used to store a variety of breakbulk cargoes which require protection from the elements, including forest products. OHPA has an existing FSTED Grant with a balance of approximately \$750,000 that is available to support the initial phase on a 50%/50% cost share basis. The grant currently has an expiration date of March 31, 2024. FDOT is willing to extend said date as long as OHPA enters into a contract or provides a timeline of the project.

First, he requested the Board approve the advertising of the Request for Bids (RFB) for the fabric warehouse project. Second, he requested the Board sign the letter agreement between Savage and OHPA whereby Savage will fund 100% of the invoices when they become due within fifteen days and will allow OHPA to pay the contractor within fifteen days. OHPA, then, will invoice FDOT for the 50% reimbursement and return those funds to Savage. They will also pay the administrative fee due to the Florida Ports Council every time a grant is implemented on OHPA's behalf. Lastly, Savage will perform the management of the project to ensure proper installation, building codes, and implementation.

Mr. Krechowski reminded the Board that the ultimate construction contract will be presented to the Board for approval once the bids are received. Mr. Kaufman added in accordance with the grant, the contracts and bid tabs will be sent to FDOT for their records. No contracts will be entered into without full Commission approval.

Vice Chairwoman Hill asked if Savage would consider Mr. Krechowski's legal fees to be reimbursed, with a "not-to-exceed amount", in the agreement. Mr. Kaufman explained Savage adamantly pushed back on

the idea and something they are not willing to accept. Mr. Krechowski suggested to renegotiate with Savage if that was the will of the Board and present an amended one thereafter. The Board did not have to sign the agreement letter until prior to executing a contract. He asked the Board to consider the approval for the RFB tonight.

Commissioner Nelson agreed with Mr. Krechowski and get a definitive pricing from the bids before moving forward with the agreement letter with Savage.

Vice Chairwoman Hill motioned to approve the proceed with advertising the RFB. Commissioner Nelson second the motion.

The Board voted unanimously in favor of the motion.

e. OHPA Code of Ethics

Not discussed.

f. Insurance coverage (FMIT proposals)

Mr. Kaufman reported FMIT has the lowest cost option for OHPA. The rate provided was substantial higher than last year's because of the statewide increase in property coverage coupled with the OHPA claims for legal fee reimbursement.

He requested two separate proposals from FMIT. One included current coverage plus Workers Compensation (\$23,292), and the other excluded the property coverage (\$20,097). The latter will provide a \$3K savings considering OHPA property includes filing cabinets and an office desk.

The two proposals were included in the meeting packet.

The Board consensus was to choose the lower cost, \$20,079.

Commissioner Cole motioned to accept the lower cost FMT proposal. Commissioner Taylor second the motion.

The Board voted unanimously in favor of the motion.

9. New Business

No items were submitted.

10. Commissioner Reports and Comments

Not discussed.

11. Administrative Office Manager Report

Not discussed

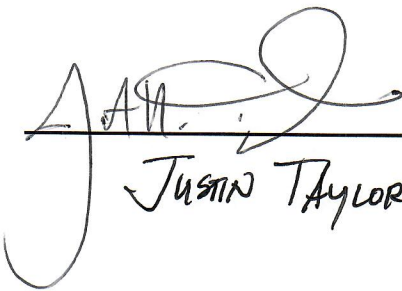
Mr. Krechowski requested a date for a shade meeting (public) to discuss the PILOT matter. The consensus was September 25th at 4 PM with the Budget meeting following at 6 PM. The scheduled meeting on September 27th was cancelled.

Mr. Kaufman inquired when the new position (liaison) takes into effect. Vice Chairwoman Hill explained the vote essentially eliminated the Executive Director position and extended an offer of \$30K, with the opportunity to enter discussions with Mr. Kaufman. An effective date was not part of the motion.

Note: Chairman Fullwood adjourned the meeting without discussing the other items on the agenda (marked as "Not discussed").

Adjourn

With no other questions brought before the Board, the meeting was adjourned at 8:17 PM.


Justin Taylor, SECRETARY/TREASURER

OCT. 11, 2023
Date