

## Ocean Highway & Port Authority

Robert Sturgess – Commissioner, District 1  
Danny Fullwood – Commissioner, District 2  
Adam Salzburg – Chairman, District 3  
Carroll Franklin – Vice Chairman, District 4  
Lissa Braddock – Secretary/Treasurer, District 5

### Minutes

September 12, 2018

The Ocean Highway and Port Authority of Nassau County held their regular monthly meeting on Wednesday, September 12, 2018 at the James Page Governmental Complex, Nassau Place, Yulee, FL

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

The invocation and the Pledge of Allegiance was led by Commissioner Fullwood. Roll call was conducted by Ms. Amergian. All Commissioners were present. Also present were Mr. Clyde Davis, Attorney for the Board; Mr. Pierre LaPorte, Accountant for the Board; and Ms. Laura DiBella, Port Director, and Ms. Barb Amergian, Administrative Office Manager.

Chairman Salzburg welcomed those in the audience and thanked them for attending the meeting. City Commissioner Chip Ross, Hardee Kavanaugh, and Bill Kavanaugh had signed up to speak to the Board.

City Commissioner Ross addressed the following issues:

- He advised the Board that the building on North Second Street will be torn down and was rezoned to Central Business District. A new building will be built to house apartments and commercial businesses. The issue with this is that there will be on-street parking, which could potentially be an issue for truck traffic.
- Calhoun Street paving – there are no city funds for paving. Attorney Davis advised that the City chose to close the road. Commissioner Ross asked if the OHPA would like to have the property and would look into that possibility.
- Commissioner Ross discussed the City Comprehensive Plan as it relates to the Port Master Plan, and would like two plans to align interests. The City Comprehensive Plan will go forward at the next City Commissioner's meeting on September 18<sup>th</sup>. Ross addressed the issues outlined in the letter from the OHPA received by the City Manager. He stated that name of the entity: "Port of Fernandina" is from language taken from the website. He continued with Policy 5.0.503 regarding tractor trailer traffic on Second, Third, and Front Street. Second Street North of Broome is where trucks should go and

not into residential areas. Development of wetlands and wetlands transitions areas: under the current comprehensive plan there is one rule for all.

- Policy 11.02 – asking for a funding plan from the Port. \$11.3 million being spent next year and would like to know what that entails. The City would like a copy of the plan that goes to the Port Council.
- Particular Hazard issue – the Port does not take any of the hazardous cargo on the list but the City would like to put it into zoning to prevent this from happening.
- Regarding the 30 foot buffer requirement in effect for the last 20 years from current comprehensive plan; continuing what has already been in place.
- 5.09 Flood Code within City of Fernandina Beach, City is going to be proactive and is looking at making the flood requirements more strict.
- Unified Florida Building code needs to be followed and flood elevation certificate is required.
- Hurricane Emergency Contingency Plan for the Port and asking for the OHPA's and Nassau Terminals' participation.
- Implement a Post Disaster and Redevelopment Plan.
- City Commissioner Ross asked for OPHA's participation in moving forward with the Comprehensive Plan.

Commissioner Fullwood asked clarification on the location of the buffer. Commissioner Ross stated that the buffer would be 30' foot next to Historic District, specific trees and plants needs to be planted within the 30' buffer. Mr. Davis asked about the Central Business District, located in the Historic District, that there is a 30' buffer imposed on the OHPA but not for anyone else. Mr. Ross said that the buffer was imposed 20 years ago and is listed in the DRI.

Chairman Salzburg acknowledged Hardee Kavanaugh, 715 San Fernando Street, FB. Mr. Kavanaugh wanted to bring to the OHPA's attention the positive relationship with Worldwide Terminals. From a tugboat pilot perspective, WTF has made the process of bringing ships in and out much safer and more fluid than with the past Port Operator.

Bill Kavanaugh, 112 No. 6<sup>th</sup> Street, FB. Mr. Kavanaugh has been involved with the Port for a number of years. WTF has doubled the ship traffic and he sees great things in the future under the WTF operation.

Chairman Salzburg moved to the minutes from the August 3, 2018 Special Meeting for the Crane Contract, the August 8, 2018 Monthly Meeting, and the August 10, 2018 Budget Workshop Meeting. **Motion by Commissioner Franklin to approve all three meeting minutes as written. Motion seconded by Commissioner Fullwood. Motion was unanimously approved.**

Chairman Salzburg stated there were no consent items.

Chairman Salzburg then moved to the Secretary/Treasurer's Report for August, 2018. Commissioner Braddock state that nothing was out of the ordinary on the report. It may be necessary to move Custom House funds from the public utilities line item to the water/sewer line item as water/sewer line item is close to budget and there is additional funds available in the public utilities line.

Chairman Salzburg recognized Port Accountant Pierre LaPorte.

**Motion by Commission Franklin to approve the Engagement Letter for Courson and Stam LLC for Fiscal Year 2018-2019. Motion seconded by Commission Fullwood. Motion was unanimously approved.**

**Motion by Commission Franklin to accept the 2018 Audit by Mauldin & Jenkins Engagement and Understanding of Services Letter. Motion seconded by Commissioner Braddock. Motion unanimously approved.**

Discussion on the 2018-2019 OHPA budget. Mr. Ragguci introduced and gave background on some of the long-term and hard working employees at the Port. Mr. Ragucci emphasized that he is looking forward to bringing the budget issues to a close and moving forward. He is presenting to the Board a term sheet outlining the economic terms.

Chairman Salzburg reviewed the specifics as it was presented at the workshop meeting on September 10, 2018. Commissioner Fullwood asked Mr. LaPorte for his opinion after Mr. Ragucci outlined the term agreement for the Board. Mr. LaPorte stated that the non-binding term sheet was not a joint effort.

Mr. LaPorte said, that overall, for the next six years, WTF is asking for the OHPA to reinvest significantly in the port by not taking usage fees and let WTF decide where the priorities are. The key point to be made is that the OPHA is giving the resources to WTF to improve the Port; through year 6 - all resources to the Port Operator, after year seven, starts to share until the maintenance fund is fully funded. Mr. Ragucci responded to Commissioner Fullwood's inquiry as to whether the terms can be renegotiated before the six years if the Port turns around more quickly than anticipated. Mr. Ragucci stated WTF is a true partner with OPHA for emergency funds, joint events and that mutually agreed upon economic adjustments could be done, knowing that the original contract would prevail. Commissioner Fullwood asked that verbiage be added to the contract to that effect and Mr. Ragucci stated they would be happy to do it.

Mr. Davis offered the following information regarding the existing operating agreement, the OHPA revenues would be usage, dockage, and wharf fees. Now that the Bond Debt is gone, 2016 - \$1.454mm, 2017- \$1.508 mm plus contract fees OHPA Revenues under the current operating agreement. Both sides agree that needs to shift to be fair. The difference between the two proposals is that the focus is to make sure that the capital and maintenance budget of OHPA going forward is adequately funded so we are not continually facing the financial obstacles (i.e. purchasing a crane.) The source of funds for all is the Port. By shifting dockage

and wharf fees to Port Operator revenues, that is a \$1m plus per year shift (over 35 years contract- \$35mm.) What does OHPA get for that shift – we owe advance use fees at \$4 million. \$35 million is being shifted to relieved of that \$4 million debt. Where is that money committed once that “nut” has been resolved? Is there a commitment in the operating agreement that the \$25mm is going back into the Port for capital improvements and maintenance? The answer at the special meeting from WTF was no. Other shifts – funding for adequate reserves for the OPHA, look at the flow of money through the contract to determine what is best for the Port of Fernandina.

Chairman Salzburg recognized Mr. Ragucci. He objected to some characterizations of the economics of the proposal. At the last economic negotiating session, a concession was made to continue to pay the fixed minimum fee (over \$400,000 by year 14 through 35.) That is a shift of \$10-11 million. \$50,000 DRI payment is back in for WTF to pay. This is the best that WTF can do in the next six years. WTF is committed to making all the capital investments to be made.

In reference to the loan for the crane through BB&T, Mr. Ragucci pointed out to the Board that the commitment amount of the loan is \$2mm over 72 months. The loan agreements put together that afternoon deviated from the \$2mm amount. The extra funds that would be available outside the crane purchase could be used for budget short falls and is another form of revenue that can be used for financing for new equipment at the Port.

Mr. Ragucci stated that his informal understanding is that WTF would retain all the revenues (usage fees, dockage, and wharf) under the existing operating agreement to pay off the debt. Chairman Salzburg questioned where Mr. Ragucci obtained that understanding. Mr. Ragucci stated that it has been the assumption even before closing as the new Port Operator that based on conversations and discussions that it was clear that was the only way that it would work. He stated that there was a meeting in January in Clyde Davis' office with Mr. LaPorte and presented a business plan. The plan was to withhold most revenues under the old operating agreement until such time as a new long-term operating agreement could be negotiated, which will allow debt recapture, and take the remaining \$4 mm off OHPA books.

Commission Fullwood questioned the difference between the cost of the crane purchase and the grant from the state could only be used for certain things. Mr. Ragucci pointed out that the \$2mm term loan has the grant attached as collateral. OHPA could choose to maintain a balance and make payments over the 72 months. Chairman Salzburg clarified that the grant will only reimburse what is spent for the crane, amounts over that are not reimbursable. Mr. Ragucci said the surplus capital could used for financing additional equipment at the Port.

Commissioner Franklin questioned all as to whether the Board has made the promise to WTF for all the operating fees. Chairman Salzburg stated that made two motion for the first quarters to retain all use fees and dockage and wharfage and a gift of \$50,000 (payment of the advance use fees.)

Mr. Davis that there never has been an agreement that states the Port Operator gets to keep, over the term of a long term contract, millions of dollars that belong to the citizens of Nassau County that are generated from port revenues. Mr. Ragucci stated that is not what he is asking

the Board to vote on. The new operating should allow for economic terms to recovered and readjusted.

Chairman Salzburg states that last year – there were \$1.6m in dockage, usage, wharf fees and contract fee. Using these figures, over the first 12 years of the agreement, \$15m will go to allow WTF to handle their debt. According to the term sheet, there is no reserve or additional revenue to assist in maintenance at the Port. He is not in favor of the economic terms of the current term sheet.

Chairman Salzburg pointed out that if there is a NO vote, OHPA and WTF would continue to work with the existing contract and find a way to assist with the advance use fees and go back to work. If both sides can't reach an agreement, then the potential is there for an RFP. WTF has shown that they are willing to work with us.

Mr. Ragucci asked again for the economic terms to be agreed upon tonight. Other terms can be done at a later date.

Commissioner Franklin stated his concerns with the term sheet, specifically that a maintenance reserve is needed, repairs are necessary, and more than \$60,000 a year is needed. Additionally he feels that a 30-year agreement is too long.

Mr. Ragucci said WTF would pay off OHPA's debt and made it clear that they would need a long-term operating agreement. The last agreement was for 32 years. Long term port operating agreements are necessary to finance with the banks.

Chairman Salzburg called for any other questions. Commissioner Franklin questioned the audited books for the tonnage, maintenance records. Mr. Ragucci stated that the record keeping of maintenance is done and OHPA has the right to look at any reports.

Commissioner Sturgess would like to see a clause in the contract in regards to the vetting and reward if the principal interests in WTF changes and they sell. Mr. Ragucci said that he was amendable to that.

Chairman Salzburg polled the Board on the non-binding economic term sheet.

Commissioner Sturgess voted No  
Chairman Salzburg voted No  
Commissioner Fullwood voted Yes  
Commissioner Franklin voted No  
Commissioner Braddock voted Yes

There was more discussion regarding the economic terms.

**Commissioner Fullwood made the Motion to accept the term sheet that is proposed. Seconded by Commissioner Sturgess. Motion was passed with three votes in favor, two against.**

Recess called at 8:13 PM

Resumed at 8:24 PM

Chairman Salzburg recognized Mr. LaPorte for 2018-2019 Budget discussions.

**Commissioner Fullwood made the motion to increase the salary of the Port Attorney by \$10,000 in the Port Operations budget. Seconded by Commissioner Braddock. Motion carried unanimously.**

Commissioner Franklin asked what this would calculate to in hours for the \$30,000 – Mr. Davis stated that the contract submitted that would be 10 hours at \$250 hour for the first 10 hours. The last six months have averaged more than 16 hours per month.

**Commissioner Fullwood made the motion to increase the contribution to the Nassau County Economic Development Board from \$7,500 to \$10,000. Seconded by Commissioner Braddock. Motion carried unanimously.**

Commissioner Fullwood asked for Mr. Ragucci's help in funding this contribution on behalf of Ms. DiBella, Port Director. He said he would take a look at it and once everything else is resolved, WTF can look at making a contribution.

Chairman Salzburg passed the gavel to the Vice Chairman. Chairman Salzburg expressed his opinion on the salary increase to the Commissioners. The charter allows for \$2,000 a month but he feels that the Board needs to return to the \$1,000 a month.

**Commissioner Salzburg made the motion to reduce the increase in the commissioners' payroll from \$30,000 back to zero, leaving it at \$60,000 in the OHPA budget. Vice Chair Franklin called for a second motion. There was none. Motion failed.**

**Commissioner Sturgess made the motion to accept the budget of \$297,562 as amended for 2018-2019. The Motion was seconded by Commissioner Fullwood. Motion passed with four votes in favor, one against.**

Chairman Salzburg then recognized Attorney Davis for his report.

Attorney Davis presented his report to the Board. Mr. Davis asked the Board to sign the Certificate as to Public Meetings and No Conflict of Interest document for BB&T in relation to the Bridge Loan for the crane. Mr. Davis presented his Engagement Letter for Davis, Broussard, & Steger, PLLC for Fiscal Year 2018-2019.

Regarding the Administrative Office Manager's contract, Mr. Davis stated that he added language in paragraph 4.a regarding that no severance pay for being dismissed for misconduct. This is a contractual provision that needs to be included according to Florida statutes.

**Motion by Commissioner Sturgess to accept the Employment Agreement for Administrative Office Manager for Fiscal Year 2018-2019. Motion seconded by Commissioner Franklin. Motion unanimously approved.**

Commissioner Sturgess stated that tracking time by the Port Attorney needs to be more concise. Mr. Davis said that he is glad to do that, although the OPHA Board will find more time is accrued. Mr. Davis stated that he will continue to do things the way he has done them. Commissioner Fullwood added that he would like an accounting for work done outside of the salary parameters.

**Motion by Commissioner Franklin to accept the MOU for Davis, Broussard, & Steger, PLLC for Fiscal Year 2018-2019. Motion seconded by Commissioner Fullwood. Motion unanimously approved.**

Chairman Salzburg recognized Laura DiBella for the Port Director and Economic Development reports.

Ms. DiBella thanked the Board for their contribution to the Economic Development Board. The FDOT is requesting photos of the installed fender system and final request for reimbursement is in the works. She also needs Board Attorney Certification for the purchase of the crane. The document is included in the JPA and Mr. Davis will take care of it. There was Discussion on the RFP for the structural inspection of the crane. Mr. Ragucci shared that there are two bids – one for \$100,000 and one for \$60,000.

Ms. DiBella continued with her report – met with USDOT representative and discussed the Marine Highway application. She attended the annual FSTED meeting last week. FSTED security grant was applied for and awarded for \$155,553. This is a 75/25 grant. OPHA would be responsible for the 25% - \$25,000. The grant monies are available now and should be used in the fiscal year. Economic Development is going well. Final negotiations with Crawford Dunham – the company has transportation needs that would include seaport and rail. September 25<sup>th</sup> is the next Economic Development meeting,

Chairman Salzburg recognized Chris Ragucci for the Port of Fernandina Report.

Mr. Ragucci reiterated the opportunity to take the full \$2mm available through BB&T for the crane purchase and use the excesses to finance other needs and equipment to the Port Operator.

Commissioner Sturgess said that this makes sense to him, to use this money to check the dock stability. Mr. Ragucci said there has been an engineering report for the dock stability to support the crane load. The under dock survey is underway for \$68,000. These two engineering surveys are reimbursable through FDOT.

Mr. Ragucci reviewed the August tonnage reports. WTF is looking for ways to capture more WestRock export. A paper warehouse on the north end at the port would be an advantage to capture this. There are two remaining shipments of the modular units to the US Virgin Island.

**Commissioner Fullwood made the motion to modify the loan documentation with BB&T to \$2mm to use the excess for working capital contingent upon the ability of Liebherr to extend the agreement in order for the documentation to be changed and authorizing Chairman and Secretary to execute those modified loan documents. Seconded by Commissioner Sturgess. Motion unanimously approved**

There was no old business.

New Business: the quarterly meeting for October monthly will be held at the James Page Complex.

**Commissioner Fullwood made the motion to add an additional 12 hours for Joanna Cason for Administrative Office Manager training purposes, funding to come from Customs House reserves. Motion was seconded by Commissioner Sturgess. Motion unanimously approved.**

Committee Reports from the Commissioners:

**Port Security** – Commissioner Salzburg – nothing to report.

**Customs House** – Commissioner Franklin reported that he has replaced a light fixture at the Customs House and presented the receipt for the light fixture for reimbursement. He also reported that Mr. Raysor, owner of Raysor Cleaning, had passed away. Commissioner Franklin will be in touch with the company/family of Mr. Raysor to discuss the future of the company cleaning the Customs House.

**Economic Development** – Commissioner Fullwood – nothing to report.

**Emergency Management** - Commission Franklin – nothing to report.

**Technical Coordinating Committee** – Commissioner Franklin was unable to attend due to a scheduling conflict.

**TPO** – Commissioner Salzburg – NPO for NE Florida. Long range transportation planning was discussed but nothing to note for Nassau County.

**Nassau Chamber – East side report** – Commissioner Sturgess – nothing to report this month

**Nassau Chamber – West side report** – Commissioner Braddock – nothing to report this month.

Administrative Office Manager report was presented. Ms. Amergian informed the Board that she would be away October 18, 2018 through October 22, 2018.

Other Items:

The Port Operator has asked for a special meeting to vote on the operating agreement by October 1, 2018.

Chairman Salzburg asked the Board to check their availability for a Workshop and a Special Meeting to continue discussions on the Proposed Operating Agreement between OHPA and WTF. The Workshop will be held on Wednesday, September 26, 2018 at 10 AM. The Special Meeting for discussion and possible ratification of the Operating Agreement will be held on Wednesday, October 3, 2018 at 10 AM. Ms. Amergian will check availability for meeting space and advise the Board of the location for both meetings.

Commissioner Sturgess brought one more issue before the Board – the Comprehensive Plan for the City of Fernandina Beach. Language states that any inconsistency between our Master Plan shall be noted in the Port Master Plan and shall not be adopted in the Comprehensive Plan. There was a legal opinion based on information provided by City Commissioner Chip Ross is that in OHPA's case, the Port must have the City Commission incorporated into the City's comprehensive plan for the Port to receive funding from the FDOT; if OHPA breaks any rules, the City will make sure that there is no funding from FDOT or the Seaport Council. The meeting with the City is on Tuesday and Chairman Salzburg will be there to speak on behalf of the OHPA.

Meeting Adjourned at 10:05 PM



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Adam Salzburg  
Chairman