



Legislation Details (With Text)

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Title: AMENDMENT NO. 2 TO THE LEASE AGREEMENT BETWEEN THE CITY OF PENSACOLA AND OFFSHORE INLAND MARINE & OILFIELD SERVICES, INC. FOR WAREHOUSE #1 AT THE PORT OF PENSACOLA.

Sponsors: Ashton J. Hayward, III

Indexes:

Code sections:

Attachments: 1. Draft Amendment No. 2 to the Warehouse No. 1 Lease

Date	Ver.	Action By	Action	Result
11/9/2017	1	City Council	Approved	Pass
11/6/2017	1	Agenda Conference	Placed on Regular Agenda	Pass

LEGISLATIVE ACTION ITEM

SPONSOR: Ashton J. Hayward, III, Mayor

SUBJECT:

AMENDMENT NO. 2 TO THE LEASE AGREEMENT BETWEEN THE CITY OF PENSACOLA AND OFFSHORE INLAND MARINE & OILFIELD SERVICES, INC. FOR WAREHOUSE #1 AT THE PORT OF PENSACOLA.

RECOMMENDATION:

That City Council authorize the Mayor to take all action necessary to amend, by second amendment, the Lease Agreement for Port Warehouse #1 with Offshore Inland Marine & Oilfield Services, Inc.

HEARING REQUIRED: No Hearing Required

SUMMARY:

On May 11, 2017, City Council approved a first amendment (“Amendment No. 1”) to the original Lease Agreement for Port Warehouse #1 (“Warehouse #1 Lease”) between the City of Pensacola and Offshore Inland Marine & Oilfield Services, Inc. (“OIMO”) which incorporated a formal payment obligation plan to resolve, in lieu of default under the Warehouse #1 Lease, the past-due payment from OIMO of the outstanding balance of \$269,247.00 in invoices owed to the Port, such past-due amount having accumulated in addition to the amount of \$363,000.00 held in abeyance in invoices owed to the Port.

In addition to other terms and conditions, Amendment No. 1 expressly obligated OIMO to continue to pay \$10,000.00 per month towards the \$269,247.00 amount not held in abeyance, and to remit, by no later than September 30, 2017, a final balloon payment for the entire remaining balance of the amount not held in abeyance.

By letter to the Port Director dated August 31, 2017, OIMO stated OIMO was unable to remit the final balloon payment, and subsequently requested City Council to permit OIMO to submit a one-time payment of \$15,000.00 toward the remaining balance of the amount not held in abeyance and additionally continue to pay monthly installment payments of \$10,000 until full repayment of such outstanding debt, plus interest at 12% per annum beginning October 1, 2017.

On October 12, 2017, City Council granted OIMO's request.

The attached Amendment No. 2 revises Section 5 of the Warehouse #1 Lease consistent with the October 12, 2017 Council action granting OIMO's request.

PRIOR ACTION:

April 22, 2010 - City Council approved the Warehouse #1 Lease.

January 10, 2013 - City Council approved a FDOT Economic Development Transportation Project Fund Agreement for infrastructure improvements at the Port.

May 11, 2017 - City Council approved Amendment No 1 to the Warehouse #1 Lease to incorporate specific requirements for repayment of OIMO's outstanding \$269,247.00 amount not held in abeyance.

October 12, 2017 - City Council granted OIMO's request for to remit a one-time payment of \$15,000.00 toward the balloon amount and additionally continue to pay monthly installment payments of \$10,000 until full repayment, plus interest, of the amount not held in abeyance.

FUNDING:

N/A

FINANCIAL IMPACT:

OIMO has made the required \$10,000 per month payment to reduce the outstanding amount of past due dockage and vessel fees each month. Currently, the balance of the outstanding amount is \$175,000. The Warehouse #1 Lease provides that beginning October 1, 2017, interest shall accrue on any remaining outstanding amount at the rate of 12% per annum as otherwise further described and calculated in the Port Tariff. With the accrued interest it is anticipated that the full outstanding amount should be repaid within 20 months.

CITY ATTORNEY REVIEW: Yes

10/27/2017

STAFF CONTACT:

Eric W. Olson, City Administrator
Amy Miller, Port Director

ATTACHMENTS:

- 1) Draft Amendment No. 2 to the Warehouse #1 Lease

PRESENTATION: No