



Legislation Details (With Text)

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Title: PORT WAREHOUSE #1 LEASE AGREEMENT WITH OFFSHORE INLAND MARINE & OILFIELD SERVICES, INC.

Sponsors: Ashton J. Hayward, III

Indexes:

Code sections:

Attachments: 1. Amendment No. 1 to Warehouse #1 Lease dated June 1, 2017, 2. Letter from Offshore Inland dated August 31, 2017

Date	Ver.	Action By	Action	Result
10/12/2017	1	City Council	Approved	Pass
10/9/2017	1	Agenda Conference	Placed on Regular Agenda	Pass
9/14/2017	1	City Council	Withdrawn	
9/11/2017	1	Agenda Conference	Placed on Regular Agenda	Pass

LEGISLATIVE ACTION ITEM

SPONSOR: Ashton J. Hayward, III, Mayor

SUBJECT:

PORT WAREHOUSE #1 LEASE AGREEMENT WITH OFFSHORE INLAND MARINE & OILFIELD SERVICES, INC.

RECOMMENDATION:

That City Council take action to respond to the request from Offshore Inland Marine & Oilfield Services, Inc. (OIMO) to continue to accept OIMO’s monthly payment of \$10,000 after September 30, 2017, to be credited toward the principal and accruing interest due under Section 5(a) of the amended Lease Agreement.

HEARING REQUIRED: No Hearing Required

SUMMARY:

On May 11, 2017, City Council approved an amendment to the Lease Agreement for Port Warehouse #1 (Warehouse #1 Lease) with Offshore Inland Marine & Oilfield Services, Inc. (OIMO).

Under the terms of the amended lease, in addition to OIMO making timely payment of monthly rents, utility,

fees, taxes, charges, payments, or other monetary obligations under the Warehouse #1 Lease or any other agreement, or owing as a result of its operations at the Port, OIMO was to continue to pay \$10,000.00 per month, no later than the fifteenth (15th) day of each month towards the outstanding amount of its past due dockage and vessel fees in the amount of \$269,247. Additionally, OIMO was obligated to remit to the City a final balloon payment for the entire unpaid outstanding amount no later than September 30, 2017.

On August 31, 2017, OIMO sent a letter to Port Director Amy Miller notifying her that OIMO is unable to make the final balloon payment required under the terms of the amended lease. According to the amended lease, in the event OIMO notifies the City that it is not able to make the final balloon payment in full on September 30, 2017, City Council may, at its sole discretion, terminate the lease or allow renegotiation as to payment of outstanding amounts.

PRIOR ACTION:

April 22, 2010 - City Council approved the Offshore Inland lease for a portion of Warehouse #1 and associated open storage and working areas.

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

March 13, 2014 - City Council approved and authorized the Mayor to negotiate and execute a lease agreement for Warehouse #9 and approximately three and one-half (3½) acres of immediately adjacent undeveloped land with OIMO.

April 13, 2017 - City Council postponed a recommendation to authorize the Mayor to terminate the Warehouse #9 Lease and to amend the Warehouse #1 Lease.

May 11, 2017 - City Council approved an amendment to the Lease Agreement for Port Warehouse #1 with Offshore Inland Marine & Oilfield Services, Inc.

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 \$199,220 with OIMO anticipating to pay an additional \$15,000 towards the outstanding amount. Therefore, it is estimated that the balloon payment due on September 30, 2017 will be \$184,220. OIMO is requesting that City Council agree to continue receiving payments of \$10,000 per month towards the outstanding amount. 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

9/5/2017

STAFF CONTACT:

Eric W. Olson, City Administrator
Richard Barker Jr., Chief Financial Officer
Amy Miller, Port Director

ATTACHMENTS:

- 1) Amendment No. 1 to Warehouse #1 Lease dated June 1, 2017
- 2) Letter from Offshore Inland dated August 31, 2017

PRESENTATION: No