

# MEMORANDUM

Agenda Item No. 8(A)(1)

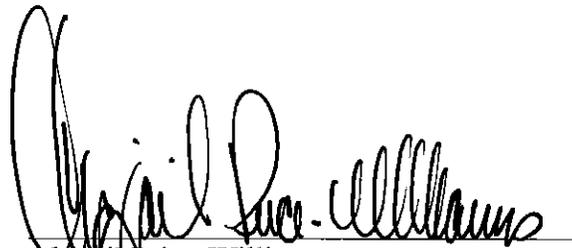
**TO:** Honorable Chairman Jean Monestime  
and Members, Board of County Commissioners

**DATE:** April 5, 2016

**FROM:** Abigail Price-Williams  
County Attorney

**SUBJECT:** Resolution approving Settlement Letter Agreement among Miami-Dade County and Lynx Global Corp. f/k/a Uno Handling, Inc., (Lynx), JW Acquisition, Inc., (JW), and Centurion Air Cargo, Inc. (Centurion) providing for payment of \$1,488,500.00 plus interest to the County from Lynx, confirming payment of \$213,617.00 for monthly ramp management fees to the County from JW, and the return of \$108,659.73 of security deposits from the County to Centurion to resolve matters arising under leases at Miami International Airport and an audit report issued by the County's Audit and Management Services Department

The accompanying resolution was prepared by the Aviation Department and placed on the agenda at the request of Prime Sponsor Commissioner Jose "Pepe" Diaz.



Abigail Price-Williams  
County Attorney

APW/cp

# Memorandum



**Date:** April 5, 2016

**To:** Honorable Chairman Jean Monestime  
and Members, Board of County Commissioners

**From:** Carlos A. Gimenez  
Mayor

A handwritten signature in black ink, appearing to read "Carlos A. Gimenez", written over a horizontal line.

**Subject:** Approval of Settlement Agreement with Lynx Global Corp. (Lynx), formerly known as Uno Handling, Inc., JW Acquisition, Inc., and Centurion Air Cargo, Inc.

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## **Recommendation**

It is recommended that the Board of County Commissioners (Board) approve the attached Settlement Letter Agreement among Miami-Dade County through its Aviation Department, and Lynx Global Corp. (Lynx), formerly known as Uno Handling, Inc. (Uno), JW Acquisition, Inc. (JW), and Centurion Air Cargo, Inc. (Centurion) resolving matters arising under leases at Miami International Airport (MIA) as determined by the Audit and Management Services (AMS) Department Report for Lynx.

## **Scope**

MIA is located primarily within Commissioner Rebeca Sosa's District 6; however, the impact of this item is countywide as the Airport is a regional asset.

## **Fiscal Impact/Funding Source**

The attached Agreement requires Lynx to pay to the Miami-Dade Aviation Department (MDAD) \$1,488,500.00 plus interest over a 48-month period beginning March 2015. The Agreement also confirms JW's payment of monthly ramp management fees arising under the separate ground lease with JW Acquisitions in the amount of \$213,617.00. Finally, MDAD will return Centurion's security deposits of \$108,659.73 for a separate building that Centurion previously vacated.

## **Track Record/Project Monitor**

The Settlement Agreement will be monitored by MDAD Aviation Controller Sergio San Miguel.

## **Background**

Lynx is a cargo handling company at MIA under a lease agreement that called for Lynx to pay the County an opportunity fee of 7 percent of its gross revenues. Over the years covered by the Audit Report 2005-2012, Lynx was to collect from its customers payment for the shipment of goods handled by Lynx, which were supposed to include the cost of the air freight provided by air carriers. Lynx, however, excluded from its gross revenue reports the costs of the air freight component on the basis that, because Lynx passed this cost through to the airlines that do not have to pay opportunity fees on their aviation activities, the air freight component should not be a part of Lynx's gross revenues. AMS disagreed with this position and determined that Lynx owed the 7 percent opportunity fee on the totality of the amount

received by Lynx from its customers.

Lynx formerly operated as Uno, a cargo handling company renting space in Building 701 until it ceased doing business in 2007. Uno was an affiliate of Centurion, Inc., and when Uno ceased doing business Centurion stepped in to operate in Building 701. Records were not available for the gross revenues generated within Building 701 from 2007 to 2009 when Centurion occupied the building. Accordingly, AMS imputed to Centurion for the two-year period gross revenues in an amount that was consistent with Uno's prior level of activities.

Finally, AMS determined that various other deductions made by Lynx from its gross revenues were not consistent with the terms of the lease.

Lynx and Centurion vigorously contested AMS's Audit Report. MDAD reviewed the Audit Report and the defenses asserted by Lynx and Centurion and their attorneys and concluded that Lynx, as a cargo handling company and a direct affiliate with Centurion Air Cargo, i) was operating under a good-faith misunderstanding that the air carrier component of an air freight transaction could be deducted from its gross revenues; and ii) because Centurion is an airline and airlines at MIA are not charged an opportunity fee for their aviation activities on the airport, it would be reasonable to exclude the imputed gross revenues for Building 701. MDAD therefore authorized the County Attorney's Office to proffer the settlement offer attached to this item. Ultimately, MDAD, Lynx and Centurion agreed to settle the claim of \$2,465,912.00 for the amount of \$1,488,500.00, payable with interest over 48 months, provided that Alfonso Rey, the owner of Centurion, Lynx, and JW, guaranteed this payment. Lynx has provided a release of claims in favor of the County, a copy of which is held in escrow by their attorney, which is effective upon the Board's approval of this item. A form of the release is available from the MDAD Division of Business Development and Retention.

Separately, Arrow Air and Fine Air had a ground lease agreement with MDAD for Building 711, the terms of which required the tenants to pay a monthly fee for their allocated share of the ramp maintenance and repair charges for the paved ramp adjacent to Building 711 and other buildings in the complex known as the "Eastern U." JW Acquisition, an affiliate of Centurion, purchased the ground leasehold rights from Arrow Air and Fine Air in their combined bankruptcy proceedings. MDAD looked to JW for continued payment of the ramp management fee, and the attached Agreement calls for JW to bring the ramp management fee account current in the amount of \$213,617.00, plus payment of monthly payments thereafter.

The Agreement also (i) confirms that MDAD will return to Centurion a security deposit in the amount of \$108,659.73, (ii) confirms that no delay damages are due to Centurion arising out of Centurion's construction of its new Building 906 on N.W. 36<sup>th</sup> Street, (iii) confirms that Centurion is not entitled to an offset of its 7 percent opportunity fees against \$6.4 million paid to the developer of Building 906, (iv) waives JW's claim to aircraft parking credits arising out of the Building 711 lease, but JW may raise the issue if the County sues JW or Lynx under the Building 711 ground lease, and (v) confirms that MDAD will determine how the north portion of Miami International Airport on N.W. 36<sup>th</sup> Street will be developed, if at all.

Honorable Chairman Jean Monestime  
and Members, Board of County Commissioners  
Page No. 3

The Agreement resolves these various highly contentious issues with Lynx, JW, and Centurion. The Aviation Department is pleased that it reached a settlement with the companies and recommends the Board approve the attached Letter Agreement.

A handwritten signature in cursive script, appearing to read "J. Osterholt", written in black ink.

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Jack Osterholt, Deputy Mayor



# MEMORANDUM

(Revised)

**TO:** Honorable Chairman Jean Monestime  
and Members, Board of County Commissioners

**DATE:** April 5, 2016

**FROM:** Abigail Price-Williams  
County Attorney

**SUBJECT:** Agenda Item No. 8(A)(1)

Please note any items checked.

- "3-Day Rule" for committees applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Statement of social equity required
- Ordinance creating a new board requires detailed County Mayor's report for public hearing
- No committee review
- Applicable legislation requires more than a majority vote (i.e., 2/3's \_\_\_\_, 3/5's \_\_\_\_, unanimous \_\_\_\_ ) to approve
- Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved \_\_\_\_\_ Mayor  
Veto \_\_\_\_\_  
Override \_\_\_\_\_

Agenda Item No. 8(A)(1)  
4-5-16

RESOLUTION NO. \_\_\_\_\_

RESOLUTION APPROVING SETTLEMENT LETTER AGREEMENT AMONG MIAMI-DADE COUNTY AND LYNX GLOBAL CORP. F/K/A UNO HANDLING, INC., (LYNX), JW ACQUISITION, INC., (JW), AND CENTURION AIR CARGO, INC. (CENTURION) PROVIDING FOR PAYMENT OF \$1,488,500.00 PLUS INTEREST TO THE COUNTY FROM LYNX, CONFIRMING PAYMENT OF \$213,617.00 FOR MONTHLY RAMP MANAGEMENT FEES TO THE COUNTY FROM JW, AND THE RETURN OF \$108,659.73 OF SECURITY DEPOSITS FROM THE COUNTY TO CENTURION TO RESOLVE MATTERS ARISING UNDER LEASES AT MIAMI INTERNATIONAL AIRPORT AND AN AUDIT REPORT ISSUED BY THE COUNTY'S AUDIT AND MANAGEMENT SERVICES DEPARTMENT

**WHEREAS**, this Board desires to accomplish the purposes outlined in the accompanying memorandum and document, a copy of which is incorporated herein by reference,

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA**, that this Board approves the attached Settlement Letter Agreement among Miami-Dade County and Lynx Global Corp., f/k/a Uno Handling, Inc. (Lynx), JW Acquisition, Inc.(JW), and Centurion Air Cargo, Inc. (Centurion), providing for payment of \$1,488,500.00 plus interest to the County from Lynx; confirming payment of \$213,617.00 for monthly ramp management fees to the County from JW; and return of \$108,659.73 of security deposits from the County to Centurion to resolve matters arising under leases at Miami International Airport and the Audit Report contained in the "Audit Report—Lynx Global Corp. f/k/a Uno Handling Corporation" issued by the County's Audit and Management Services Department.

The foregoing resolution was offered by Commissioner  
who moved its adoption. The motion was seconded by Commissioner  
and upon being put to a vote, the vote was as follows:

Jean Monestime, Chairman	
Esteban L. Bovo, Jr., Vice Chairman	
Bruno A. Barreiro	Daniella Levine Cava
Jose "Pepe" Diaz	Audrey M. Edmonson
Sally A. Heyman	Barbara J. Jordan
Dennis C. Moss	Rebeca Sosa
Sen. Javier D. Souto	Xavier L. Suarez
Juan C. Zapata	

The Chairperson thereupon declared the resolution duly passed and adopted this 5<sup>th</sup> day of April, 2016. This resolution shall become effective upon the earlier of (1) 10 days after the date of its adoption unless vetoed by the County Mayor, and if vetoed, shall become effective only upon an override by this Board, or (2) approval by the County Mayor of this Resolution and the filing of this approval with the Clerk of the Board.

MIAMI-DADE COUNTY, FLORIDA  
BY ITS BOARD OF  
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: \_\_\_\_\_  
Deputy Clerk

Approved by County Attorney as  
to form and legal sufficiency.



David M. Murray

March 16, 2015

**Via Email**

Ronald L. Book, Esq.  
Suite 1010  
18851 N.E. 29<sup>th</sup> Avenue  
Aventura, Florida 33180  
And

**Via Email**

David B. Haber, Esq.  
Haber Slade, P.A.  
201 S Biscayne Blvd. Suite 1205  
Miami FL 33131

**This Letter Agreement is a privileged settlement communication under F.S. Section 90.408**

Dear Ron and David:

In regard to the current disputes with your clients over the Audit Report of June 30, 2014, and the other matters referenced below, MDAD offers the following proposed settlement:

1. **For the Audit issue:** Lynx Global Corp. f/k/a Uno Handling, Inc. ("Lynx") and MDAD have a dispute regarding the Audit for 2005-2012 dated June 30, 2014 ("Audit Report") prepared by County's Audit and Management Services Dept. ("AMS"). Without either side accepting the position of the other, and merely in order to resolve matters without the need to resort to costly litigation, and without any admission of liability by either party, and in full satisfaction of the amounts claimed in the Audit Report, MDAD will accept and Lynx will pay \$1,488,500.00 plus interest at MDAD's delinquency fee rate of 1.5% per month accruing as of January 1, 2015 until paid ("Lynx Settlement Amount"). This Lynx Settlement Amount of \$1,488,500.00 may be paid in 48 monthly installments of \$43,724.70, not to exceed a 48-month period, with payments beginning on Tuesday, March 17, 2015 and ending on or before February 17, 2019 pursuant to the attached schedule, **Exhibit "1"**. The first payment is due Tuesday March 17, 2015 and shall be in the amount of \$78,225.27 which includes the monthly payment of \$43,724.69 and interest accrued from January 1, 2015 through February 16, 2015 in the amount of \$34,500.58. The forty-seven (47) remaining monthly payments of the Lynx Settlement Amount shall be made on or before the 17<sup>th</sup> of each month thereafter. The principal plus

Letter to Ron Book, Esq. and David B. Haber, Esq.  
March 16 2015

accrued interest may be pre-paid at any time. The Lynx Settlement Amount due under this Paragraph 1 of this Letter Agreement shall be guaranteed by Alfonso Rey ("Rey") pursuant to his signature on the last page of this Letter Agreement. In the event of a failure to timely make any monthly installment payment, MDAD shall provide written notice to Lynx and Rey and their counsel referenced above. Upon receipt of written notice, Lynx and Rey shall have ten (10) days to cure the late payment. No default shall exist absent a proper written notice and a failure to cure within the ten (10) day grace period subsequent to notification.

2. **For the Ramp Management Fees under the Building 711 lease:** JW agrees to continue making payments for Ramp Management Fees ("RMF") under the ground lease for Building 711 to MDAD. JW shall pay to MDAD the sum of \$213,617.00 in outstanding monthly ramp management fees up through March 2015, plus the ramp management fees due monthly thereafter. Those fees are currently \$7,885.00 per month and are adjusted periodically as provided in the documents ("RMF monthly payments"). RMF payments need to continue until a termination plan for the ground lease applicable to Building 711 is presented that is reasonable and acceptable to MDAD and LAN, which consent shall not be unreasonably withheld by MDAD. The payment of \$213,617.00 shall be made by Tuesday, March 17, 2015. In the event of a failure to timely make any of the RMF monthly payments, MDAD shall provide written notice to JW and its counsel referenced above. Upon receipt of written notice, JW shall have ten (10) days from receipt of written notice to cure the late RMF monthly payment. No default shall exist absent a proper written notice and a failure to cure within the ten (10) day grace period subsequent to notification. As of the date of this Letter Agreement, the only amounts owing to MDAD by JW under the ground lease are those amounts set forth herein in Paragraph 2.
3. **Regarding the Centurion Security Deposits:** MDAD shall deliver to Centurion a check for the sum of \$108,659.73 in outstanding security deposits owing to Centurion for Buildings 706 and 5284, which check shall be delivered on or before 5 PM on Tuesday March 24, 2015.
4. **Delays in Building 906 Construction:** There are no amounts due and owing to Centurion from MDAD for delays in Building 906 Construction, inasmuch as whatever claims might have been owing were resolved in the Second Amendment which Centurion signed; however, nothing herein is intended to or does in fact release or waive any claims or potential claims Centurion may have as against any third parties (i.e.—persons or entities other than MDAD or Miami-Dade County, Florida).
5. **Offset of 7% Opportunity Fees against the \$6.4 million paid by MDAD to Aero Miami II:** There is no offset due to Centurion for this particular item.

Letter to Ron Book, Esq. and David B. Haber, Esq.  
March 16 2015

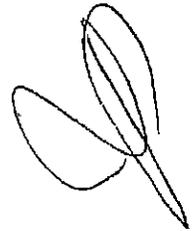
6. **Claim for Parking Credits Arising out of Building 711:** JW waives any claim to parking credits arising out of Building 711, unless MDAD files suit against JW and/or Lynx under the ground lease for Building 711 (in which case there is no waiver of any claim to parking credits).
  
7. **North Side Development:** MDAD will gladly work with Centurion and/or any entity owned, controlled or related to Rey (collectively "Rey entities") regarding their participation in development of the North Side of MIA, but MDAD ultimately will determine: (i) whether to develop the area at all; (ii) what to develop on it, if anything; and (iii) how to obtain a developer or developers for such development, whether by competitive procurement or negotiation. The Rey entities should feel free to pursue its discussion with MDAD's Planning Division, as we discussed at our meeting on Monday, to determine if there is a course of action that is mutually acceptable to both parties and the FAA.

To confirm our communications, MDAD is moving forward with a complaint to be filed in court for recovery of all amounts owing under the Audit, plus accrued delinquency fees, as well as any other outstanding amounts. If your clients signs this letter prior to such filing, my client will take the signed letter to the Board for approval. If your clients does not sign this letter prior to the filing of the complaint, or if the Board does not approve the settlement, then the offer in this letter is withdrawn in its entirety as of the date of filing or non-approval, and the matter will be need to be resolved in court. To avoid the complaint being filed, the payments above must be made when required even though the matter is pending before the Board. If the event of non-approval by the Board, any payments referenced herein will be credited to your clients at the conclusion of any litigation regarding these matters and/or at the time of a settlement.

Sincerely,



Thomas P. Abbott

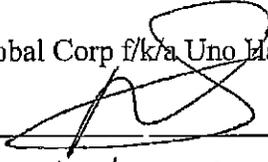


N.B  
T.P.A.

Letter to Ron Book, Esq. and David B. Haber, Esq.  
March 16 2015

ACCEPTED BY ENTITIES BELOW AS TO THEIR RESPECTIVE OBLIGATIONS AS  
SET FORTH ABOVE IN THE NUMBERED PARAGRAPHS:

Lynx Global Corp f/k/a Uno Handling, Inc.

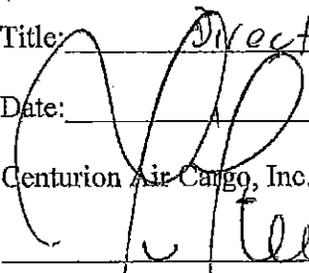
  
\_\_\_\_\_

By: Nestor Bringas

Title: Director

Date: \_\_\_\_\_

Centurion Air Cargo, Inc.

  
\_\_\_\_\_

By: Alfonso Reyes

Title: CEO

Date: 03/17/2015

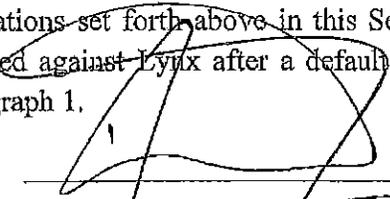
JW Acquisition, Inc.  
  
\_\_\_\_\_

By: Nestor Bringas

Title: Director

Date: \_\_\_\_\_

I, Alfonso Rey, individually, hereby personally guarantee the payment(s) of the Lynx Settlement Amount and only that Lynx Settlement Amount in Paragraph 1 above, and no other obligations set forth above in this Settlement Letter, but without the need for MDAD to first proceed against Lynx after a default of the Lynx Settlement Amount monetary obligations in Paragraph 1.

  
\_\_\_\_\_

Alfonso Rey, individually

Date: \_\_\_\_\_

11 TPA

Exhibit 1

TO  
LETTER  
AGREEMENT

N.B.  
PPA

Loan Amortization Schedule

Scheduled payments	\$ 43,274.69
Actual number of payments	48
Total early payments	\$ 0.00
Total interest	\$ 610,284.57

Loan amount	\$ 1,488,500.00
Annual interest rate	6.50%
Loan period in years	4.00
Number of payments per year	12
Start date of loan	8/17/2015
Optional extra payments	\$ 0.00

Lender name: Lynx Global Corp.

Payment No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	8/17/2015	1,488,500.00	43,274.69		43,274.69	21,597.19	21,677.50	1,466,822.81	21,677.50
2	9/15/2015	1,466,822.81	43,274.69		43,274.69	21,716.14	21,558.55	1,445,106.67	43,236.05
3	10/13/2015	1,445,106.67	43,274.69		43,274.69	21,835.20	21,439.60	1,423,271.47	64,675.65
4	11/11/2015	1,423,271.47	43,274.69		43,274.69	21,954.26	21,320.65	1,401,317.21	86,096.30
5	12/9/2015	1,401,317.21	43,274.69		43,274.69	22,073.31	21,201.70	1,379,243.90	107,518.00
6	1/6/2016	1,379,243.90	43,274.69		43,274.69	22,192.36	21,082.75	1,357,051.54	128,939.75
7	2/3/2016	1,357,051.54	43,274.69		43,274.69	22,311.41	20,963.80	1,334,740.13	150,361.55
8	3/2/2016	1,334,740.13	43,274.69		43,274.69	22,430.46	20,844.85	1,312,309.67	171,783.40
9	3/31/2016	1,312,309.67	43,274.69		43,274.69	22,549.51	20,725.90	1,289,760.16	193,205.30
10	4/29/2016	1,289,760.16	43,274.69		43,274.69	22,668.56	20,606.95	1,267,091.60	214,627.25
11	5/27/2016	1,267,091.60	43,274.69		43,274.69	22,787.61	20,488.00	1,244,303.99	236,049.25
12	6/25/2016	1,244,303.99	43,274.69		43,274.69	22,906.66	20,369.05	1,221,397.33	257,471.30
13	7/23/2016	1,221,397.33	43,274.69		43,274.69	23,025.71	20,250.10	1,198,371.62	278,893.40
14	8/20/2016	1,198,371.62	43,274.69		43,274.69	23,144.76	20,131.15	1,175,226.86	300,315.55
15	9/18/2016	1,175,226.86	43,274.69		43,274.69	23,263.81	20,012.20	1,151,963.05	321,737.75
16	10/16/2016	1,151,963.05	43,274.69		43,274.69	23,382.86	19,893.25	1,128,580.19	343,159.95
17	11/13/2016	1,128,580.19	43,274.69		43,274.69	23,501.91	19,774.30	1,105,078.28	364,582.25
18	12/11/2016	1,105,078.28	43,274.69		43,274.69	23,620.96	19,655.35	1,081,457.32	386,004.60
19	1/8/2017	1,081,457.32	43,274.69		43,274.69	23,740.01	19,536.40	1,057,717.31	407,426.95
20	2/5/2017	1,057,717.31	43,274.69		43,274.69	23,859.06	19,417.45	1,033,858.25	428,849.40
21	3/5/2017	1,033,858.25	43,274.69		43,274.69	23,978.11	19,298.50	1,009,880.14	450,271.90
22	4/2/2017	1,009,880.14	43,274.69		43,274.69	24,097.16	19,179.55	985,782.98	471,694.45
23	4/30/2017	985,782.98	43,274.69		43,274.69	24,216.21	19,060.60	961,566.77	493,117.05
24	5/28/2017	961,566.77	43,274.69		43,274.69	24,335.26	18,941.65	937,231.51	514,539.70
25	6/25/2017	937,231.51	43,274.69		43,274.69	24,454.31	18,822.70	912,777.20	535,962.40
26	7/23/2017	912,777.20	43,274.69		43,274.69	24,573.36	18,703.75	888,203.84	557,385.15
27	8/20/2017	888,203.84	43,274.69		43,274.69	24,692.41	18,584.80	863,511.43	578,807.95
28	9/18/2017	863,511.43	43,274.69		43,274.69	24,811.46	18,465.85	838,700.00	600,230.80
29	10/16/2017	838,700.00	43,274.69		43,274.69	24,930.51	18,346.90	813,769.49	621,653.70
30	11/13/2017	813,769.49	43,274.69		43,274.69	25,049.56	18,227.95	788,719.93	643,076.65
31	12/11/2017	788,719.93	43,274.69		43,274.69	25,168.61	18,109.00	763,551.32	664,499.65
32	1/8/2018	763,551.32	43,274.69		43,274.69	25,287.66	17,990.05	738,263.66	685,922.70
33	2/5/2018	738,263.66	43,274.69		43,274.69	25,406.71	17,871.10	712,856.95	707,345.80
34	3/5/2018	712,856.95	43,274.69		43,274.69	25,525.76	17,752.15	687,331.19	728,768.95
35	4/2/2018	687,331.19	43,274.69		43,274.69	25,644.81	17,633.20	661,686.38	750,192.15
36	4/30/2018	661,686.38	43,274.69		43,274.69	25,763.86	17,514.25	635,922.52	771,615.40
37	5/28/2018	635,922.52	43,274.69		43,274.69	25,882.91	17,395.30	609,039.61	793,038.70
38	6/25/2018	609,039.61	43,274.69		43,274.69	26,001.96	17,276.35	582,037.65	814,462.05
39	7/23/2018	582,037.65	43,274.69		43,274.69	26,121.01	17,157.40	554,916.64	835,885.45
40	8/20/2018	554,916.64	43,274.69		43,274.69	26,240.06	17,038.45	527,676.58	857,308.90
41	9/18/2018	527,676.58	43,274.69		43,274.69	26,359.11	16,919.50	500,327.47	878,732.40
42	10/16/2018	500,327.47	43,274.69		43,274.69	26,478.16	16,800.55	472,859.31	900,155.95
43	11/13/2018	472,859.31	43,274.69		43,274.69	26,597.21	16,681.60	445,262.10	921,579.55
44	12/11/2018	445,262.10	43,274.69		43,274.69	26,716.26	16,562.65	417,545.84	943,003.20
45	1/8/2019	417,545.84	43,274.69		43,274.69	26,835.31	16,443.70	389,711.53	964,426.90
46	2/5/2019	389,711.53	43,274.69		43,274.69	26,954.36	16,324.75	361,757.17	985,850.65
47	3/5/2019	361,757.17	43,274.69		43,274.69	27,073.41	16,205.80	333,683.76	1,007,274.45
48	4/2/2019	333,683.76	43,274.69		43,274.69	27,192.46	16,086.85	305,491.30	1,028,700.30

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Centurion Air Cargo Inc.

44179

MIAMI-DADE AVIATION DEPT.  
JW ACQUISITION AGREEMENT

CHECK 44179

\$ 213,617.00  
\$ 213,617.00

44179

Centurion Air Cargo Inc.  
P.O. Box 522900  
Miami, FL 33152

U.S. CENTURY BANK  
7575 WEST FLAGLER  
MIAMI, FLORIDA 33144  
63-1539-670

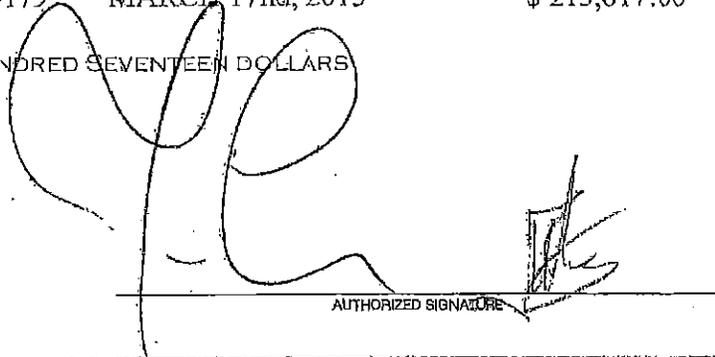
44179      DATE      MARCH 17nd, 2015

AMOUNT  
\$ 213,617.00

TWO HUNDRED THIRTEEN THOUSAND SIX HUNDRED SEVENTEEN DOLLARS

PAY  
TO THE  
ORDER  
OF:

MIAMI-DADE AVIATION DEPT.  
FINANCE DIVISION  
P.O. BOX 526624  
MIAMI, FL 33152-6624



AUTHORIZED SIGNATURE

ED Security features. Details on back.

⑈044179⑈ ⑈067015397⑈ ⑈3041836⑈ ⑈

13

Centurion Air Cargo Inc.

44180

MIAMI-DADE AVIATION DEPT.

CHECK 44180

\$ 78,225.27

LYNX GLOBAL AGREEMENT

\$ 78,225.27

44180

Centurion Air Cargo Inc.

P.O. Box 522300  
Miami, FL 33152

U.S. CENTURY BANK  
7575 WEST FLAGLER  
MIAMI, FLORIDA 33144

63-1639-670

44180 MARCH 17<sup>th</sup>, 2015

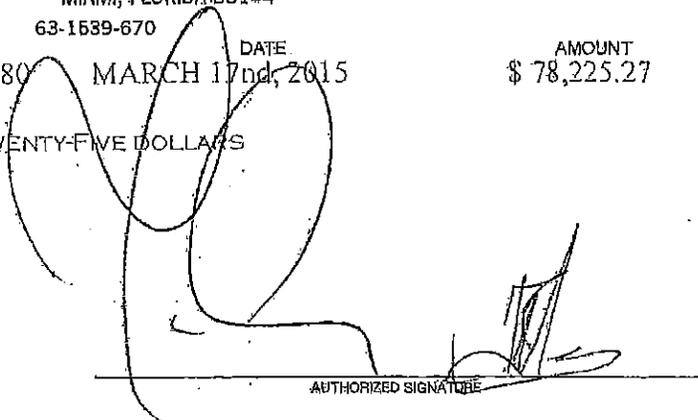
DATE

AMOUNT  
\$ 78,225.27

SEVENTY-EIGHT THOUSAND TWO HUNDRED TWENTY-FIVE DOLLARS  
AND TWENTY-SEVEN CENTS

PAY  
TO THE  
ORDER  
OF:

MIAMI-DADE AVIATION DEPT.  
FINANCE DIVISION  
P.O. BOX 526624  
MIAMI, FL 33152-6624



AUTHORIZED SIGNATURE

Security features. Details on back.

⑈044180⑈ ⑆067015397⑆ 3041836 ⑈

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# Memorandum



**Date:** June 30, 2014

**To:** Emilio T. Gonzalez, Ph.D., Director  
Miami-Dade Aviation Department

**From:** *Cathy Jackson*  
Cathy Jackson, Director  
Audit and Management Services Department (AMS)

**Subject:** Audit Report – Lynx Global Corp. f/k/a Uno Handling Corporation

RECEIVED  
COUNTY ATTORNEY  
AVIATION DEPARTMENT  
2014 JUL -8 PM 1:22

## PURPOSE AND SCOPE

As requested, we conducted a limited review of Lynx Global Corp. f/k/a Uno Handling Corporation (Lynx) for the eight years ended December 31, 2012. The purpose of the review was to determine the accuracy of gross revenue reported and opportunity fees paid to the Miami-Dade Aviation Department (the Department). Lynx's independent auditors recently completed and issued audit reports on gross revenue and opportunity fees paid the Department. Accordingly, we limited our review to identifying revenue not reported by the external auditors.

## BACKGROUND

Effective January 21, 2005, Miami-Dade County executed a five-year Lease Agreement (Agreement) with Uno Handling Corporation (Uno) to provide air cargo handling services at Miami International Airport within Building 701 (Table I). On August 31, 2007, Uno suspended operations, and in the interim, its customers were serviced by an Affiliate, Centurion Air Cargo, Inc. (Centurion). In May 2009, Uno resumed operations under a new name, Lynx Global Corp. The Agreement expired in January 2010, and the Lease was extended on a month-to-month basis until the Company ceased operations on April 1, 2013.

Table I  
Rental Fees for Lease C-2539 as of March 31, 2013

Space Type	Square Footage	Monthly Rental
Warehouse	33,741	\$ 33,038
Office	1,501	1,876
Land	35,242	4,552
		\$ 39,466

Source: Lease Agreement and Department Records

During its tenancy, Lynx provided air cargo handling services (using unrelated companies) to its Affiliates, Centurion, Aerolog, Inc., and Sky Lease I, Inc., as well as other third party customers (Exhibit I). Centurion and Sky Lease I are cargo airlines specializing in importing/exporting of perishable goods between Miami and Latin America, whereas Aerolog is the Sales Agent for Centurion. Lynx bills all customers, including those of its Affiliates, a consolidated fee which

includes freight, handling, import, broker, packaging, and merchandise processing costs. All of the affiliated companies are owned and operated by the same individual.

**Table II**  
**Summary of Gross Revenue and Opportunity Fee Payments**  
**For the Eight Years Ended December 31, 2012**

Description	2005	2006	2007	2008	2009	2010	2011	2012	Total
Gross Revenue <sup>1</sup>	\$ 2,190,295	\$ 3,572,047	\$ 2,236,006	\$ -	\$ 6,084,831	\$ 24,426,670	\$ 47,145,472	\$ 22,319,931	\$ 109,975,252
Leas Exclusions:									
Airline Freight Costs	-	-	-	-	4,040,500	7,962,245	11,559,866	8,647,951	32,210,582
Outsourced Cargo Handling Services	-	-	-	-	482	5,103,071	19,323,386	4,345,242	28,772,181
Governmental Fees Pass-through to Clients	-	-	-	-	58,355	276,606	2,152,928	2,432,189	4,920,048
Revenue Related to Premises Outside Airport	-	-	-	-	1,565,053	3,581,510	2,096,446	58,787	7,301,796
	-	-	-	-	5,664,390	16,923,432	35,132,646	15,484,139	75,204,607
Net Revenue Subject to Opportunity Fees	\$ 2,190,295	\$ 3,572,047	\$ 2,236,006	\$ -	\$ 2,420,441	\$ 7,503,238	\$ 12,012,826	\$ 6,835,792	\$ 36,770,645
Opportunity Fee Payments:									
Rent	\$ 433,700	\$ 454,584	\$ 470,076	\$ 473,592	\$ 473,592	\$ 473,592	\$ 473,592	\$ 473,592	\$ 3,726,320
Opportunity Fees	-	-	-	-	-	109,069	367,301	119,673	596,043
	\$ 433,700	\$ 454,584	\$ 470,076	\$ 473,592	\$ 473,592	\$ 582,661	\$ 840,893	\$ 593,265	\$ 4,322,363

Source: Independent Auditor Reports and Department Records

<sup>1</sup> From September 2007 to April 2009, the Company, via dormant Lynx's affiliate, Centurion, used the leasehold to service its customers, however, no revenue was reported.

As defined, Lynx must pay the Department opportunity fees equal to the greater of 7% of gross revenue or rents, which is calculated on a monthly basis. As shown in Table II, opportunity fee payments totaled \$4.3 million during the review period. According to Lynx officials, a significant portion of its revenue is generated from related parties (Table III).

**Table III**  
**Lynx Global Corp. Gross Revenue by Source**

Year	Third Party Customers	Affiliates			Total
		Aerolog	Centurion	Sky Lease I	
2005	\$ 2,190,295	\$ -	\$ -	\$ -	\$ 2,190,295
2006	3,572,047	-	-	-	3,572,047
2007	2,236,006	-	-	-	2,236,006
2008	-	-	-	-	-
2009	6,818,142	-	1,266,689	-	8,084,831
2010	13,551,913	6,242,239	2,106,998	2,525,520	24,426,670
2011	22,339,757	1,570,616	22,658,704	576,395	47,145,472
2012	18,876,244	-	3,443,687	-	22,319,931
	\$ 69,584,404	\$ 7,812,855	\$ 29,476,078	\$ 3,101,915	\$ 109,975,252

Source: Independent Auditor Reports and Lynx General Ledgers

## SUMMARY RESULTS

Lynx reported \$110 million in gross revenue, but claims only \$36.8 million is subject to opportunity fees (Table II). The exclusions, totaling \$73.2 million, comprise fee revenue mainly collected from Lynx customers for airline freight costs, outsourced cargo handling services, government fees passed-through to customers, and revenue generated outside the Miami International Airport (MIA) premises (Table IV).

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**Table IV**  
**Summary of Gross Revenue Exclusions**

Description	Gross Revenue Exclusions		
	Claimed	Allowed	Disallowed
Airline Freight Costs	\$ 32,210,582	\$ -	\$ 32,210,582
Outsourced Cargo Handling Services	28,772,181	28,091,719	680,462
Governmental Fees Pass-through to Clients	4,920,048	1,526,676	3,393,372
Revenue Related to Premises Outside Airport	7,301,796	7,243,009	58,787
	<u>\$ 73,204,607</u>	<u>\$ 36,861,404</u>	<u>\$ 36,343,203</u>

Source: Independent Auditor Reports and Department Records

After discussions with Lynx's representatives (including the Company's external auditors), reviewing the underlying support and rationale for each of the revenue category exclusions, as well as meetings with Department officials (including the Office of the County Attorney), we have determined that only \$36.9 of the \$73.2 million excluded from gross revenue is exempt from opportunity fees (Table IV). Additionally, \$9.3 million in gross revenue was identified that had not been previously reported, including revenue from Centurion. Based on the foregoing, gross revenue subject to opportunity fees should have been \$82.4 rather than the \$36.8 million, and thus an additional \$2.5 million is owed in opportunity fees (Table V). The Department should recover the amounts due within 60 days. Further, we believe a review of Centurion should be performed to assure the accuracy of reported revenue and opportunity fees paid subsequent to Lynx's lease termination and also during Uno's dormancy.

**Table V**  
**Summary of Exclusions Disallowed and Additional Opportunity Fees Due Department**  
**For the Eight Years Ended December 31, 2012**

Description	2005	2006	2007	2008	2009	2010	2011	2012	Total
Not Revenue Subject to Opportunity Fees Per Lynx	\$ 2,190,295	\$ 3,572,047	\$ 2,236,006	\$ -	\$ 2,420,441	\$ 7,503,238	\$ 12,012,826	\$ 6,835,792	\$ 36,770,645
Add Exclusions Disallowed:									
Airline Freight	-	-	-	-	4,040,500	7,962,245	11,559,886	8,647,951	32,210,582
Outsourced Cargo Handling Services	-	-	-	-	482	26,426	569,716	83,838	680,462
Export Fees	-	-	-	-	-	217,177	1,373,681	1,194,922	2,785,780
Other Charges	-	-	-	-	58,355	59,429	55,278	493,317	666,379
	-	-	-	-	4,099,337	8,265,277	13,558,561	10,420,028	36,343,203
Unreported Revenue:									
Centurion <sup>1</sup>	-	-	1,263,994	3,500,000	1,164,000	-	-	-	5,927,994
Sublease Income - Building 711	-	-	-	-	-	116,325	1,375,338	1,592,760	3,024,423
Opportunity Fees Billed Customers	-	-	-	-	-	-	156,797	189,844	346,641
	-	-	1,263,994	3,500,000	1,164,000	116,325	1,532,135	1,722,604	9,299,058
Revenue Subject to Opportunity Fees Per AMS	<u>\$ 2,190,295</u>	<u>\$ 3,572,047</u>	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>	<u>\$ 7,683,778</u>	<u>\$ 15,884,840</u>	<u>\$ 27,103,522</u>	<u>\$ 18,978,424</u>	<u>\$ 82,412,906</u>
Opportunity Fees: <sup>2</sup>									
7% of Gross Revenue	\$ 153,321	\$ 250,043	\$ 245,000	\$ 245,000	\$ 537,864	\$ 1,111,939	\$ 1,897,247	\$ 1,328,490	\$ 5,768,904
Rent	\$ 433,700	\$ 454,584	\$ 470,076	\$ 473,592	\$ 473,592	\$ 473,592	\$ 473,592	\$ 473,592	\$ 3,726,320
Due	\$ 493,700	\$ 454,584	\$ 470,076	\$ 473,592	\$ 618,647	\$ 1,111,939	\$ 1,897,247	\$ 1,328,490	\$ 6,788,275
Paid	433,700	454,584	470,076	473,592	473,592	582,661	840,893	593,265	4,322,363
Owed Department	\$ -	\$ -	\$ -	\$ -	\$ 145,055	\$ 529,278	\$ 1,056,354	\$ 735,225	\$ 2,465,912

Source: Independent Auditor Reports and Department Records

<sup>1</sup> Uno was dormant from September 2007 to April 2009. During the period, its customers were serviced by an Affiliate, Centurion Air Cargo, Inc., however, the revenue was not reported.  
<sup>2</sup> The Agreement requires Lynx to pay the Department the greater of 7% of monthly gross revenues or monthly rent. From January to May 2009, monthly rents of \$197,330 exceeded the 7% opportunity fee computation (\$116,548). Conversely, from June to December 2009, opportunity fees of \$421,327 exceeded monthly rents (\$276,262). Thus, the amount owed of \$618,647 is comprised of the aforementioned \$197,330 rent and the \$421,317 opportunity fee, which represents the greater of the two during the respective months.

Following receipt of the Draft Audit Report, Lynx representatives provided additional documents for our consideration. After review of that information, outstanding opportunity fees owed were reduced by \$592,555. The basis for our conclusions is detailed in the *Analysis of Revenue Exclusions Section*.

Lynx's response to the Draft Audit Report, as well as our comments to their counterclaims, is referenced herein as Attachment II. Once the Department and auditee have resolved the audit findings, we respectively request a response outlining the final settlement terms. Thank you for the courtesies and cooperation extended to our staff during the audit process. Please contact Janice Smith, Audit Manager, at 786-469-5900, if you have any questions or need further clarification.

## **ANALYSIS OF REVENUE EXCLUSIONS**

### **Airline Freight**

#### **Company Claims**

According to Company officials, Aerolog, who serves as General Sales Agent for Centurion, is engaged by third party clients to transport freight from South America to Miami. Aerolog, who is not an airline, uses Centurion (a related party) or another air cargo company to deliver the freight to MIA. Lynx serves as the "consolidated biller," allowing clients to pay one vendor for all services, including freight transport charges, cargo handling services, as well as inspection, fumigation, sanitation, and other miscellaneous costs.

For example, Aerolog invoices Lynx for transporting the freight through Centurion. Cargo Force, an unrelated company, bills Lynx for cargo handling services. Lynx bills Aerolog's clients for the air freight, cargo handling, and other incidental services provided. Lynx's representatives have concluded that, because airlines are exempt from paying the 7% opportunity fee, airline transport service charges collected from customers on behalf of Centurion should be excluded from its gross revenue. If Centurion had directly billed the clients, this revenue would be exempt. Lynx is simply involved for the customer's convenience of having a single billing rather than multiple invoices from the companies involved in the logistics and handling of perishable goods.

Lynx's legal counsel, in correspondence to the Department dated September 20, 2012 (Attachment I), defends the Company's position as follows: "*the Plain Language of the relevant sections of the Lease were clear that it is only Lessee's business operations on the leased Premises that should be covered; if the County had wanted to cover freight costs imposed by Lynx's affiliates and third party carriers (who are exempt or not subject to the Opportunity Fee), then such air freight costs should have been expressly included in the Lease language. They were not. Only Lynx's revenue as the Lessee under the Lease for its allowed uses at the Premises should be included in Gross Revenue. Accordingly, to the extent Lynx made a mark-up or charged a service charge for any airline freight coordination services performed at the*

*Premises, such mark-up or service charge should be includable in Gross Revenue, as the same would be revenue generated for Lynx's logistical services conducted at the Premises."*

Based on the foregoing, Lynx did not apply opportunity fees to airline freight revenue totaling \$32.2 million (Table IV).

#### AMS Analysis

The Department and AMS concur that if Centurion directly billed its customers for transporting freight, then those transactions would be exempt from opportunity fees. However, based upon discussions with Company representatives and Department officials, as well as review of supporting documents, Lynx/Uno were permitted and functioned as cargo handlers, or outsourced the work to third parties. The Company bills all customers a single per-kilogram fee for services provided, such as air freight, cargo loading/unloading, warehousing, cooler storage, precooling of perishables, and shipment consolidations. Per our review of the Agreement, such fees charged are reportable as gross revenue, and thus costs appurtenant to the importation/exportation of the cargo, including airline freight, are not deductible.

Further, Lynx's claim that Aerolog was the General Sales Agent handling customer logistics is of concern. We researched and Department representatives have also confirmed that Aerolog does not have a Permit/Lease Agreement, and thus is not authorized to do business at MIA. Therefore, if Aerolog has been operating as claimed, then Centurion would be in violation of its Airline Use Agreement. When Lynx assumed the role of a cargo handler/facilitator, and such services were performed within its leasehold to include arranging the air transport of the freight, then all revenue billed and collected is within the authorized activities of the Lease. Thus, the \$32.2 million is subject to opportunity fees.

#### Outsourced Cargo Handling Services

##### Company Claims

During the audit period, Lynx outsourced cargo handling services to an unrelated third party who paid opportunity fees on approximately \$28.8 million earned from Lynx (Table VI). Accordingly, that revenue was not included in the determination of gross revenue. Lynx asserts that since the opportunity fee has already been applied to that portion of the revenue it derives from its customers, the County would be receiving double payments on the same revenue stream.

##### AMS Analysis

While the Lease Agreement is silent on this matter, the Department agrees that if cargo handling services have been outsourced, and the third party paid opportunity fees on its revenue earned from Lynx, then payments to those companies may be deducted from gross revenue. As detailed in Table VI, Lynx deducted from gross revenue payments made to four companies totaling \$28.8 million.

**Table VI**  
**Payments for Outsourced Cargo Handling Services by Company**

Company	2009	2010	2011	2012	Total		
					Claimed	Allowed	Disallowed
Cargo Force, Inc.	\$ 482	\$5,064,173	\$18,794,640	\$4,261,404	\$28,120,699	\$28,075,616	\$ 45,083
WJM & AP Corporation	-	-	494,746	83,838	578,584	-	578,584
Aircraft Maintenance Support, Inc. <sup>1</sup>	-	22,795	34,000	-	56,795	-	56,795
Cargo Services, Inc.	-	16,103	-	-	16,103	16,103	-
	\$ 482	\$5,103,071	\$19,323,386	\$4,345,242	\$28,772,181	\$28,091,719	\$ 680,462

Source: Independent Auditor Reports and Lynx General Ledgers

<sup>1</sup> Total reported for 2011 was estimated by Audit and Management Services.

Of those companies, only Cargo Force, Inc. and Cargo Services, Inc. reported revenue earnings from Lynx and paid requisite opportunity fees that were appropriately exempt. WJM & AP Corporation (WJM) was never authorized to operate at MIA, and furthermore, has not reported revenue or paid opportunity fees. Therefore, payments to WJM (\$578,584) are not deductible. Similarly, we disallowed \$56,795 in payments to Aircraft Maintenance Support, Inc. for ground support services such as towing, aircraft support, etc., provided to Centurion, a separate legal entity. Airport Maintenance Support reported the revenue and paid the applicable fees, however, this is a Centurion rather than Lynx operating cost.

**Governmental Fees Pass-through to Clients**

Company Claims

Government fees representing separately stated taxes charged to customers and paid by Lynx to a taxing authority are excluded from gross revenue, as permitted by Lease Section 3.10. Additionally, customs or other pass-through taxes or fees that are not marked-up are not included in the determination of gross revenue.

AMS Analysis

Lynx deducted fees totaling \$4.9 million invoiced customers for import and export services, United States Department of Agriculture (USDA) overtime and U.S. Customs and Border Protection (U.S. Customs) inspection charges, as well as \$58,787 in costs pertaining to fumigation and sanitation of cut flowers and produce (Table VII). Lynx representatives assert that revenue earned from shipping freight on behalf of its customers via land, sea, or air carriers at off-site locations (\$4.3 million) is exempt from gross revenue.

Subsequent to our review, Lynx provided information confirming that revenue was generated from its Los Angeles and Fresco (located at 2003-2011 NW 70<sup>th</sup> Avenue, Miami, Florida) offices. The Company also furnished documentation to support its claims that freight exported via sea carriers was not warehoused at MIA. Upon review of those documents, we concur that opportunity fees would not apply to revenue earned off-site for freight exported via sea or non-affiliated air carriers. Revenue-generating activities were performed outside MIA, and non-affiliated airlines are responsible for reporting revenue earned on-site, as the goods were delivered directly to their facilities. Thus, \$1.5 of the \$4.3 million claimed was appropriately

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excluded from revenues subject to opportunity fees. The remaining \$2.8 million earned from freight shipped via Centurion was disallowed, as additional storage and handling services were provided by Cargo Force at MIA premises on Lynx’s behalf. This constitutes gross revenue, however, it would be appropriate to deduct that portion of the income earned from off-site activities. It is also notable that fees paid to Cargo Force for cargo handling services were exempted from opportunity fees (see pages 5-6).

**Table VII  
Summary of Export and Pass-through Charges Excluded From Gross Revenue**

Description	2009	2010	2011	2012	Total		
					Charged	Allowed	Disallowed
<b>Export Fees</b>							
<b>Miami</b>							
Centurion	\$ -	\$ 217,177	\$ 799,123	\$ 743,551	\$ 1,759,851	\$ -	\$ 1,759,851
Other Airlines	-	-	265,923	161,662	427,585	427,585	-
Ocean	-	-	197,699	344,360	542,059	542,059	-
	-	217,177	1,262,745	1,249,573	2,729,495	969,644	1,759,851
<b>Los Angeles<sup>1</sup></b>							
Centurion	-	-	574,558	451,371	1,025,929	-	1,025,929
Other Airlines	-	-	260,347	296,685	557,032	557,032	-
	-	-	834,905	748,056	1,582,961	557,032	1,025,929
	-	217,177	2,097,650	1,997,629	4,312,456	1,526,676	2,785,780
<b>Government Fees and Other Pass-through Charges</b>							
USDA Overtime	58,355	59,429	55,278	180,647	353,709	-	353,709
U.S. Customs Clearance	-	-	-	177,450	177,450	-	177,450
Import Fee	-	-	-	76,433	76,433	-	76,433
Fumigation and Phytosanitary Costs	-	-	-	58,787	58,787	-	58,787
	58,355	59,429	55,278	493,317	666,379	-	666,379
<b>Total</b>	<b>\$ 58,355</b>	<b>\$ 276,606</b>	<b>\$ 2,152,928</b>	<b>\$ 2,490,946</b>	<b>\$ 4,978,835</b>	<b>\$ 1,526,676</b>	<b>\$ 3,452,159</b>

Source: Independent Auditor Reports and Lynx General Ledgers and Records

<sup>1</sup> Customers are based in Los Angeles, however, goods were shipped from Miami International Airport.

While the Agreement allows Lynx to exclude from gross revenue taxes imposed by law, which are separately stated and directly payable to a taxing authority, the remaining \$666,379 represents routine operating costs (Table VII). However, there is no provision for deducting operating costs incurred in the normal course of business, even if those costs are charged back to customers.

### **Revenue Earned Outside Airport Premises**

#### Company Claims

Lynx operated a flower storage business outside of the MIA premises. Thus, revenue generated from this business, totaling \$7.24 million, is not subject to opportunity fees (Table VIII).

#### AMS Analysis

From May 17, 2009 to May 16, 2011, Lynx leased a 39,130 square-foot building (Building 1480), located at 1480 NW 94<sup>th</sup> Avenue, Miami, Florida, that included office and warehouse space for the sales, handling, storage, and precooling of perishable merchandise. Although Uno ceased operations at MIA in August 2007, this Lease was executed under the “Uno” Corporate name. The Lessor, Floral Holdings, LLC, is a New Jersey-based Corporation.

According to the Lease, Uno would sublease at least 4,200 square feet of space to Delaware Valley Floral Group, Inc., T/A Transflora, an affiliate of Floral Holdings.

**Table VIII  
Off-Site Revenue Exclusions**

Location	2009	2010	2011	2012	Total		
					Claimed	Allowed	Disallowed
<b>Fresco:</b>							
Centurion	\$1,154,417	\$2,774,813	\$1,806,963	\$ -	\$5,736,193	\$5,736,193	\$ -
Third Parties	168,600	384,695	70,199	-	623,494	623,494	-
	<u>1,323,017</u>	<u>3,159,508</u>	<u>1,877,162</u>	-	<u>6,359,687</u>	<u>6,359,687</u>	-
<b>Building 1480:</b>							
Other Revenue	181,873	306,255	101,824	-	589,952	589,952	-
Sublease Income	60,163	115,747	117,460	-	293,370	293,370	-
	<u>242,036</u>	<u>422,002</u>	<u>219,284</u>	-	<u>883,322</u>	<u>883,322</u>	-
<b>Total</b>	<b>\$1,565,053</b>	<b>\$3,581,510</b>	<b>\$2,096,446</b>	<b>\$ -</b>	<b>\$7,243,009</b>	<b>\$7,243,009</b>	<b>\$ -</b>

Source: Independent Auditor Reports and Lynx General Ledgers and Records

The Department and AMS agree that revenue earned by a Lynx Affiliate for off-MIA premises storage does not constitute gross revenue to the extent that such monies are unrelated to MIA leasing activities. Of the \$7.24 million that Lynx claims was derived off-site, \$293,370 was generated from Transflora and other Building 1480 sublessees (Table VIII). The remaining \$6.95 million was earned from additional storage, handling, and inventory management services provided by Lynx at the Fresco and Building 1480 facilities. Documents provided by Lynx in May 2014 suggest that Centurion and other third-party customers paid Lynx a per-kilogram (\$0.10) or full box equivalent (\$2.50) fee for inventory handling, warehousing, and cooler storage services performed at these off-site locations. Consequently, these revenues are not subject to opportunity fees.

**UNREPORTED REVENUE**

According to the Agreement, "Gross Revenue means all moneys paid or payable to, or considerations of determinable value received by the Lessee for sales made, transactions had, fees charged, or services rendered in the operation of its business under the Agreement." During our review of the Company general ledger and other documents, we identified \$9.3 million in additional income that had not been reported, as detailed below (Table IX).

**Table IX  
Summary of Unreported Revenue by Year**

Description	2007	2008	2009	2010	2011	2012	Total
Centurion <sup>1</sup>	\$ 1,263,994	\$ 3,500,000	\$ 1,164,000	\$ -	\$ -	\$ -	\$ 5,927,994
Sublease Income - Building 711	-	-	-	116,325	1,375,338	1,532,760	3,024,423
Opportunity Fees	-	-	-	-	156,797	189,844	346,641
	<u>\$ 1,263,994</u>	<u>\$ 3,500,000</u>	<u>\$ 1,164,000</u>	<u>\$ 116,325</u>	<u>\$ 1,532,135</u>	<u>\$ 1,722,604</u>	<u>\$ 9,299,058</u>

Source: Lynx General Ledgers

<sup>1</sup> Estimated by Audit and Management Services based on 2006 revenue.

- Uno was dormant from September 2007 to April 2009. During this period, Centurion utilized the Building 701 leasehold to service its customers, contrary to Airport policy. Per Operational Directive 00-01, airlines may only service customers within their own leaseholds. Moreover, Centurion was not permitted to provide cargo-handling services to other companies until March 1, 2009. Thus, the fees are subject to opportunity fees. Centurion denied our requests to review its audited financial statements and other pertinent records for the purpose of determining revenue earned during the dormancy period. Using 2006 Uno earnings data, we estimated unreported income as \$5.9 million.
- From December 2010 to March 2013, Lynx subleased warehouse space located in Building 711 to Cargo Force. Such income, which totaled \$3 million through December 31, 2012, was improperly excluded from gross revenue, contrary to Section 3.10 of the Agreement (Table IX).
- Opportunity fees invoiced customers, totaling \$346,641, were excluded from gross revenue.

CJ:ag

#### Attachments

- c: Honorable Harvey A. Ruvin, Clerk of the Courts  
Robert A. Cuevas, Jr., County Attorney  
Lisa Martinez, Chief of Staff, Office of the Mayor  
Jack Osterholt, Deputy Mayor  
Edward Marquez, Deputy Mayor  
Jennifer Moon, Director, Office of Management and Budget  
Mary Cagle, Inspector General  
Charles Anderson, Commission Auditor  
Alfonso Rey, Lynx Global Corp.

**Lynx Global Corp. f/k/a Uno Handling Corporation  
Affiliated Companies**

**Centurion Air Cargo, Inc. (Centurion)**  
Alfonso Rey, President, Chairman, Board of Directors  
Cargo Airline

- Acquired Challenge Air Cargo, Inc. air operation certificate in 2001. Name changed to Centurion on July 20, 2001.
- Primarily transports perishable cargo between Miami and Latin America under Airline Use Agreement, 1054, effective January 1, 2002.
- Executed two five-year Lease Agreements, C-4418 and C-4416, with Miami-Dade County (the County) to provide cargo handling services at Miami International Airport (MIA) in Buildings 706 and 707, respectively. The Agreements, effective March 1, 2009, were terminated ten months later on January 7, 2010. Leased office space in Building 706 from January 7, 2010 to July 31, 2013.
- Effective January 1, 2010, the County executed a 30-year Development Lease with Centurion to construct cargo facilities at MIA at a minimum cost of \$110 million. This Lease was assigned to Aero Miami III, LLC for design and construction, and the constructed facilities, which were completed in April 2013, leased-back to Centurion. Under the Lease, Centurion is permitted to provide cargo handling services at MIA.

Johnny Wilson  
Vice President  
Morcos Montezano  
Chief Financial Officer  
Carlos Donado  
Chief Operating Officer

**Affiliates**

**Cielos Del Peru, S.A.**  
Alfonso Rey, President until February 2, 2004  
Cargo Airline

- Incorporated in Peru, November 20, 1997.
- Authorized to transact business in Florida on September 29, 2000.
- Permitted to operate at MIA from January 1, 2002 to August 31, 2012 under Airline Use Agreement 1143.
- From January 1, 2003 to February 28, 2009, permitted to provide cargo handling services at MIA in Building 706 under Lease Agreement, C-776.
- Also provided cargo handling services in Building 707 under Lease Agreement C-2464, which was terminated on February 28, 2009.
- Building 706 and 707 leased to Centurion effective March 1, 2009.

Stephen Smith  
Director

**Sky Lease I, Inc.**  
Alfonso Rey, President until April 2010  
Cargo Airline

- Incorporated May 14, 2004, based in Greensboro, North Carolina.
- Tradewinds Airlines, Inc.'s Airline Use Agreement 1132 was assigned to Sky Lease after the Company bought the assets in September 2008.
- Provider of air cargo carrier services, primarily between Miami and Latin America.
- Roberto DiLena, Richard Johnson, Dan Stemen, and Stephen Smith (removed December 2011) named Directors, April 6, 2010.

Roberto DiLena  
Chairman, Board of Directors  
Richard Johnson  
President, Director  
Dan Stemen  
Chief Operating Officer, Director

**Lynx Global Corp. f/k/a Uno Handling Corporation (Uno)**  
Alfonso Rey, Chairman, Board of Directors until July 28, 2010  
Logistics and Cargo Handling

- Incorporated July 21, 2004 as Uno.
- From January 21, 2005 to April 1, 2013, permitted to provide cargo handling services at MIA in Building 701 under Agreement C-2539.
- Suspended operations at MIA on August 31, 2007.
- Cargo handling services provided by Centurion during dormant period, September 2007 to April 2009.
- Name changed to Lynx Global Corp. on May 8, 2009.
- On May 1, 2009, resumed import/export operations in Building 701.
- Outsourced cargo handling activities to unrelated third parties.
- Ceased operations at MIA, April 1, 2013.

Nestor Bringas  
Director

**Aerolog, Inc.**  
Sales and Marketing

- Incorporated on July 20, 2006.
- General Sales Agent for Centurion.
- No Lease/Permit Agreement with the County on file.

Irma Barba  
President  
Antonio DaSilva  
Vice President

**JW Acquisitions, Inc. (JWA)**

- Incorporated April 1, 2010.
- In 2010, acquired Arrow Air, Inc. after the Company filed for bankruptcy.
- Development Lease C-685 to refurbish Building 711 was assigned from Arrow Air to JWA effective November 30, 2010. In 2005, the Lease was assigned to developer, Aero Miami (II), LLC, for design and construction.
- Building 711 occupied by Lynx and Cargo Force, Inc., who utilized the space to provide cargo handling services until April 1, 2013.

Nestor Bringas  
Director